

LAW OFFICES  
JAMES M. CAPLINGER, CHARTERED  
823 S.W. 10<sup>TH</sup> AVE.  
TOPEKA, KANSAS 66612-1618

JAMES M. CAPLINGER  
JAMES M. CAPLINGER, JR.  
COLLEEN R. JAMISON

(785) 232-0495  
FAX (785) 232-0724  
[jim@caplinger.net](mailto:jim@caplinger.net)  
[jrcaplinger@caplinger.net](mailto:jrcaplinger@caplinger.net)  
[colleen@caplinger.net](mailto:colleen@caplinger.net)

May 15, 2014

Kim Christiansen, Executive Director  
Kansas Corporation Commission  
1500 S.W. Arrowhead Rd.  
Topeka, KS 66612

RE: S&T application for an increase in its cost-based KUSF support  
Docket No. 14-S&TT- 525 -KSF

Dear Ms. Christiansen:

Attached for electronic filing, please find an application by The S&T Telephone Cooperative, Inc., for an increase in its cost-based Kansas Universal Service Fund support. Along with the application, please find supporting materials require by K.A.R. 82-1-231.

If you have any questions, please don't hesitate to let me know.

Sincerely,

JAMES M. CAPLINGER, CHTD.

  
Colleen R. Jamison

Attachments

cc: Daniel Meszler  
Steve Richards

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

In the Matter of the Application and Request	)	
of The S&T Telephone Cooperative, Inc. for	)	14-S&TT- <u>525</u> -KSF
an Increase in its Cost-Based Kansas	)	
Universal Service Fund Support.	)	

**APPLICATION AND REQUEST OF THE S&T TELEPHONE  
COOPERATIVE, INC. FOR AN INCREASE IN ITS  
COST-BASED KANSAS UNIVERSAL SERVICE FUND SUPPORT**

COMES NOW The S&T Telephone Cooperative, Inc. (S&T) and hereby files with the Commission this application requesting the Commission review S&T's enclosed schedules filed in conformity with the requirements of K.A.R. 82-1-231, and determine that S&T's demonstrated revenue requirement necessary to provide sufficient and efficient service is such that its Kansas Universal Service Fund (KUSF) support must be increased. In support of its application and request, S&T respectfully shows the Commission as follows:

1. S&T is a Kansas corporation holding one or more Certificates of Convenience and Authority to engage in the business of providing local exchange and exchange access telecommunications service in designated geographic areas within the State of Kansas. It is a rural telephone company as defined by K.S.A. 66-1,187(l).
2. S&T's principal place of business is at 320 Kansas Ave., Brewster, Kansas, 67732.
3. S&T operates under traditional rate of return regulation and serves as the carrier of last resort for telecommunications customers within its designated service area. The Commission designated S&T an eligible telecommunications carrier in an order dated December 5, 1997, in Docket No. 98-GIMT-241-GIT.

4. S&T's intrastate access and local exchange service rates, set by the Commission pursuant to K.S.A. 66-2005(c) and K.S.A. 66-2005(e), together with presently authorized KUSF support are insufficient to afford S&T a reasonable opportunity to recover its costs and investments, and are insufficient to afford S&T a reasonable opportunity earn a reasonable return on such investments. Such insufficiencies are contrary to the public's interest in reliable, affordable, sufficient, and efficient telecommunications public utility service. Such insufficiencies are also further contrary to S&T's rights under traditional rate of return regulation.

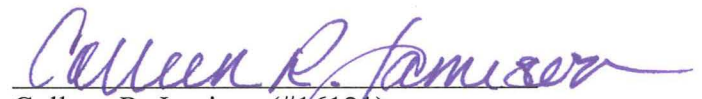
5. The proposed increase in S&T's receipt of KUSF support is based on S&T's embedded costs, revenue requirements, investments and expenses, and is necessary to allow S&T to continue the provision of sufficient and efficient telecommunications service and is in the public interest.

6. The test year to be used in the evaluation of this application is the year ending December 31, 2013.

WHEREFORE, for the reasons set forth, above, S&T respectfully requests the Commission review its application and request for increased KUSF support based on S&T's embedded costs, revenue requirements, investments, and expenses, filed contemporaneously herewith and as appropriately reflected in the schedules included with this application, and for such other and further relief as the Commission deems just and equitable.

Respectfully submitted,

JAMES M. CAPLINGER, CHARTERED



Colleen R. Jamison (#16121)

James M. Caplinger (#04738)

James M. Caplinger, Jr. (#11147)

823 W. 10th Street

Topeka, KS 66612

Voice: (785) 232-0495

Fax (785) 232-0724

[colleen@caplinger.net](mailto:colleen@caplinger.net)

[jim@caplinger.net](mailto:jim@caplinger.net)

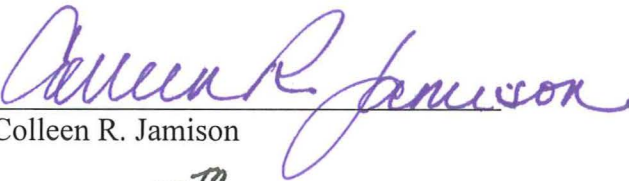
[jrcaplinger@caplinger.net](mailto:jrcaplinger@caplinger.net)

**VERIFICATION**

STATE OF KANSAS            )  
  ) ss:  
COUNTY OF SHAWNEE    )

I, Colleen R. Harrell, of lawful age, being first duly sworn upon her oath states:

That she is an attorney for The S&T Telephone Cooperative, Inc., that she has read the above and foregoing application and request and the accompanying schedules and other information, and upon information and belief, states that the matters therein appearing are true and correct.

  
Colleen R. Jamison

SUBSCRIBED AND SWORN to before me this 15<sup>th</sup> day of May, 2014.

  
Notary Public

My Commission Expires:

March 2, 2017



LAW OFFICES  
JAMES M. CAPLINGER, CHARTERED  
823 W. 10th  
TOPEKA, KANSAS 66612-1618

JAMES M. CAPLINGER  
JAMES M. CAPLINGER, JR.  
COLLEEN R. HARRELL

(785) 232-0495  
Fax (785) 232-0724  
jim@caplinger.net  
jrcaplinger@caplinger.net  
colleen@caplinger.net

April 10, 2014

Kim Christiansen  
Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604

Received  
on

APR 10 2014

by  
State Corporation Commission  
of Kansas

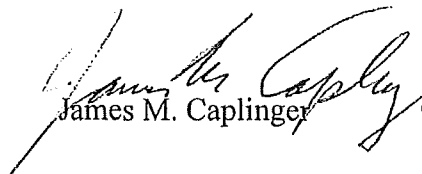
In re: S & T Telephone Cooperative Association, Inc.  
Request for increase in cost-based KUSF support

Dear Ms. Christiansen:

By this letter I am notifying the Commission that S & T Telephone Cooperative Association, Inc. intends to file an application with the Commission within the next 30-90 days requesting a review of its embedded costs, revenue requirement, investment and expenses. This application will request the Commission to determine the increase necessary in its cost-based KUSF support to enable S & T to continue to provide sufficient and efficient service to its end user customers.

If you have any questions, please do not hesitate to contact me.

Sincerely,

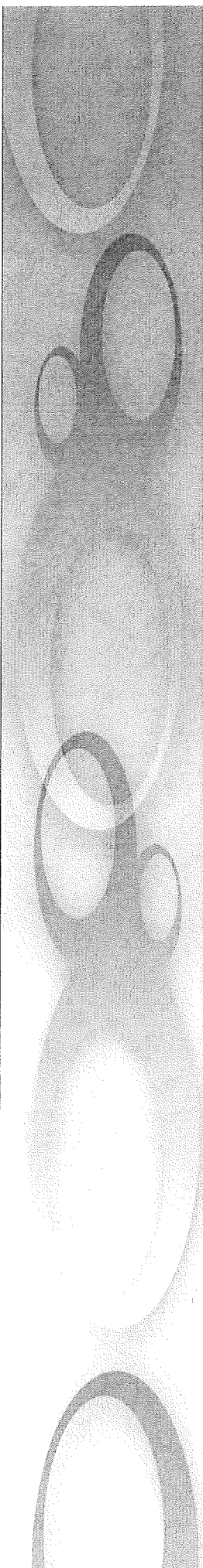
  
James M. Caplinger

cc: Steve Richards  
Daniel Meszler, TCA

IN THE MATTER OF S&T TELEPHONE COOPERATIVE  
ASSOCIATION'S  
APPLICATION FOR ADDITIONAL SUPPORT  
FROM THE KANSAS UNIVERSAL SERVICE FUND  
DOCKET No. 14-S&TT- -KSF  
MAY 15, 2014





- 
- 1 Testimony of Steve Richards
  - 2 Testimony of Daniel Meszler
  - 3 Computation of Earnings
  - 4 Plant Investments
  - 5 Accumulated Depreciation and Amortization
  - 6 Working Capital
  - 7 Capital and Cost of Money
  - 8 Financial and Operating Data
  - 9 Test year and Proforma Income Statement
  - 10 Depreciation and Amortization
  - 11 Taxes
  - 12 Cost of Allocation Procedures/Allocation Ratios
  - 13 Not Used
  - 14 Part 36
  - 15 Audited Financial Statements



## SECTION 1

**Introduction**

**Q. Please, state your name and business address.**

**A.** My name is Steve Richards. My business address is 320 Kansas Ave., Brewster, Kansas.

**Q. By whom and in what capacity are you employed?**

**A.** I am employed as the Chief Executive Officer of S&T Telephone Cooperative Association, Inc. ("S&T").

**Q. Briefly describe your educational background and work experience.**

**A.** I have been employed by S&T since 1984 and am well versed in all aspects of the business. I was the Plant Supervisor before assuming my current position in 1987 with the company. I earned a technical degree from Northwestern Kansas Technical College.

**Q. Have you testified previously before this Commission?**

**A.** Yes, I have. I filed testimony in the Matter of an Audit and General Rate Investigation of S&T in Docket No. 12-S&TT-234-KSF.

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

**A.** I am providing this direct testimony in support of S&T's application and request for increased support from the Kansas Universal Service Fund (KUSF). While S&T has retained the consulting firm of TCA, Inc. to calculate its KUSF shortfall – which is supported by the direct testimony of Daniel Meszler - I have been informed that the Commission also requires an official company representative to file direct testimony and

1 to be available as a witness at the evidentiary hearing during KUSF proceedings.  
2 Specifically, the Commission typically requires that the company representative be  
3 authorized to speak on behalf of the company and be able to discuss the company's  
4 corporate structure, cost allocation procedures, affiliate practices and transactions, and  
5 specific company operations and policies. As the CEO of S&T, I will offer the testimony  
6 the Commission desires, and I will be available at the evidentiary hearing, if the parties  
7 feel my participation is necessary.

8  
9 **Q. Please begin with a discussion of S&T's corporate structure.**

10 A. S&T Telephone Cooperative Association, Inc. is a rural local exchange carrier (LEC)  
11 with one non-regulated subsidiary – S&T Communications, LLC.  
12

13 **Q. Please describe S&T's operations.**

14 A. S&T provides regulated local exchange telephone service to approximately 2,400  
15 subscribers as the carrier of last resort throughout its certificated service area. As a rural  
16 local exchange carrier S&T is regulated by both the Federal Communications  
17 Commission and the Kansas Corporation Commission.  
18

19 **Q. Please describe S&T Communications' operations.**

20 A. S&T Communication provides competitive voice, video, broadband, and other non-  
21 regulated services over its own facilities. S&T Communications also resells wireless  
22 service. S&T Communications provides these services to customers in Goodland, Colby,  
23 and Oakley.

1  
2 **Q. Do you have anything to add regarding S&T's cost allocation procedures that are**  
3 **not covered in Section 12 of the filing?**

4 A. No, I do not. The information provided in Section 12 is sponsored by S&T witness,  
5 Daniel Meszler, and consists of an accurate representation of S&T's cost allocation  
6 procedures.

7  
8 **Q. Does S&T have plans to upgrade its existing facilities?**

9 A. Yes. S&T made the prudent management decision to act in accordance with the FCC's  
10 directive to provide broadband to its customers in order to ensure the continued receipt of  
11 federal support mechanisms.<sup>1</sup> Accordingly, in order to keep up with the broadband  
12 demands of its customers and remain compliant with the FCC, S&T obtained financing  
13 from the Rural Utilities Service (RUS) and in 2013 began deploying fiber-to-the-home  
14 (FTTH) throughout its certificated service area. To date, we have 5 of our 9 exchanges  
15 nearly complete, which comprises approximately 50% of the total project.

16  
17 **Q. Does that conclude your direct testimony?**

18 A. Yes it does.

---

<sup>1</sup> See Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Lifeline and Link-Up, WC Docket No. 03-109, Universal Service Reform – Mobility Fund, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov.18, 2011) at para. 26. ("USF/ICC Transformation Order")

## SECTION 2

**Introduction**

**Q. Please state your name and business address.**

A. My name is Daniel Meszler. My business address is 526 Chapel Hills Drive, Suite 100, Colorado Springs, Colorado 80920.

**Q. By whom and in what capacity are you employed?**

A. I am employed by TCA, Inc - Telcom Consulting Associates ("TCA"), as a Senior Regulatory Consultant. TCA provides financial, regulatory, marketing and management consulting services to small and mid-size carriers throughout the United States.

**Q. Please provide a brief summary of your educational and employment history.**

A. I received a Bachelor of Arts degree in accounting from Fort Lewis College, Durango, Colorado in 2002. From 2002 to 2004 I was employed as an accountant for Jones Media Networks. From 2004 to 2007 I served as Chief Financial Officer of Majestic Paint and Body. In 2007-2008 I was employed as a Financial Adviser for Edward D. Jones Investments, having successfully passed Series 7 and 66 Securities and Exchange Commission examinations.

In 2008 I began employment with TCA. Some of my responsibilities at TCA have included but are not limited to: National Exchange Carrier Association ("NECA") interstate cost separations studies, High Cost Loop Support ("HCLS") filings, federal and state compliance filings and interpretation of Federal Communications Commission ("FCC") and orders and rules. I have participated in several Kansas Universal Service Fund ("KUSF") proceedings, as well as similar state high cost fund dockets in Oklahoma



1 and Utah. Most of these proceedings have involved the determination of jurisdictional  
2 revenue requirement for rate-of-return ("RoR") regulated local exchange carriers  
3 ("LECs"). I have worked directly with the companies in these proceedings on the  
4 measurement, gathering, and allocation of the costs necessary to provide regulated  
5 telecommunications services in compliance with FCC rules contained in Part 32  
6 (Uniform System of Accounts), Part 64 (Subpart I, Allocation of Costs), and Part 36  
7 (Jurisdictional Separations Procedures).

8  
9 **Q. Have you offered testimony in previous proceedings before this Commission?**

10 **A.** Yes, I have provided testimony in Docket No. 14-GIMT-105-GIT.  
11

12 **Q. On whose behalf are you presenting testimony?**

13 **A.** I am presenting testimony on behalf of S&T Telephone Cooperative Association, Inc.  
14 ("S&T"), supporting its application. On April 10, 2014, S&T filed notice with the  
15 Commission, indicating that it would be filing an application with the Commission  
16 requesting a review of its embedded costs, revenue requirement, investments and  
17 expenses to allow the Commission to determine the increase necessary in its cost-based  
18 KUSF support to enable S&T to continue to provide sufficient and efficient service to its  
19 end user customers. S&T is also presenting the direct testimony of Steve Richards, the  
20 CEO, as required by the Commission.  
21

22 **Summary**

23 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to explain the schedules filed by as required by Kansas  
2 Administrative Regulation (KAR) 82-1-231. I will also explain the adjustments S&T has  
3 made to the test year results of operations. Finally, I will address S&T's cost allocation  
4 procedures and cost of capital issues.

5  
6 **Q. Were the Schedules and Workpapers contained in the filing prepared by you or**  
7 **someone under your supervision?**

8 A. Yes, they were.  
9

10 **Q. How much additional support from the KUSF is S&T requesting in this**  
11 **application?**

12 A. The schedules in S&T's application reflect an intrastate revenue deficiency of \$1,620,205  
13 and S&T requests the Commission issue an order affirming this.  
14

15 **KCC Filing Requirements**

16 **Q. Please describe the Schedules contained in S&T's filing.**

17 A. S&T's filing contains the information required by KAR 82-1-231. These schedules will  
18 be described further below. In addition, S&T has provided its interstate cost separation  
19 study (Section 14), performed pursuant to Part 36 of the FCC rules.  
20

21 **Q. Please briefly explain the process used to generate the total company and**  
22 **jurisdictional amounts reflected in the Schedules contained in S&T's application.**

1 A. S&T is a RoR regulated LEC in both Federal and State jurisdictions. As such, S&T  
2 follows FCC rules guiding the measurement, gathering, and allocation of the costs  
3 necessary to provide regulated telecommunications services. The Commission has  
4 historically required its jurisdictional LECs to follow the FCC rules. Therefore, S&T has  
5 prepared this filing using the FCC rules contained in Part 32 (Uniform System of  
6 Accounts), Part 64 (Subpart I, Allocation of Costs), and Part 36 (Jurisdictional  
7 Separations Procedures).

8  
9 **Q. Please describe the Part 36 jurisdictional separations study process S&T used in this**  
10 **application.**

11 A. As mentioned above, Part 36 separations rules are used to allocate investment and  
12 expenses between the interstate and intrastate jurisdictions. As a member of the NECA  
13 common line and traffic sensitive access charge pools, S&T files an annual interstate cost  
14 study, which determines its revenue requirement recovery attributable to investment and  
15 expenses allocated to the interstate jurisdiction. The company's NECA study is then  
16 adjusted to include end-of-period balances to more accurately correspond with the KUSF  
17 eligibility determinates. This version of the study is also included in Section 14 -  
18 identified as the "KUSF" - and is the basis for the jurisdictional allocation factors used  
19 throughout the filing.

20  
21 **Q. Do you propose to reflect updated separations factors once Staff's audit is complete?**

22 A. No, I do not. Based on previous audits and Staff testimony related thereto, S&T agrees  
23 that updating allocation factors is not necessary.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

**Q. What is the next step once the Part 36 separations study is complete?**

A. The amounts shown throughout S&T's filing as "test year unadjusted" or "cost study" amounts are 2013 book amounts applied to the 2013 Part 36 study included in the filing. Already embedded in these numbers are adjustments made in compliance with Part 32 and Part 64 rules, and other NECA guidelines. As a result, S&T has presented Schedules that begin with book amounts, and then add or subtract 2013 cost study adjustments to arrive at the cost study balance.

**Q. Please describe the remaining steps to determine S&T's adjusted intrastate revenue requirement.**

A. Next, S&T identified and quantified normalizing adjustments, which are discussed later in my testimony. These normalized balances were then allocated to the interstate and intrastate jurisdictions using the allocation ratios from the KUSF version of the study.

**Q. Please continue with a discussion of the schedules contained in Section 3.**

A. Section 3, pursuant to KAR 82-1-231, contains a schedule that reflects a summary of rate base, operating income, and the RoR for the adjusted and unadjusted test year. The general results shown on these schedules are discussed above.

**Q. What information is included in Section 4?**

1 A. Section 4 contains information required by KAR 82-1-231 relating to plant investments.  
2 Schedule 1 is the summary of rate base, and Schedule 2 shows total company plant  
3 investment by primary account for the years 2010-2013.  
4

5 **Q. What information is included in Section 5?**

6 A. Section 5 consists of one schedule that shows test year unadjusted and adjusted  
7 jurisdictionally allocated accumulated depreciation and amortization.  
8

9 **Q. Please explain Section 6 of the filing.**

10 A. According to KAR 82-1-231, Section 6 is to contain information pertaining to working  
11 capital. The calculation of cash working capital that is included in S&T's adjusted test  
12 year rate base is shown here.  
13

14 **Q. Please continue with a description of the information contained in Section 7.**

15 A. KAR 82-1-231 requires that Section 7 contain information relating to capital and the cost  
16 of money. S&T recognizes the Commission's reliance upon K.A.R. 82-1-  
17 231(c)(4)(G)(ii) to require each and every rural LEC that undergoes a KUSF audit to  
18 provide company specific cost of equity analysis.<sup>1</sup> Accordingly, Section 7 reflects S&T's  
19 actual capital structure, actual cost of debt and a cost of equity. Later in my testimony, I  
20 explain how S&T's cost of equity was derived. The Section 7 schedule produces a  
21 weighted average cost of capital for S&T of 8.6%.

---

<sup>1</sup> *Order Denying Motion in Limine and Order Modifying Procedural Schedule*, In the Matter of the application of The Tri-County Telephone Association for Additional Kansas Universal Service Fund Support Pursuant to K.S.A. 66-2008(f), Docket No. 05-TRCT-607-KSF, at ¶ 3 (April 14, 2005)

1

2 **Q. Please describe the schedules contained in Section 8.**

3 A. Section 8 contains the financial and operating data required by KAR 82-1-231 (c)(4)(H).

4

5 **Q. What is contained in Section 9?**

6 A. Section 9 contains the test year and normalized income statement and related  
7 information. Schedule 1 contains the summary information, and Schedule 2 contains a  
8 summary of the test year revenue and expense adjustments. Finally, the test year  
9 adjustments are further supported by workpapers IS1 through IS4.

10

11 **Q. Does the information contained in Section 10 comply with KAR 82-1-231(c)(4)(J)?**

12 A. Yes. S&T's test year and normalized depreciation expense is shown by primary plant  
13 account classification.

14

15 **Q. Does S&T provide information required by KAR 82-1-231(c)(4)(K)?**

16 A. Yes. Section 11 contains the required information regarding taxes chargeable to  
17 operations.

18

19 **Q. Please describe the information S&T has included in Section 12.**

20 A. KAR 82-1-231(c)(4)(L) asks for information regarding the ratios used for the allocations  
21 of amounts between jurisdictions and areas of operations. KAR 82-1-231(c)(4)(L)  
22 "Section 12: allocation ratios" states in full:

23 This section shall contain complete detail for all ratios used in the  
24 allocations between jurisdictions, areas of operations, departments, classes



of customers and other allocable items. In addition, this section shall include a narrative description of the rationale for the allocation ratio, the components included in the calculation of the ratio and their source, the allocation percentages applicable to jurisdictions or departments and what is being allocated by the ratio.

S&T has provided a Cost Allocation Manual (“CAM”) in Section 12, addressing the issues brought up in KAR 82-1-231(c)(4)(L). In addition, S&T’s CAM provides a narrative of its 1) lines of business, 2) time reporting and allocation procedures, and 3) cost allocation procedures. Section 12 also contains a summary of S&T’s Part 36 jurisdictional allocation ratios for the 2013 interstate cost study.

**Q. What information is contained in Section 15 of the application?**

A. As required by K.A.R. 82-1-231(c)(4)(L) Section 15 contains a copy of the independent auditor’s report and consolidated financial statements that relate to the test year.

**Rate Base Adjustments**

**Q. Please explain S&T’s Adjustment RB1?**

A. S&T is in the middle of a fiber-to-the-home (“FTTH”) project. RB1 recognizes plant additions that have been subsequent to the conclusion of the test period.

**Income Statement Adjustments**

**Q. Please explain S&T’s Adjustment IS1.**

A. S&T’s Adjustment IS1 recognizes the “known and measurable” decrease in High Cost Loop Support (“HCLS”) for 2014. Consistent with Staff’s policy on the treatment of

1 HCLS, the ongoing level of revenue was obtained from USAC's latest quarterly filing  
2 with the FCC.<sup>2</sup>

3  
4 **Q. Please continue with a discussion of Adjustment IS2.**

5 A. S&T's Adjustment IS2 normalizes depreciation expense based adjusted plant balances.  
6 This adjustment is necessary in order to reflect the level of depreciation expense S&T can  
7 expect to incur on a going-forward basis. The net increase to depreciation expense  
8 recognizes decreases related to the net balance in specific accounts. In other words, if a  
9 particular plant account was anticipated to become fully depreciated, S&T appropriately  
10 reduced the test year depreciation expense accordingly.

11  
12 **Q. Please discuss S&T's Adjustment IS3.**

13 A. Adjustment IS3 normalizes test period payroll to allow for wage increases, changes in the  
14 cost of benefits, and the addition of one new employee. This adjustment properly reflects  
15 the payroll expense that S&T will incur on a normal and ongoing basis.

16  
17 **Q. Please discuss S&T's Adjustment IS4.**

18 A. Adjustment IS4 increases test year expenses to reflect an estimated amount of expense  
19 S&T will incur as a result of this proceeding. The total estimated expense is amortized  
20 over a 5-year period, pursuant to Commission policy. In accordance with KCC policy,  
21 this amount will have to be updated and adjusted as this proceeding nears completion.  
22 Also, S&T has not included in this estimate the cost of a return on equity rebuttal witness,  
23 which, if necessary, could add substantially to S&T's total cost related to this proceeding.

---

<sup>2</sup> See USAC Form HCO1 for second quarter 2014

**Cost of Equity**

**Q. What cost of equity has S&T used in this filing?**

A. S&T has used a cost of equity of 12.5% in calculating its Kansas jurisdictional revenue requirement.

**Q. How did S&T derive a cost of equity capital of 12.5%?**

A. In an attempt to minimize the cost of this proceeding, S&T has utilized the cost of equity testimony of Dr. Curt Huttshell in a recent Utah Universal Service Fund petition.<sup>3</sup> Dr. Huttshell utilized the Capital Asset Pricing Model ("CAPM") model to support a cost of equity of 12.5%.

**Q. Does that conclude your direct testimony?**

A. Yes it does.

---

<sup>3</sup> See Utah Public Service Commission Docket No. 13-046-01, direct testimony of Dr. Curt Huttshell, filed December 20, 2013. Dr. Huttshell actually supports a cost of equity of 14.5%

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

---

	)	DOCKET NO. 13-046-01
	)	
In the Matter of Manti Telephone	)	
Company's Application for Increased	)	
USF Eligibility	)	
	)	
	)	

---

DIRECT TESTIMONY  
OF  
CURT HUTTSELL, PH.D.  
ON BEHALF OF  
MANTI TELEPHONE COMPANY

December 20, 2013

## **CONTENTS**

<b>I. IDENTIFICATION OF WITNESS .....</b>	<b>1</b>
<b>II. SUMMARY .....</b>	<b>2</b>
<b>III. APPLICATION OF CAPTIAL ASSET PRICING MODEL.....</b>	<b>4</b>
<b>IV. RECOMMENDATION.....</b>	<b>7</b>

**I. IDENTIFICATION OF WITNESS**

**Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.**

A. My name is Curt Huttzell. I am a Senior Regulatory Consultant for TCA, Inc. - Telcom Consulting Associates ("TCA"), 526 Chapel Hills Drive, Suite 100, Colorado Springs, Colorado, 80920.

**Q. BRIEFLY DESCRIBE YOUR WORK EXPERIENCE AND EDUCATIONAL BACKGROUND.**

A. I joined TCA in June of 2011 after serving as Manager – Government and Regulatory Affairs at Frontier Communications for nearly twelve years. During my time with Frontier, I handled state regulatory and legislative affairs for Frontier in Arizona, Utah and New Mexico. Prior to my service with Frontier, I was a Senior Economic Analyst with INDETEC International where the clients I served included both domestic and international telecommunications companies. I have also served as a telecommunications economist on the staffs of the Utah Division of Public Utilities and the Missouri Public Service Commission.

My principal role at TCA has been advising the firm's many small, rural ILECs



19 on matters involving state and federal regulatory matters.

20 **Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?**

21 A. My education includes Bachelor's and Master's degrees in economics from the  
22 University of Central Missouri and a Doctorate in economics from the  
23 University of Nebraska-Lincoln with a specialty in industrial organization and  
24 regulation.

25 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION**  
26 **OR ANY OTHER A STATE REGULATORY COMMISSION?**

27 A. Yes. I have previously testified before this Commission, and in addition I have  
28 testified before the state regulatory commissions of Arizona, Idaho, Iowa,  
29 Missouri, Montana, Nebraska, New Mexico and Washington.

30 **II. SUMMARY**

31 **Q. ON WHOSE BEHALF ARE YOU PRESENTING TESTIMONY?**

32 A. I am presenting testimony on behalf of Manti Telephone Company ("Manti" or  
33 "Company"), supporting its application for funding from the Utah Universal  
34 Public Telecommunications Service Support Fund ("UUSF").

35 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

36 A. My testimony addresses the cost of equity capital to Manti. I estimate  
37 Manti's cost of equity capital using an analytical technique known as the  
38 Capital Asset Pricing Model ("CAPM"). This is the same analytical technique  
39 that DPU Witness Casey Coleman utilized when arriving at a recommended  
40 cost of equity capital for Manti in the Company's previous request for UUSF  
41 support, *In the Matter of Manti Telephone Company's Second Amended*  
42 *Application for USF Eligibility* (Docket No. 08-046-01). The CAPM is  
43 frequently used to determine the cost equity capital of individual firms and  
44 relies upon information obtained from public trades of the firms' stocks.  
45 Because Manti does not have publicly traded stock, I have selected a group of  
46 nine firms with publicly traded stock as proxies for Manti and estimate the  
47 cost of equity capital for each of those proxy firms individually using the  
48 CAPM technique. I then calculate the mean and median of the individual  
49 proxy estimates and add a small company risk premium. The individual  
50 company estimates are displayed in Exhibit X.X, and the final result is a  
51 recommended rate of return on equity capital for Manti of between 14.48%  
52 and 14.54%.

53                   **III.     APPLICATION OF CAPTIAL ASSET PRICING MODEL**

54   **Q.   HOW DID YOU SELECT THE PROXY GROUP FOR YOUR CAPM**  
55   **ANALYSIS?**

56   A.   The nine firms I have selected as a proxy group are all rural ILECs with  
57       publicly traded stocks and for which Value Line publishes a beta value, a  
58       measure of individual firm risk. Betas measure the non-diversifiable part of  
59       risk and are essential elements of the CAPM. Value Line is a highly  
60       respected independent investment research and financial publishing firm.

61   **Q.   HOW DID YOU APPLY THE CAPM TECHNIQUE TO THE**  
62   **INDIVIDUAL PROXY FIRMS?**

63   A.   I applied the CAPM technique to the individual proxy firms using the  
64       following formula:

65                $Ke = Rf + \text{Beta}(Rm - Rf)$ , where

66               Ke is the cost of equity capital,

67               Rf is the risk-free rate of return,

68               Rm is the expected return from the stock market and

69               Beta is the variability of an individual stock's return relative to the  
70               variability of the stock market's return.

71   **Q.   WHAT DID YOU USE FOR A RISK-FREE RATE OF RETURN?**

72 A. The theory behind the CAPM requires incorporating the return on short-term  
73 securities such as 90-day Treasury Bills. 90-day Treasury Bills carry  
74 virtually no risk of financial loss due to changes in interest rates. However,  
75 the interest rates on short-term securities are extremely low presently  
76 because of the Federal Reserve Bank's policy of keeping the Federal Funds  
77 rate low in order to stimulate the economy. The Federal Funds rate is the  
78 rate at which banks borrow from one another overnight and currently stands  
79 at less than a tenth of one percent. Consequently, I have selected the return  
80 on 10-year Treasury Bonds as the risk-free rate, but I have reduced that rate  
81 by the amount by which T-Bond returns have exceeded T-Bill returns  
82 historically, about 1.77% percentage points. This difference reflects the  
83 premium T-Bond holders demand for the increased interest rate risk  
84 associated with longer term securities.

85 **Q. WHAT DID YOU USE FOR THE EXPECTED RETURN FROM THE**  
86 **STOCK MARKET?**

87 A. I used the mean total return on large company stocks over the period  
88 1926-2012 as published in the 2013 Ibbotson SBBI Risk Premia Over Time  
89 Report.

90 **Q. WHERE DID YOU OBTAIN THE SMALL COMPANY SIZE PREMIUM**  
91 **INCORPORATED IN YOUR ANALYSIS?**

92 A. I incorporated the small company size premium as reported in the 2013  
93 Ibbotson SBBI Risk Premia Over Time Report for the period 1926-2012.  
94 Ibbotson estimates this premium to be 3.81%, and the premium itself  
95 represents the required return in excess of CAPM.

96 **Q. DID DPU WITNESS CASEY COLEMAN INCORPORATE A RISK**  
97 **PREMIUM WHEN ARRIVING AT A RECOMMENDED COST OF**  
98 **EQUITY CAPITAL FOR MANTI IN THE COMPANY'S PREVIOUS**  
99 **REQUEST FOR USF SUPPORT?**

100 A. Yes, he did, but DPU Witness Casey Coleman did not explain in his  
101 testimony how he arrived at the 2.0% figure. While recognizing the  
102 additional risk of small company size is a step in the right direction, I believe  
103 2.0% understates the additional risk. The small company size premium of  
104 3.81% incorporated in my testimony as calculated by Ibbotson removes the  
105 return due non-diversifiable (*i.e.*, systematic risk) and isolates the return  
106 attributable solely to size. Ibbotson's small company size premium is  
107 specifically and carefully calculated to represent the required return in  
108 excess of CAPM.

109

**IV. RECOMMENDATION**

110 **Q. WHAT IS YOUR RECOMMENDATION FOR A FAIR RATE OF**  
111 **RETRUN ON EQUITY FOR MANTI?**

112 A. In its application in this case, Manti requested a rate of return on equity of  
113 12.5%. This is an eminently reasonable request in light of the fact that my  
114 calculations estimate both the mean and median cost of equity capital for  
115 the proxy group is approximately 14.5%. Even if the Commission adopts  
116 the small company risk premium of 2.0% previously recommended by DPU  
117 Witness Casey Coleman, my calculations would still show a cost of equity  
118 capital in the range of 12.67% to 12.73%, still in excess of the return on  
119 equity Manti has requested.

120 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

121 A. Yes.



**Manti Telephone Company**

Docket 13-046-01

Exhibit CH 1

**Proxy Group: Rural LECs**

Company	Symbol	Value	Stock	10-Year	T-Bond	CAPM
		Line	Market	Treasury	Premium	Cost of
		Beta	Returns	Rate <sup>2</sup>	Over T-Bill	Equity
			1926-2012 <sup>1</sup>		1928-2012 <sup>3</sup>	Capital
Alteva	ALTV	0.55	11.80%	2.84%	1.77%	6.97%
Consolidated	CNSL	0.80	11.80%	2.84%	1.77%	9.65%
HickoryTech	HTCO	0.65	11.80%	2.84%	1.77%	8.04%
Shenandoah	SHEN	0.90	11.80%	2.84%	1.77%	10.73%
TDS	TDS	1.05	11.80%	2.84%	1.77%	12.34%
FairPoint	FRP	1.45	11.80%	2.84%	1.77%	16.63%
Windstream	WIN	0.90	11.80%	2.84%	1.77%	10.73%
Frontier	FTR	0.90	11.80%	2.84%	1.77%	10.73%
Alaska Communications, Inc.	ALSK	0.85	11.80%	2.84%	1.77%	10.19%
Mean COE		10.67%	Median COE		10.73%	
Small Company Size Premium <sup>4</sup>		3.81%			3.81%	
Fair Return on Equity Capital		14.48%			14.54%	

<sup>1</sup>2013 Ibbotson S&P Risk Premia Over Time Report, Estimates for 1926-2012, p. 6

<sup>2</sup>Economic Research, Federal Reserve Bank of St. Louis, December 4, 2013

<sup>3</sup>Damodaran on Valuation - 2nd Edition, Summary of Historical Returns on Stocks, T.Bonds, T.Bills since 1928

<sup>4</sup>2013 Ibbotson S&P Risk Premia Over Time Report, Estimates for 1926-2012, p. 7

## SECTION 3

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Computation of Earnings**  
**YE 12/31/13**

**Section 3**  
**Schedule 1**

		(A)	(B)
	Source	Total Company	Total State
(1) Rate Base	Section 4	\$ 19,188,503	\$ 12,560,047
(2) Rate of Return	Section 7	11.25%	8.60%
(3) Allowable Return	(1) x (2)	2,158,707	1,080,616
(4) Operating Income	Section 9	(313,102)	(539,589)
(5) Deficiency (Excess)	(3) - (4)	2,471,808	1,620,205
(6) Net to Gross Multiplier	N/A	1.000000	1.000000
(7) Revenue Deficiency (Excess)	(5) x (6)	2,471,808	1,620,205
<b>Realized return on rate base</b>	<b>(4) / (1)</b>	<b>-1.63%</b>	<b>-4.30%</b>

## SECTION 4

**S&T Telephone Cooperative Association**  
Dkt No. 14-S&TT--KSF  
Summary of Rate Base  
YE 12/31/13

**Section 4**  
Schedule 1

Line	Acct	Description	(A) Book Balance	(B) Cost Study Adjustments	(C) Cost Study Balance	(D) Normalizing Adjustments	(E) Normalized Balance	(F) Interstate Allocation	(G) Intrastate Allocation	(H) Interstate	(I) Intrastate
1	2111	Land	58,567	\$ -	\$ 58,567		\$ 58,567	0.330849	0.669151	\$ 19,377	\$ 39,190
2	2112	Vehicles-Plant	-	\$ -	-		-	0.330849	0.669151	-	-
3	2112	Vehicles-Non Plant	-	\$ -	-		-	0.330849	0.669151	-	-
4	2115	Garage Work Equipment	-	\$ -	-		-	0.330849	0.669151	-	-
5	2116	Other Work Equipment	134,466	\$ -	134,466	5,236	139,702	0.330849	0.669151	46,220	93,482
6	2121	Buildings	3,445,827	\$ (89,382)	3,356,445		3,356,445	0.330849	0.669151	1,110,477	2,245,969
7	2122	Furniture	228,821	\$ -	228,821		228,821	0.330849	0.669151	75,705	153,116
8	2123	Office Support Equipment	56,402	\$ -	56,402		56,402	0.330849	0.669151	18,661	37,742
9	2123.2	Other Communications Equipmen	54,294	\$ -	54,294		54,294	0.330849	0.669151	17,963	36,331
10	2124	General Purpose Computers	-	\$ -	-		-	0.330849	0.669151	-	-
11											
12		Total General Support Facilities	3,978,377	(89,382)	3,888,995	5,236	3,894,232			1,288,403	2,605,829
13											
14	2212	COE Digital	3,771,451		3,771,451		3,771,451	0.738233	0.261767	2,784,209	987,241
15	2212.1	COE Digital Equipment	682,740		682,740	102,977	785,716	0.738233	0.261767	580,042	205,675
16	2230	COE Transmission	9,158,807	(239,109)	8,919,698	513,083	9,432,781	0.396562	0.603438	3,740,682	5,692,098
17	2230.2	COE Transmission DSL	-		-		-	0.396562	0.603438	-	-
18											
19		Total Central Office Equipment	13,612,998	(239,109)	13,373,889	616,059	13,989,948			7,104,934	6,885,014
20											
21	2351	Public Telephone Equipment	-		-		-				-
22											
23		Total Info Orig/Term Equipment	-	-	-	-	-			-	-
24											
25	2411	Towers	21,944		21,944		21,944	0.280566	0.719434	6,157	15,787
26	2421	Aerial Cable	-		-		-	0.280566	0.719434	-	-
27	2423	Buried Cable	15,568,130	-	15,568,130		15,568,130	0.280566	0.719434	4,367,888	11,200,242
28	2423.2	Buried Cable-Fiber Optic	19,736,061	(294,517)	19,441,544	4,322,242	23,763,786	0.280566	0.719434	6,667,310	17,096,475
29	2423.2	Buried Cable-Fiber Ring	-	-	-		-	0.280566	0.719434	-	-
30	2431	Aerial Wire	-	-	-		-	0.280566	0.719434	-	-
31	2441	Conduit Systems	-	-	-		-	0.280566	0.719434	-	-
32											
33		Total Cable and Wire Facilities	35,326,136	(294,517)	35,031,619	4,322,242	39,353,860			11,041,355	28,312,505
34											
35	2681	Capital Lease	-		-		-	-	1.000000	-	-
36	2690	Intangibles	323		323		323	0.330849	0.669151	107	216
37											
38											
39		Telephone Plant	52,917,834	(623,008)	52,294,826	4,943,537	57,238,363			19,434,798	37,803,565
40											
41	3100	Accumulated Depreciation	(39,298,327)	380,225	(38,918,102)	-	(38,918,102)	0.336073	0.663927	(13,079,343)	(25,838,759)
42	MISC	Misc Accum. Depr and Amort	-	-	-	-	-	-	-	-	-
43											
44		Net Telephone Plant	13,619,507	(242,783)	13,376,724	4,943,537	18,320,261			6,355,456	11,964,805
45											
46	1220	Materials and Supplies	441,683		441,683		441,683	0.280566	0.719434	123,921	317,762
47	1402	RTB Stock	-	-	-		-	0.669151	-	-	-
48	1403	Goodwill	-	-	-		-				
49	1403	Accumulated Amort-Goodwill	-	-	-		-				
50	2003	TPUC - Short Term	3,733,737	-	3,733,737	(3,520,494)	213,243	0.330849	0.669151	70,551	142,692
51	4361	Deferred Income Taxes	-	-	-		-	0.330849	0.669151	-	-
52	4040	Customer Deposits	(1,400)	-	(1,400)		(1,400)	0.330849	0.669151	(463)	(937)
53	MISC	Other Credit Accounts	-	-	-		-	0.330849	0.669151	-	-
54											
55		Net Investment	17,793,527	(242,783)	17,550,744	1,423,043	18,973,787			6,549,465	12,424,322
56											
57		Cash Working Capital	214,716		214,716	-	214,716			78,991	135,725
58											
59		Total Rate Base	\$ 18,008,243	\$ (242,783)	\$ 17,765,460	\$ 1,423,043	\$ 19,188,503	1.000000		\$ 6,628,456	\$ 12,560,047

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Comparative Plant Balances**

**Section 4**  
**Schedule 2**

**KCC REPORT - KANSAS ONLY. SCHEDULE 8.**

Line	Description	2010	2011	2012	2013
1	2111 Land	\$ 40,438	\$ 40,341	\$ 40,071	\$ 39,948
2	2112 Vehicles				
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment				
6	2121 Buildings	2,379,213	2,373,727	2,357,618	2,350,381
7	2122 Furniture	142,812	142,469	155,217	154,741
8	2123 Office Equipment	77,364	73,994	73,662	73,436
9	2124 General Purpose Computers				
10	2212 Digital Electric Switching Equip.	1,363,833	1,345,332	1,295,908	1,295,898
11	2231 Radio Systems				
12	2232 Circuit Equipment	5,370,179	5,408,611	5,304,794	5,264,600
13	2311 Station Apparatus				
14	2321 Customer Premises Wiring				
15	2351 Public Telephone Equipment				
16	2362 Other Terminal Equipment				
17	2411 Poles	15,151	15,093	15,014	14,968
18	2421 Aerial Cable				
19	2422 Underground Cable				
20	2423 Buried Cable	19,748,522	19,698,933	19,614,906	19,554,702
21	2424 Submarine Cable				
22	2426 Intrabuilding Network Cable				
23	2431 Aerial Wire				
24	2441 Conduit Systems				
25	2690 Intangibles	223	222	221	220
26	2005 Telephone Plant Adjustment	0	0	0	0
27					
28	Total	\$ 29,137,735	\$ 29,098,722	\$ 28,857,411	\$ 28,748,894

S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_\_-KSF  
Adjustments to Rate Base  
YE 12/31/13

**RB1**

**Purpose:**

*To reflect 2014 Plant Additions Thru March 31, 2014*

<u>Account</u>	<u>Description</u>	<u>Amount</u>
2116	Other Work Equipment	5,236.0
2212	COE Digital	102,977.0
2230	COE Transmission	513,083.0
2423	CWF Fiber	4,322,242.0
2003	TPUC	(3,520,493.8)

Rate Base Adjustment	\$	<u>1,423,044</u>
----------------------	----	------------------

Total Rate Base Increase	\$	<u>1,423,044</u>
--------------------------	----	------------------

## SECTION 5



S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_\_-KSF  
Accumulated Depreciation and Amortization  
YE 12/31/13

Section 5  
Schedule 1

Line	Account	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
			Book Balance	Cost Study Adjustments	Cost Study Balance	Normalizing Adjustments	Normalized Balance	/-Allocation-/		Interstate	Intrastate
1	3112	Vehicles-Plant	-		-		-	0.330849	0.669151	\$ -	\$ -
2	3112.2	Vehicles-Non Plant	-		-		-	0.330849	0.669151	-	-
3	3115	Garage Work Equipment	-		-		-	0.330849	0.669151	-	-
4	3116	Other Work Equipment	-		-		-	0.330849	0.669151	-	-
5	3121	Buildings	(2,679,836)	\$ 69,513	(2,610,323)		(2,610,323)	0.330849	0.669151	(863,623)	(1,746,700)
6	3122	Furniture	(212,306)		(212,306)		(212,306)	0.330849	0.669151	(70,241)	(142,065)
7	3123.1	Office Support Equipment	(55,936)		(55,936)		(55,936)	0.330849	0.669151	(18,506)	(37,430)
8	3123.2	Other Communications Equipment	(52,225)		(52,225)		(52,225)	0.330849	0.669151	(17,279)	(34,947)
9	3124	General Purpose Computers	-		-		-	0.330849	0.669151	-	-
11		General Support Facilities	(3,000,304)	69,513	(2,930,791)	-	(2,930,791)	0.330849	0.669151	(969,649)	(1,961,142)
13	3212	COE Digital	(3,773,083)	1,736,163	(2,036,920)		(2,036,920)	0.738233	0.261767	(1,503,722)	(533,199)
14	3212.1	COE Digital Equipment	(169,498)		(169,498)		(169,498)	0.738233	0.261767	(125,129)	(44,369)
16		Total Central Office Switching	(3,942,582)	1,736,163	(2,206,419)	-	(2,206,419)	0.738233	0.261767	(1,628,851)	(577,568)
18	3232	COE Transmission	(5,808,106)	(1,597,719)	(7,405,825)	-	(7,405,825)	0.396562	0.603438	(2,936,869)	(4,468,956)
19	3232.1	COE Transmission	(1,241,648)		(1,241,648)		(1,241,648)	0.396562	0.603438	(492,390)	(749,258)
21		Total Central Office Transmission	(7,049,754)	(1,597,719)	(8,647,473)	-	(8,647,473)	0.396562	0.603438	(3,429,259)	(5,218,214)
23	3351	Public Telephone Equipment	-	-	-		-	0.000000	0.000000	-	-
25		Total Info Orig/Term Equipment	-	-	-	-	-			-	-
27	3411	Towers	(16,377)		(16,377)		(16,377)	0.280566	0.719434	(4,595)	(11,783)
28	3411	Towers (Post 7/06)	(5,567)		(5,567)		(5,567)	0.280566	0.719434	(1,562)	(4,005)
29	3124.23	Buried Cable	(15,437,215)	172,268	(15,264,947)		(15,264,947)	0.280566	0.719434	(4,282,825)	(10,982,122)
30	2124.231	Buried Cable-Fiber Optic	(9,846,528)		(9,846,528)	-	(9,846,528)	0.280566	0.719434	(2,762,601)	(7,083,927)
31	2124.232	Buried Cable-Fiber Ring	-	-	-		-	0.280566	0.719434	-	-
32	3431	Aerial Wire	-	-	-		-	0.280566	0.719434	-	-
33	3441	Conduit Systems	-	-	-		-	0.280566	0.719434	-	-
35		Cable and Wire Facilities	(25,305,687)	172,268	(25,133,419)	-	(25,133,419)	0.280566	0.719434	(7,051,583)	(18,081,836)
37		Total Accumulated Depreciation	(39,298,327)	380,225	(38,918,102)	-	(38,918,102)	0.336073	0.663927	(13,079,343)	(25,838,759)
39		Intangibles	-	-	-	-	-	0.330849	0.000000	-	-
41		Total Accum. Depr and Amort.	\$ (39,298,327)	\$ 380,225	\$ (38,918,102)	\$ -	\$ (38,918,102)	0.336073	0.663927	\$ (13,079,343)	\$ (25,838,759)

## SECTION 6

**Purpose:**

*To include the intrastate portion of cash working capital in rate base*

**Cash Working Capital**

	<u>Total Company</u>		<u>Interstate</u>		<u>Intrastate</u>	
Total Expenses	\$	7,425,546	\$	2,629,818	\$	4,795,728
Less non-cash expenses:						
Depreciation and Amortization		2,201,186		707,846		1,493,339
Net Cash Expense before taxes		5,224,361		1,921,972		3,302,389
Total Cash Expenses		5,224,361		1,921,972		3,302,389
Cash Working Capital (15 days)	\$	214,716	\$	78,991	\$	135,725
<i>(Total cash exp * .041096)</i>						

## SECTION 7

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Capital and Cost of Money**  
**YE 12/31/13**

**Section 7**  
**Schedule 1**

**Requested Capital Structure/Rate of Return**

Ln	(A) Description	(B) 12/31/2013	(C) Allocation	(D) Average Cost	(E) Weighted Cost
1	Total Long Term Debt	20,180,966	45.14%	3.87%	1.75%
2	Total Equity	24,525,619	54.86%	12.50%	6.86%
3	Total Capital	<u>\$ 44,706,585</u>	<u>100.00%</u>		<u>8.60%</u>
4	<i>Requested Cost of Capital</i>				<b>8.60%</b>

**Actual Capital Structure**

5	Total Long Term Debt	20,180,966	45.14%
6	Total Equity	24,525,619	54.86%
7	Total Capital	<u>\$ 44,706,585</u>	<u>100.00%</u>

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Long Term Debt Schedule**  
**YE 12/31/13**

**Section 7**  
**Schedule 2**

Ln	Issuer	Loan ID	12/31/2013	Rate	Annual Interest
1	Rural Utilities Service (RUS)	12150	172,199.71	2%	3,444
2	Rural Utilities Service (RUS)	12151	6,741.71	2%	135
3	Rural Utilities Service (RUS)	12152	121,681.89	2%	2,434
4	Rural Utilities Service (RUS)	12160	381,126.74	5%	19,056
5	Rural Utilities Service (RUS)	12161	417,928.66	5%	20,896
6	Rural Utilities Service (RUS)	12162	13,148.43	5.000%	657
7	Rural Utilities Service (RUS)	12180	1,272,457.25	4.924%	62,656
8	Rural Utilities Service (RUS)	12190	1,770,881.81	5.000%	88,544
9	Rural Utilities Service (RUS)	12191	1,232,446.17	5%	61,622
10	Rural Utilities Service (RUS)	12200	517,294.53	4.168%	21,561
11	Rural Utilities Service (RUS)	12201	105,268.33	0.000%	-
12	Rural Utilities Service (RUS)	12210	599,501.61	5.000%	29,975
13	Rural Utilities Service (RUS)	12211	183,838.73	5.000%	9,192
14	Rural Utilities Service (RUS)	12212	154,452.98	5.000%	7,723
15	Rural Utilities Service (RUS)	12213	527,787.32	5.000%	26,389
16	Rural Utilities Service (RUS)	12214	406,545.42	5.000%	20,327
17	Rural Utilities Service (RUS)	12215	61,659.89	5.000%	3,083
18	Rural Utilities Service (RUS)	12216	237,626.90	5.000%	11,881
19	Rural Utilities Service (RUS)	12217	155,509.45	5.000%	7,775
20	Rural Utilities Service (RUS)	12218	364,679.10	5.000%	18,234
21	Rural Utilities Service (RUS)	11220	4,684,606.00	2.445%	114,539
22	Rural Utilities Service (RUS)	11221	2,307,422.00	2.590%	59,762
23	Rural Utilities Service (RUS)	12222	1,514,392.00	3.045%	46,113
24	Rural Utilities Service (RUS)	12223	950,000.00	3.015%	28,643
25	Rural Utilities Service (RUS)	12510	99,443.86	5.000%	4,972
26	Rural Utilities Service (RUS)	12511	133,678.24	5.000%	6,684
27	Rural Utilities Service (RUS)	12512	334,197.18	5.000%	16,710
28	RTFC	9001001	256,625.99	6.600%	16,937
29	RTFC	9001002	119,962.61	6.600%	7,918
30	Rural Telephone Bank (RTB)	RTB-2-1	261,010.42	5.130%	13,390
31	Rural Telephone Bank (RTB)	RTB-3-1	816,851.49	6.050%	49,420
32					-
33					-
34	Total		20,180,966	3.8684%	780,673

Total Long Term Debt

20,180,966

1 From 2013 Confirmation Schedules.

2 Does not include Economic Development Loans, as these are simply pass-through funds.

## SECTION 8

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Four Year Comparative Balance Sheet**

**Section 8**  
**Schedule 1**

**KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.**

Acct No.	Account Title	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
<u>Current Assets</u>					
1130	Cash	\$ 3,307,474	\$ 4,494,641	\$ 4,365,185	\$ 4,748,072
1140	Special Cash Deposits				
1150	Working Cash Advance				
1160	Temporary Cash Investments				
1180	Telecommunications Accounts Receivable	12,076,397	1,080,466	582,595	1,210,456
1181	Accts Receivable Allowance-Telecommunications				
1190	Other Accounts Receivable				
1191	Accounts Receivable Allowance - Other				
1200	Notes Receivable				
1201	Notes Receivable Allowance				
1210	Interest and Dividends Receivable				
1220	Materials and Supplies	2,763,556	2,556,840	2,058,747	1,121,065
1290	Prepaid Rents				
1300	Prepaid Taxes				
1310	Prepaid Insurance				
1320	Prepaid Directory Expenses				
1330	Other Prepayments	145,536	140,636	223,322	161,632
1350	Other Current Assets	0	0	0	0
Total Current Assets		18,292,963	8,272,583	7,229,849	7,241,225
<u>NonCurrent Assets</u>					
1401	Investments in Affiliated Companies	(7,902,495)	5,681,280	6,102,818	5,526,572
1402	Investments in Nonaffiliated Companies	4,586,352	3,703,019	4,320,869	4,988,652
1406	Nonregulated Investments				
1407	Unamortized Debt Issuance Expense	0	0	0	0
1408	Sinking Funds	0	0	0	0
1410	Other Noncurrent Assets	67,114	63,288	65,857	67,114
1438	Deferred Maintenance and Retirements	0	0	0	0
1439	Deferred Charges	0	0	0	0
1500	Other Jurisdictional Assets - Net	0	0	0	0
Total Noncurrent Assets		(3,249,029)	9,447,587	10,489,544	10,582,338
<u>Property, Plant &amp; Equipment</u>					
2001	Telecommunications Plant in Service	45,905,992	45,878,626	45,621,588	54,355,430
2002	Intangibles/Franchise	323	323	323	323
2003	Telecommunications Plant Under Const - Short Term	50,229	29,682	1,837,640	3,733,737
2004	Telecommunications Plant Under Const - Long Term				
2005	Telecommunications Plant Adjustment	965,000	965,000	0	0
2006	Nonoperating Plant				
2007	Goodwill	1,437,415	1,437,415	1,437,415	1,437,415
Gross Regulated Property, Plant & Equipment		48,358,959	48,311,046	48,896,966	59,526,905



**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Four Year Comparative Balance Sheet**

**Section 8**  
**Schedule 1**

**KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.**

Acct No.	Account Title	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
<u>Depreciation and Amortization</u>					
3100	Accumulated Depreciation	36,407,246	38,303,361	39,460,473	40,736,246
3200	Accumulated Depreciation - Held for Future Use	0	0	0	0
3300	Accumulated Depreciation - Nonoperating	0	0	0	0
3410	Accumulated Amortization - Capitalized Leases				
3420	Accumulated Amortization - Leasehold Improve				
3500	Accumulated Amortization - Intangible	916,730	965,000		
3600	Accumulated Amortization - Other				
	Total Depreciation and Amortization	37,323,976	39,268,361	39,460,473	40,736,246
	Total Assets and Other Debits	26,078,917	26,762,855	27,155,886	36,614,222
	Other Nonregulated Assets	24,846,854	24,880,855	24,993,490	25,477,178
	Accumulated Depr & Amort-Other Nonreg Assets	(9,165,470)	(10,335,634)	(11,508,126)	(12,685,300)
	Net Nonregulated Assets				
	Total Assets and Other Debits	\$ 41,760,301	\$ 41,308,076	\$ 40,641,250	\$ 49,406,100
<u>Current Liabilities</u>					
4010	Accounts Payable	\$ 406,583	\$ 438,820	\$ 392,388	\$ 322,338
4020	Notes Payable				
4030	Advance Billing and Payments				
4040	Customers' Deposits	2,600	2,000	1,900	1,400
4050	Current Maturities - Long Term				
4060	Current Maturities - Capital Leases				
4070	Income Taxes - Accrued				
4080	Other Taxes - Accrued	537,659	457,603	447,973	308,950
4100	Net Current Deferred Operating Income Taxes				
4110	Net Current Deferred Nonoperating Income Taxes				
4120	Other Accrued Liabilities				
4130	Other Current Liabilities	231,796	967,458	1,380,381	3,077,687
	Total Current Liabilities	1,178,638	1,865,881	2,222,642	3,710,375
<u>Long Term Debt</u>					
4210	Funded Debt	21,497,361	17,305,306	14,790,415	20,143,234
4220	Premium on Long Term Debt	0	0	0	0
4230	Discount on Long Term Debt	0	0	0	0
4240	Reacquired Debt	0	0	0	0
4250	Obligations Under Capital Leases	0	0	0	0
4260	Advances from Affiliated Companies	0	0	0	0
4270	Other Long Term Debt	0	0	0	0
	Total Long Term Debt	21,497,361	17,305,306	14,790,415	20,143,234

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Four Year Comparative Balance Sheet**

**Section 8**  
**Schedule 1**

KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.

Acct No.	Account Title	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
<u>Other Liabilities and Deferred Credits</u>					
4310	Other Long Term Liabilities	(4,222,416)	0	0	0
4320	Unamortized Operating Investment Tax Credits-Net	0	0	0	0
4330	Unamortized Nonoperating Investment Tax Credits-Net	0	0	0	0
4340	Net Noncurrent Deferred Operating Income Taxes	(142,563)	(312,845)	(133,036)	179,462
4350	Net Noncurrent Deferred Nonoperating Income Taxes	0	0	0	0
4360	Other Deferred Credits	0	0	0	0
4370	Other Jurisdictional Liabilities and Deferred Credits-Net	0	0	0	0
Total Other Liabilities and Deferred Credits		(4,364,979)	(312,845)	(133,036)	179,462
<u>Stockholders' Equity</u>					
4510	Capital Stock	0	0	0	0
4520	Additional Paid-in Capital	8,670	8,160	7,915	7,472
4530	Treasury Stock	0	0	0	0
4540	Other Capital	361,489	139,216	5,323	307,190
4550	Retained Earnings	23,079,120	22,302,358	23,747,991	25,058,367
Total Stockholders Equity		23,449,279	22,449,734	23,761,229	25,373,029
Total Liabilities and Other Credits		\$ 41,760,299	\$ 41,308,076	\$ 40,641,250	\$ 49,406,100

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**Four Year Comparative Income Statement**

**Section 8**  
**Schedule 2**

**KCC REPORT - KANSAS ONLY. SCHEDULE 6.**

Acct No.	Line Title	12/31/2010 Balance	12/31/2011 Balance	12/31/2012 Balance	12/31/2013 Balance
	<u>Telephone Operating Income</u>				
5000	Operating Revenues	\$ 5,389,573	\$ 5,358,609	\$ 5,273,066	\$ 4,674,710
6000	Operating Expenses	3,943,835	3,639,118	4,425,993	3,952,008
7100	Other Operating Income & Expenses - Net				
7210	Operating Investment Tax Credits				
7220	Federal Income Taxes - Operating	6,871			
7230	State & Local Income Taxes - Operating	813			
7240	Other Operating Taxes	418,420	0	0	0
7250	Provision for Deferred Operating Inc. Taxes - Net				
7200	Total Operating Taxes	426,104	0	0	0
	Operating Income	1,019,634	1,719,491	847,073	722,702
	<u>NonOperating Income and Expenses</u>				
7310	Dividend Income				
7320	Interest Income				
7330	Income from Sinking and Other Funds				
7340	Allowance for Funds Used During Const				
7350	Gain or Loss from Disposition of Property	3,492			
7360	Other Nonoperating Income				
7370	Special Charges				
7380	Equity Undistributed Sub. Earnings				
7300	Nonoperating Income & Expenses - Net	3,492	0	0	0
7400	Total Nonoperating Taxes	0	0	0	0
	Total Nonoperating Income & Expenses	3,492	0	0	0
	Income Available for Fixed Charges	1,023,126	1,719,491	847,073	722,702
	<u>Fixed Charges</u>				
7510	Interest on Funded Debt				
7520	Interest Expense - Capital Leases				
7530	Amortization of Debt Issuance Expense				
7540	Other Interest Charges				
7500	Total Interest & Related Items	0	0	0	0
7600	Total Extraordinary Items				
	Net Income (after Nonoperating, Fixed Charges, and Extraordinary Items)	1,023,126	1,719,491	847,073	722,702
7910	Effect of Jurisdictional Ratemaking Diff-Net				
7990	Nonregulated Net Income	92,027	112,668	114,023	119,564
	Net Income (After ratemaking differences including Nonregulated Net Income)	\$ 1,115,153	\$ 1,832,159	\$ 961,096	\$ 842,266

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**4 Year Comparative Operating Revenues**

**Section 8**  
**Schedule 3**

**KCC REPORT - TOTAL KANSAS. SCHEDULE 18.**

Acct No.	Account Title	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
	<u>Local Network Service Revenue</u>				
5001	Basic Area Revenue	\$ 466,578	\$ 460,632	\$ 455,446	\$ 461,416
5002	Extended Area Revenues				
5003	Cellular Mobile Service Revenue				
5004	Other Mobile Service Revenue				
5010	Public Telephone Revenue				
5040	Local Private Line Revenue				
5050	Customer Premises Revenue				
5060	Other Local Exchange Revenue	87,336	89,685	122,651	253,384
	Other Revenues			1,517	
	Other Revenues				
	Total Local Network Service Revenues	553,914	550,317	579,614	714,800
	Federal USF Support	3,507,210	5,258,346	5,059,374	4,185,286
	CAF				138,630
5264	State KUSF Support	886,821	832,038	770,276	434,656
	<u>Network Access &amp; L. D. Service Revenue</u>				
5081	End User Revenue		200,019	205,000	193,677
5082	Interstate Switched Access		145,255	488,170	227,758
5083	Interstate Special Access		622,551	622,836	1,015,485
5084	Intrastate Switched Access	212,638	212,194	214,041	127,296
5084	Intrastate Special Access	187,247	143,245	125,473	112,285
	ARC Revenue				23,828
5100	Long Distance Service Revenue				
	Total Network Access Revenue	399,885	1,323,264	1,655,520	1,700,329
	<u>Miscellaneous Revenue</u>				
5230	Directory Revenue	17,808	12,452	15,174	15,564
5240	UNE Revenue				
5240	Other Rent Revenue		91,013	76,549	76,618
5250	Corporate Operations Revenue				
5260	Other Miscellaneous Revenue (w/o KUSF)	1,908	1,717	13,102	19,596
	Carrier Billing & Collections Revenue (Interstate)		4,957	3,830	1,896
	Carrier Billing & Collections Revenue (Intrastate)	12,032	12,350	9,280	7,484
	Total Miscellaneous Revenue	31,748	122,489	117,935	121,158
	<u>Uncollectible Revenue</u>				
5300	Uncollectible Revenue	9,995	(1,779)	462	(18,031)
	Total KCC Regulated Operating Revenue	5,389,573	8,084,675	8,183,181	7,138,198
5280	Nonregulated Operating Revenue				
5000	Total Operating Revenue	\$ 5,389,573	\$ 8,084,675	\$ 8,183,181	\$ 7,138,198

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**4 Year Comparative Operating Expenses**

**Section 8**  
**Schedule 4**

**KCC REPORT - TOTAL KANSAS. SCHEDULE 21.**

Acct No.	Operating Expense Accounts	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
<b>PLANT SPECIFIC OPERATIONS EXPENSE</b>					
	<u>Network Support Expenses</u>				
6112	Motor Vehicle Expense				
6113	Aircraft Expense				
6114	Special Purpose Vehicle Expense				
6115	Garage Work Equipment Expense				
6116	Other Work Equipment Expense				
	Total Network Support Expense	0	0	0	0
	<u>General Support Expenses</u>				
6121	Land & Building Expenses	352,972	364,371	346,531	440,343
6122	Furniture and Art Works Expense	508	925	985	1,515
6123	Office Equipment Expense	123,734	135,117	155,384	188,720
6124	General Purpose Computers Expense	113,953	263,010	258,918	289,694
	Total General Support Expenses	591,167	763,423	761,818	920,272
	<u>Central Office Switching Expenses</u>				
6211	Analog Electronic Expense				
6212	Digital Electronic Expense	476,093	726,592	883,668	433,517
6215	Electro-Mechanical Expense				
	Total Central Office Switching Expenses	476,093	726,592	883,668	433,517
6220	Operators System Expense	0	0	0	0
6230	Central Office Transmission Expense	305,327	222,933	217,899	281,880
	<u>Information/Origination/Termination Expenses</u>				
6311	Station Apparatus Expense				
6341	Large Private Branch Expense				
6351	Public Telephone Terminal Equipment Expense	2,890	184	107	0
6362	Other Terminal Equipment Expense				
	Total Inf./Orig./Termination Expenses	2,890	184	107	0
	<u>Cable and Wire Facilities Expenses</u>				
6411	Poles Expense	1,243	153	1,261	13
6421	Aerial Cable Expense				
6422	Underground Cable Expense				
6423	Buried Cable Expense	613,611	847,931	860,149	1,029,941
6424	Submarine Cable Expense				
6425	Deep Sea Cable Expense				
6426	Intrabuilding Network Cable Expense	0	0	0	0
6431	Aerial Wire Expense	0	0	0	0
6441	Conduit Systems Expense	0	0	0	0
	Total Cable and Wire Facilities Expenses	614,854	848,084	861,410	1,029,954
	Total Plant Specific Operations Expense	1,990,331	2,561,216	2,724,902	2,665,623

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_-KSF**  
**4 Year Comparative Operating Expenses**

**Section 8**  
**Schedule 4**

**KCC REPORT - TOTAL KANSAS. SCHEDULE 21.**

Acct No.	Operating Expense Accounts	12/31/10 Balance	12/31/11 Balance	12/31/12 Balance	12/31/13 Balance
<b>PLANT NONSPECIFIC OPERATIONS EXPENSE</b>					
<u>Other Property Plant and Equipment Expenses</u>					
6511	Property Held for Future Telecom Use Exp	0	0	0	0
6512	Provisioning Expense	74,301	58,426	51,336	53,275
	Total Other Prop. Plant and Equip. Expenses	74,301	58,426	51,336	53,275
<u>Network Operations Expenses</u>					
6531	Power Expense				63,518
6532	Network Administration Expense	45,626	44,310	0	28,558
6533	Testing Expense	27,856	25,873	35,521	40,027
6534	Plant Operations Administration Expense	64,130	57,061	26,215	33,700
6535	Engineering Expense	2,008	7,306	0	17,114
	Total Network Operations Expenses	139,620	134,550	61,736	182,917
6540	Access Expense	71,788	71,836	76,194	68,664
<u>Depreciation and Amortization Expenses</u>					
6561	Depr. Expense - Telecom Plant in Service	2,069,832	2,055,469	1,628,276	1,311,280
6561.1	Amortization of Extraordinary Retirements	3,653	5,101		0
6562	Depr Expense-Prop Held for Future Telecom				
6563	Amortization Expense-Tangible	0	0	0	0
6564	Amortization Expense-Intangible	0	0	0	0
6565	Amortization Expense-Other	64,332	48,269	0	0
	Total Depreciation and Amortization Expenses	2,137,817	2,108,839	1,628,276	1,311,280
	Total Plant Nonspecific Operations Expense	2,423,526	2,373,651	1,817,542	1,616,136
<b>CUSTOMER OPERATIONS EXPENSE</b>					
6610	Marketing	126,260	101,851	326,690	152,611
6620	Services	451,638	444,804	451,293	437,900
	Total Customer Operations Expense	577,898	546,655	777,983	590,511
<b>CORPORATE OPERATIONS EXPENSE</b>					
6710	Executive and Planning	349,499	381,729	480,373	429,447
6720	General and Administrative	867,531	812,038	947,518	825,578
6790	Provision for Uncollectible Notes Receivable	0	0	0	0
	Total Corporate Operations Expense	1,217,030	1,193,767	1,427,891	1,255,025
	<b>TOTAL OPERATING EXPENSE</b>	<b>\$ 6,208,785</b>	<b>\$ 6,675,289</b>	<b>\$ 6,748,318</b>	<b>\$ 6,127,295</b>

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT-\_\_\_\_-KSF**  
**Annual Payrolls**

**Section 8**  
**Schedule 5**

**KCC REPORT - TOTAL KANSAS. SCHEDULE 26.**

Description	2010	2011	2012	2013
<u>Salaries &amp; Wages</u>				
Plant Specific Operations	\$ 566,038	\$ 684,523	\$ 625,152	\$ 621,468
Plant Non-specific Operations	111,838	95,999	55,261	65,029
Customer Operations	227,755	222,315	207,013	200,251
Corporate Operations	332,677	325,614	313,592	286,237
Total	<u>\$ 1,238,308</u>	<u>\$ 1,328,451</u>	<u>\$ 1,201,018</u>	<u>\$ 1,172,985</u>

<u>Pensions &amp; Benefits</u>				
Plant Specific Operations	478,020	\$ 590,789	\$ 536,689	569,423
Plant Non-specific Operations	93,567	82,187	46,154	59,025
Customer Operations	192,543	191,817	207,487	182,486
Corporate Operations	279,705	281,092	282,289	259,453
Total	<u>\$ 1,043,835</u>	<u>\$ 1,145,885</u>	<u>\$ 1,072,619</u>	<u>\$ 1,070,387</u>

<u>Total Payrolls</u>				
Plant Specific Operations	\$ 1,044,058	\$ 1,275,312	\$ 1,161,841	\$ 1,190,891
Plant Non-specific Operations	205,405	178,186	101,415	124,054
Customer Operations	420,298	414,132	414,500	382,737
Corporate Operations	612,382	606,706	595,881	545,690
Total	<u>\$ 2,282,143</u>	<u>\$ 2,474,336</u>	<u>\$ 2,273,637</u>	<u>\$ 2,243,372</u>

**S&T Telephone Cooperative Association**  
Dkt No. 14-S&TT-\_\_\_\_-KSF  
Monthly Intrastate Access Minutes

**Section 8**  
Schedule 6

Month	Interstate	Intrastate Interlata	Intrastate Intralata	Total
Jan-10	442,901	140,606	335,466	918,973
Feb-10	451,235	157,023	321,278	929,536
Mar-10	402,093	146,566	283,950	832,609
Apr-10	439,755	152,195	318,226	910,176
May-10	384,208	164,955	265,243	814,406
Jun-10	361,827	182,457	220,105	764,389
Jul-10	358,560	151,059	252,235	761,854
Aug-10	328,822	109,805	247,553	686,180
Sep-10	330,847	98,918	235,181	664,946
Oct-10	311,591	96,885	223,638	632,114
Nov-10	323,573	98,122	220,531	642,226
Dec-10	306,449	95,697	214,403	616,549
Jan-11	316,337	98,476	227,625	642,438
Feb-11	333,656	99,508	232,591	665,755
Mar-11	297,110	80,432	199,774	577,316
Apr-11	330,206	93,947	227,940	652,093
May-11	296,670	86,748	197,359	580,777
Jun-11	302,385	95,204	206,062	603,651
Jul-11	348,320	112,103	203,804	664,227
Aug-11	328,313	118,077	200,047	646,437
Sep-11	309,411	110,148	196,360	615,919
Oct-11	282,295	107,726	180,982	571,003
Nov-11	299,767	109,076	190,354	599,197
Dec-11	312,804	107,868	187,692	608,364
Jan-12	308,004	101,106	182,902	592,012
Feb-12	314,883	108,162	188,492	611,537
Mar-12	290,775	96,601	167,680	555,056
Apr-12	296,905	100,579	175,360	572,844
May-12	267,006	90,364	167,067	524,437
Jun-12	301,908	104,124	174,962	580,994
Jul-12	296,393	98,903	162,760	558,056
Aug-12	283,122	101,159	167,774	552,055
Sep-12	270,485	98,840	155,622	524,947
Oct-12	234,528	106,020	145,739	486,287
Nov-12	249,492	107,999	147,835	505,326
Dec-12	246,583	104,289	139,394	490,266
Total 2010	4,441,861	1,594,288	3,137,809	9,173,958
Total 2011	3,757,274	1,219,313	2,450,590	7,427,177
Total 2012	3,360,084	1,218,146	1,975,587	6,553,817
SER = Intrastate/InterLATA				
SRA = Intrastate/IntraLATA				



## SECTION 9

**S&T Telephone Cooperative Association**  
DKI No. 14-S&TT-\_\_\_\_-KSF  
Test Year and Normalized Income Statement  
YE 12/31/13

**Section 9**  
**Schedule 1**

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	Book	Cost Study	Cost Study	Normalizing	Normalized	/-Allocation-/			
Line	Balance	Adjustments	Balance	Adjustments	Balance	Interstate	Intrastate	Interstate	Intrastate
<b>Operating Revenues</b>									
1 5001 Local Network Services Revenues	714,801	\$ -	\$ 714,801		\$ 714,801			\$ -	\$ 714,801
2 Federal High Cost Loop Support	2,929,779	-	2,929,779	(263,547)	2,645,832			-	2,645,832
3 Kansas Universal Service Support	434,656	-	434,656		434,656			-	434,656
4 5080 Network Access Revenue	3,094,465	-	3,094,465		3,094,465			2,854,410	240,055
5 5100 Long Distance Network Service Rev	-	-	-		-			-	-
6 5270 Billing and Collection	9,380	-	9,380		9,380			1,896	7,484
7 5270 Misc Revenue	151,730	-	151,730	-	151,730			-	151,730
8 5280 Non-regulated revenue	79,611	-	79,611		79,611			-	79,611
9 5300 Uncollectible Revenue	(18,031)	-	(18,031)		(18,031)			-	(18,031)
10 Total Revenues	7,395,392	-	7,395,392	(263,947)	7,112,445			2,856,306	4,256,139
<b>Plant Specific Operations Expenses</b>									
11 6110 Network Support Expense	-	-	-	4,120	4,120	0.330849	0.669151	1,363	2,757
12 6120 General Support Expense	920,272	(108,508)	811,764	17,035	828,799	0.330849	0.669151	274,207	554,592
13 6210 Central Office Switching Expense	445,079	-	445,079	3,273	448,352	0.462563	0.537437	207,391	240,961
14 6230 Central Office Transmission Expense	270,317	-	270,317	3,468	273,785	0.462563	0.537437	126,643	147,142
15 6310 Information Orig/Term Expense	-	-	-	-	-			-	-
16 6410 Cable and Wire Facilities Exp	1,037,608	-	1,037,608	25,475	1,063,083	0.280566	0.719434	288,265	764,818
17 Total Plant Specific Operations Expenses	2,673,276	(108,508)	2,564,768	53,371	2,618,139			907,869	1,710,270
<b>Plant Non-Specific Operations Expense</b>									
18 6510 Other Plant Expense	53,275	-	53,275	3,590	56,865	0.330849	0.669151	18,814	38,051
19 6530 Network Operations Expense	175,167	(1,995)	173,172	-	173,172	0.330849	0.669151	57,294	115,878
20 6540 Access Expense	68,664	-	68,664	-	68,664	1.000000	0.000000	-	68,664
21 6560 Depreciation & Amortization	1,311,280	(48,857)	1,262,423	938,763	2,201,186	0.321575	0.678425	707,846	1,493,339
22 6565 Amort of Plant Acquisition Adjustment	-	-	-	-	-	0.330849	0.669151	-	-
23 Total Plant Non-Specific Operations Expenses	1,608,386	(50,852)	1,557,534	942,353	2,499,887			852,618	1,647,269
<b>Customer Operations Expense</b>									
24 6610 Marketing Expense	88,099	-	88,099	942	89,041	0.252703	0.747297	22,501	66,540
25 6620 Directory Expense	-	-	-	-	-	0.000000	1.000000	-	-
26 6620 Services Expense	502,508	(35,767)	466,741	9,704	476,445	0.368789	0.631211	175,708	300,737
27 Total Customer Operations Expense	590,607	(35,767)	554,840	10,646	565,486			198,208	367,277
<b>Corporate Operations Expense</b>									
28 6710 Executive and Planning Exp	429,447	-	429,447	5,665	435,132	0.349137	0.650863	151,921	283,211
29 6720 General and Administrative Exp	825,578	(1,845)	823,733	19,483	843,216	0.445578	0.554422	375,719	467,498
30 6720 KUSF Audit Expense	-	-	-	30,000	30,000			-	30,000
31 Total Corporate Operations Expense	1,255,025	(1,845)	1,253,180	55,169	1,308,349			527,639	780,709
<b>Operating Taxes &amp; Other Operating Expenses</b>									
32 7210 Amortization of ITC	-	-	-	-	-			-	-
33 7220 Operating Federal Income Taxes	-	-	-	-	-			-	-
34 7230 Operating State Income Taxes	-	-	-	-	-			-	-
35 7240 Other Operating Taxes	403,973	-	403,973	-	403,973	0.330849	0.669151	133,654	270,319
36 7250 Deferred Operating Income Taxes	-	-	-	-	-	0.000000	0.000000	-	-
37 7340 Allowance for Funds Used During Construction	-	-	-	-	-	0.000000	0.000000	-	-
38 7370 Contributions and Fees	32,979	(3,344)	29,635	-	29,635	0.330849	0.669151	9,805	19,830
39 5240 Rent Revenue	-	-	-	-	-	0.000000	0.000000	-	-
40 7310 Dividend & Interest	-	-	-	-	-			-	-
41 7360 Other Income	-	-	-	-	-			-	-
42 7500 Interest Expense	78	-	78	-	78	0.315652	0.684348	25	53
43 Total Operating Taxes & Other Operating Exp.	437,030	(3,344)	433,686	-	433,686			143,483	290,203
44 Total Operating Expenses	6,564,324	(200,316)	6,364,008	1,061,538	7,425,546			2,629,818	4,795,728
45 Net Operating Income	\$ 832,068	\$ 200,316	\$ 1,032,384	\$ (1,345,485)	\$ (313,102)			\$ 226,488	\$ (539,589)

**S&T Telephone Cooperative Association**  
Dkt No. 14-S&TT-\_\_\_\_-KSF  
Summary of Income Statement Adjustments  
YE 12/31/13

**Section 9**  
Schedule 2

Acct	Description	Adj #	Amount	Source
5060	Universal Service Fund Payments	IS 1	\$ (283,947)	W/P IS 1
	<i>To update Federal Universal Service Fund Receipts</i>			
	Total Revenue Adjustments		<u>\$ (283,947)</u>	
6561	Depreciation Expense	IS 2	\$ 938,763	W/P IS 2
	<i>To Normalize Depreciation Expense</i>			
Various Accounts	Labor Expense	IS 3	\$ 92,776	W/P IS 3
	<i>To Normalize Payroll and Healthcare</i>			
6720	General and Administrative Expense	IS 4	\$ 30,000	W/P IS 4
	<i>To include expenses related to this proceeding</i>			
	Total Expense Adjustments		<u>\$ 1,061,538</u>	
	Total Adjustments		<u>\$ (1,345,485)</u>	

S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_-KSF  
Adjustments to HCLS  
YE 12/31/13

W/P IS1

**Purpose:**

*To reflect 2014 High Cost Loop Support*

<u>Account Description</u>		<u>Annual Amount</u>
5082	HCLS Revenue - 2013 Recorded	<u>\$ 2,929,779</u>
	HCLS Revenue - 2014 Projection Per USAC FCC filing 2nd Qtr HCO1	<u>\$ 2,645,832</u>
	Revenue Increase (Decrease)	<u>\$ (283,947)</u>
Total HCLS Revenue Decrease		<u>\$ (283,947)</u>

S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_\_KSF  
YE 12/31/13

W/P IS2

Acct	Description	Book Balance	Cost Study Adjustments	1st QTR Plant Additions	Adjusted Balance	(Adjusted) Accum. Depr.	Adjusted Net Balance	Depreciation Rate	Annualized Expense	Normalized Expense
2111	Land	\$ 58,567	\$ -		58,567	-	\$ 58,567		\$ -	\$ -
2112	Vehicles-Plant	\$ -	-		-	-	-		-	-
2112	Vehicles-Non Plant	\$ -	-		-	-	-		-	-
2115	Garage Work Equipment	\$ -	-		-	-	-		-	-
2116.2	Other Work Equipment	\$ 134,466	-	5,236	139,702	-	139,702	23.99%	\$ 33,501	33,501
2121	Buildings	\$ 2,044,995			2,044,995	(1,938,595)	106,401	5.02%	\$ 102,659	102,659
2121	Buildings	\$ 1,342,425	(89,382)		1,253,043	(724,487)	528,556	5.02%	\$ 62,903	62,903
2121	Buildings	\$ 58,407	-		58,407	(16,754)	41,653	5.02%	\$ 2,932	2,932
2122	Furniture	\$ 127,837	-		127,837	(127,837)	-	15.57%	\$ 19,904	-
2122	Furniture	\$ 71,404	-		71,404	(71,404)	-	15.57%	\$ 11,118	-
2122	Furniture	\$ 29,580	-		29,580	(13,065)	16,515	15.57%	\$ 4,606	4,606
2123	Office Support Equipment	\$ 27,336	-		27,336	(27,336)	-	18.10%	\$ 4,948	-
2123	Office Support Equipment	\$ 29,066	-		29,066	(28,600)	466	18.10%	\$ 5,261	466
2123.2	Other Communications Equipment	\$ 28,341	-		28,341	(28,341)	-	18.10%	\$ 5,130	-
2123.21	Other Communications Equipment	\$ 18,344	-		18,344	(18,344)	-	18.10%	\$ 3,320	-
2123.22	Other Communications Equipment	\$ 7,610	-		7,610	(5,541)	2,069	18.10%	\$ 1,377	1,377
					-		-		-	-
	Total General Support Facilities	3,978,377	(89,382)	5,236	3,894,232	(3,000,304)	893,928		257,658	208,443
2212	COE Digital	3,771,451			3,771,451	(3,771,451)	-	11.58%	436,734	-
2212.1	COE Digital (Post 7/06)	676,233	-	102,977	779,209	(169,498)	609,711	11.58%	90,232	90,232
2212.999	COE Digital	6,507	-		6,507	(1,633)	4,875	11.58%	754	754
2232	COE Transmission	5,808,106			5,808,106	(5,808,106)	-	15.96%	926,974	-
2232.1	COE Transmission	2,059,779	(239,109)	513,083	2,333,753	(139,674)	2,194,079	15.96%	372,467	372,467
2232.11	COE Transmission Ethernet Ring	1,290,922			1,290,922	(953,530)	337,392	15.96%	206,031	206,031
					-		-		-	-
	Total Central Office Equipment	13,612,998	(239,109)	616,059	13,989,948	(10,853,892)	3,136,056		2,033,192	669,484
2351	Public Telephone Equipment	-			-	-	-		-	-
					-	-	-		-	-
	Total Info Orig/Term Equipment	-	-		-	-	-		-	-
2411	Towers	16,377	-		16,377	(16,377)	-	15.81%	2,589	-
2411.01	Towers (Post 7/06)	5,567	-		5,567	(5,567)	-	15.81%	880	-
2423.1	Buried Cable	15,404,260	-		15,404,260	(15,404,260)	-	5.68%	874,962	-
2423.11	Buried Cable	137,842	-		137,842	(29,752)	108,090	5.68%	7,829	7,829
2423.2	Buried Cable-Fiber Optic	12,339,179	(294,517)		12,044,662	(8,910,522)	3,134,140	5.68%	684,137	684,137
2423.21	Buried Cable-Fiber Optic	6,766,028	-	4,322,242	11,088,269	(132,883)	10,955,386	5.68%	629,814	629,814
2423.3	Buried Cable-Fiber Optic	630,855	-		630,855	(630,855)	-	5.68%	35,833	-
2423.99	Buried Cable	26,029	-		26,029	(3,203)	22,826	5.68%	1,478	1,478
					-	-	-		-	-
	Total Cable & Wire	35,326,136	(294,517)	4,322,242	39,353,860	(25,133,419)	14,220,441		2,237,522	1,323,258
2692	Intangibles	-			-	-	-		-	-
					-	-	-		-	-
	Totals - TPIS	\$ 52,917,511	\$ (623,008)	\$ 4,943,537	\$ 57,238,040	\$ (38,987,615)	\$ 18,250,425		\$ 4,528,372	\$ 2,201,186

Adjusted 2013 1,262,423  
Normalized 2014 \$ 2,201,186  
Adjustment 938,763

**S&T Telephone Cooperative Association**  
**Dkt No. 14-S&TT- -KSF**  
**YE 12/31/2013**

**W/P IS3**

		Raises Adj	Healthcare	New	Total
		Adjustment	Adjustment	Employee	Adjustment
<b>S &amp; T TELEPHONE COOP. ASSOCIATION</b>					
6116.000.00	WORK EQUIPMENT	719.88	559.47	2840.32	4119.66
6120.000.00	COMPUTERS	4182.92	3250.83	9601.67	17035.42
6212.000.00	DIGITAL ELECTRONIC EXPENSE	1693.50	1316.13	262.91	3272.54
6232.000.00	CIRCUIT EQUIPMENT EXPENSE	1951.67	1516.77		3468.44
6423.000.00	BURIED CABLE EXPENSE	10251.61	7967.23	7256.53	25475.38
6512.000.00	PROVISIONING EXPENSES	2010.88	1562.80	16.42	3590.10
6610.000.00	MARKETING MANAGEMENT	529.94	411.86		941.80
6622.000.00	DIRECTORY SERVICES EXPENSES	5460.27	4243.55		9703.82
6711.000.00	EXECUTIVE	3199.03	2486.19		5685.22
6721.000.00	GEN ACCTG & FINANCE	8526.96	6626.89	4329.49	19483.35
<b>Company Totals :</b>		<b>38,526.67</b>	<b>29,941.72</b>	<b>24,307.34</b>	<b>92,775.73</b>

S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_\_-KSF  
YE 12/31/13

W/P IS4

Acct	Description	Amount
6720	Estimated Proceeding Expenses	<u>\$ 150,000</u>
	<i>Amortization period</i>	5
6720	KUSF Audit Expenses to include	<u><u>\$ 30,000</u></u>

## SECTION 10



S&T Telephone Cooperative Association  
Dkt No. 14-S&TT-\_\_\_-KSF  
YE 12/31/13

W/P IS2

Acct	Description	Book Balance	Cost Study Adjustments	1st QTR Plant Additions	Adjusted Balance	(Adjusted) Accum. Depr.	Adjusted Net Balance	Depreciation Rate	Annualized Expense	Normalized Expense
2111	Land	\$ 58,567	\$ -		58,567	-	\$ 58,567	\$ -	\$ -	\$ -
2112	Vehicles-Plant	\$ -	-		-	-	-	\$ -	-	-
2112	Vehicles-Non Plant	\$ -	-		-	-	-	\$ -	-	-
2115	Garage Work Equipment	\$ -	-		-	-	-	\$ -	-	-
2116.2	Other Work Equipment	\$ 134,466	-	5,236	139,702	-	139,702	23.98%	\$ 33,501	33,501
2121	Buildings	\$ 2,044,995			2,044,995	(1,938,595)	106,401	5.02%	\$ 102,659	102,659
2121	Buildings	\$ 1,342,425	(89,382)		1,253,043	(724,487)	528,556	5.02%	\$ 62,903	62,903
2121	Buildings	\$ 58,407	-		58,407	(16,754)	41,653	5.02%	\$ 2,932	2,932
2122	Furniture	\$ 127,837	-		127,837	(127,837)	-	15.57%	\$ 19,904	-
2122	Furniture	\$ 71,404	-		71,404	(71,404)	-	15.57%	\$ 11,118	-
2122	Furniture	\$ 29,580	-		29,580	(13,065)	16,515	15.57%	\$ 4,606	4,606
2123	Office Support Equipment	\$ 27,336	-		27,336	(27,336)	-	18.10%	\$ 4,948	-
2123	Office Support Equipment	\$ 29,066	-		29,066	(28,600)	466	18.10%	\$ 5,261	466
2123.2	Other Communications Equipment	\$ 28,341	-		28,341	(28,341)	-	18.10%	\$ 5,130	-
2123.21	Other Communications Equipment	\$ 18,344	-		18,344	(18,344)	-	18.10%	\$ 3,320	-
2123.22	Other Communications Equipment	\$ 7,610	-		7,610	(5,541)	2,069	18.10%	\$ 1,377	1,377
Total General Support Facilities		3,978,377	(89,382)	5,236	3,894,232	(3,000,304)	893,928		257,658	208,443
2212	COE Digital	3,771,451			3,771,451	(3,771,451)	-	11.58%	436,734	-
2212.1	COE Digital (Post 7/06)	676,233	-	102,977	779,209	(169,498)	609,711	11.58%	90,232	90,232
2212.999	COE Digital	6,507			6,507	(1,633)	4,875	11.58%	754	754
2232	COE Transmission	5,808,106			5,808,106	(5,808,106)	-	15.96%	926,974	-
2232.1	COE Transmission	2,059,779	(239,109)	513,083	2,333,753	(139,674)	2,194,079	15.96%	372,467	372,467
2232.11	COE Transmission Ethernet Ring	1,290,922			1,290,922	(963,530)	327,392	15.96%	208,031	206,031
Total Central Office Equipment		13,612,998	(239,109)	616,059	13,989,948	(10,853,892)	3,136,056		2,033,192	669,484
2351	Public Telephone Equipment	-			-	-	-		-	-
Total Info Orig/Term Equipment		-	-	-	-	-	-		-	-
2411	Towers	16,377	-		16,377	(16,377)	-	15.81%	2,589	-
2411.01	Towers (Post 7/06)	5,567	-		5,567	(5,567)	-	15.81%	880	-
2423.1	Buried Cable	15,404,260	-		15,404,260	(15,404,260)	-	5.68%	874,962	-
2423.11	Buried Cable	137,842	-		137,842	(29,752)	108,090	5.68%	7,829	7,829
2423.2	Buried Cable-Fiber Optic	12,339,179	(294,517)		12,044,662	(8,910,522)	3,134,140	5.68%	684,137	684,137
2423.21	Buried Cable-Fiber Optic	6,766,028	-	4,322,242	11,088,269	(132,883)	10,955,386	5.68%	629,814	629,814
2423.3	Buried Cable-Fiber Optic	630,855			630,855	(630,855)	-	5.68%	35,833	-
2423.99	Buried Cable	26,029	-		26,029	(3,203)	22,826	5.68%	1,478	1,478
Total Cable & Wire		35,326,136	(294,517)	4,322,242	39,353,860	(25,133,419)	14,220,441		2,237,522	1,323,258
2692	Intangibles	-			-	-	-		-	-
Totals - TPIS		\$ 52,917,511	\$ (623,008)	\$ 4,943,537	\$ 57,238,040	\$ (38,987,615)	\$ 18,250,425		\$ 4,528,372	\$ 2,201,186

Adjusted 2013 1,262,423  
Normalized 2014 \$ 2,201,186  
Adjustment 938,763

## SECTION 11

**S&T Telephone Cooperative Association**

Dkt No. 14-S&amp;TT-\_\_\_\_-KSF

Operating Taxes

YE 12/31/13

**Section 11**

Schedule 1

Section 11 (i) Taxes chargeable to Operations	Source	12/31/2013 Balance	Jurisdictional Allocation	
			Intrastate %	Intrastate Amt
Total Payroll Taxes	Payroll Records	581,292	<i>N/A - various accounts</i>	
Total Property Taxes	Acct. 7240	403,973	0.669151	270,319
Total Operating Taxes		<u>985,265</u>		

**Section 11 (ii - iv)**

As a Telephone Cooperative, S&T does not pay income taxes on their regulated operations.

## SECTION 12

**S&T TELEPHONE  
COOPERATIVE ASSOCIATION  
BREWSTER, KS**

**COST ALLOCATION MANUAL**

S&T Telephone Cooperative Association  
Brewster, Kansas

**Cost Allocation Manual**

**Table of Contents**

Section 1	Corporate Structure .....	2
Section 2	Affiliate Transactions .....	3
Section 3	Non-regulated Activities .....	5
Section 4	Incidental Services .....	5
Section 5	Time Reporting Procedures .....	5
Section 6	Common Cost Allocation Procedures .....	6
Section 7	Regulated/Non-regulated Cost Allocation Procedures .....	7
Section 8	Cost Apportionment Tables .....	8

S&T Telephone Cooperative Association  
Brewster, Kansas

**Cost Allocation Manual**

**SECTION 1  
CORPORATE STRUCTURE**

S&T Telephone Cooperative Association, Inc. (Telephone) is a rural local exchange carrier with one active non-regulated subsidiary -- S&T Communications, LLC (Communications) -- through which the Company provides CLEC, CATV and internet services to a number of communities surrounding its RLEC franchised territory, and resells ~~Nex-text~~ cellular service and offers security systems. *Key Systems*  
*Nex-tek* *caregand*

**S&T Telephone Cooperative Association, Inc. (Telephone)**

Telephone is a rural local exchange telecommunications carrier regulated by both the Federal Communications Commission and the Kansas Corporation Commission. The Company follows the Federal Communications Commission Part 32 and 64 accounting rules and prepares annual cost studies in conformance with Parts 36 and 69 of the Commission's rules.

**S&T Communications, LLC (Communications)**

Communications is 100% owned by Telephone and operates as a competitive local exchange carrier. The Company provides dial tone, CATV, internet and other related services.

**S&T Wireless, LLC (Wireless)**

This subsidiary is currently inactive.

S&T Telephone Cooperative Association  
Brewster, Kansas

**SECTION 2**  
**AFFILIATE TRANSACTIONS**

**S&T Telephone Cooperative Association, Inc. (Telephone)**

*Services Purchased from Affiliates*

- Telephone purchases no services from its affiliates. All of the enterprise's employees are employees of Telephone. Telephone does lease office space and vehicles from Communications based on fully distributed cost.

*Services Provided to Affiliates*

- Telephone has a Management Agreement with Communications, under which it provides a variety of services at cost such as: executive management, operational supervision, engineering and construction services, professional advice, accounting services, financial advice, data processing and programming, technical management and regulatory advice, customer service functions and general advisory services.
- All employees are statutory employees of Telephone and may work at various times on any of Telephone's or Communications' business activity. All employees record time worked on daily timesheets, which track work hours by company and activity. Certain of the management employees are assigned time based on an exhaustive interview and activity review process undertaken as a part of preparing this manual. It is the Company's intent to revisit those assignments periodically. Each company receives loaded labor charges from this process based on the labor hours reported for its benefit. Holiday, vacation, sick and other time not worked, as well as employee benefits, are distributed among entities and accounts based on total payroll dollars.
- Expenses associated with Telephones' use of vehicles are assigned to various expense accounts based on the functional time of the employee using each vehicle.
- Telephone owns a number of office buildings and warehouses which support its operations as well as those of its subsidiary companies in certain instances. Telephone has entered into a building floor space lease agreement with Communications in order to recover the cost of the facilities used by Communications.
- Telephone provides Communications with certain network facilities under a contractual agreement.
- Telephone provides billing and collection services to Communications. The company has a billing and collection agreement embedded in its Management Agreement with Communications.



S&T Telephone Cooperative Association  
Brewster, Kansas

- Telephone provides various network services, such as wholesale DSL, to Communications at rates tariffed with the Kansas Corporation Commission and the Federal Communications Commission.

S&T Telephone Cooperative Association  
Brewster, Kansas

**SECTION 3  
NON-REGULATED ACTIVITIES**

The non-regulated services offered by Telephone at an enterprise level are delivered through two channels. The bulk of non-regulated services are delivered through Communications, which is a non-regulated entity. Telephone delivers the following non-regulated services to subscribers: in-franchise long distance, dial-up internet access, high-speed internet, computer repair services, inside-wire maintenance and company owned pay phones, CATV service and Cellular service. Time and materials directed to these services are captured through the labor reporting and work-order inventory systems.

**SECTION 4  
INCIDENTAL SERVICES**

Telephone is not providing any above-the-line treatment for incidental non-regulated services as permitted by the FCC rules under certain circumstances.

**SECTION 5  
TIME REPORTING PROCEDURES**

The Telephone employees use a daily or weekly time reporting system dependant on their employee class. Management time is assigned to entities and accounts based on a periodic time analysis and review study. The time-sheets are reviewed and summarized weekly.

S&T Telephone Cooperative Association  
Brewster, Kansas

SECTION 6  
COMMON COST ALLOCATION PROCEDURES

Common Costs

- Common costs are those costs that are common to all enterprise activity and exhibit no specific cost-causation relationship with any unique activity. Each business unit should receive a portion of a firm's total common costs, based on a uniform and consistently applied allocation. The Federal Communications Commission's Part 64 Rules suggest that the common costs should be apportioned among business units or between regulated and non-regulated activity, based on the directly assigned and indirectly assigned or attributable costs of each business unit.
- The common cost allocation factor [CA] for the non-regulated portion or assignment will be derived as follows:  $CA = NRW \div TW$ 
  - Where:
    - $TW$  = the time system reported wages of the employees
    - $NRW$  = The non-regulated time system reported wages of the employees
    - The Regulated portion remaining,  $R$ , is the residual or,  $[1 - CA]$ .

S&T Telephone Cooperative Association  
Brewster, Kansas

**SECTION 7**  
**REGULATED / NON-REGULATED COST ALLOCATION PROCEDURES**

**S&T Telephone Cooperative Association**

*Allocation Procedures*

- Each general ledger account for the company is classified as being regulated, non-regulated, or common based on the nature and composition of the particular account. For those accounts deemed to be either solely regulated or non-regulated, they are allocated using direct assignment.
- Common general ledger accounts will include items that pertain to both regulated and non-regulated operations. When either a direct or indirect cost causation can be established for a common account, allocations are appropriately made based on those identifiable measures.
- If common general ledger accounts are unable to be allocated using either a direct or indirect cost causation measure, then the allocation between regulated and non-regulated is made using a general allocation factor. The general allocation factor is derived based on the relative ratio of regulated to non-regulated items for those general ledger accounts that were allocated by either direct or indirect means.
- Any tariffed services provided to a non-regulated activity will be charged to the non-regulated activity at the applicable tariffed rates and credited to the associated regulated revenue account for that service.

*Allocation Methods*

- Direct Assignment – Costs that are attributable exclusively to either regulated or non-regulated operations and can be directly assigned.
- Directly Attributable – Costs that are considered common to both regulated and non-regulated activities. These items are allocated based upon a direct analysis of the origin of the cost themselves. A prerequisite to using this method is that it must be practical to conduct a direct analysis.
- Indirectly Attributable – Costs that are common to both regulated and non-regulated activities that are not directly assignable or direct analysis is not feasible. These costs are allocated using an indirectly attributable measure of cost causation.
- Unattributable – Costs which are common to both regulated and non-regulated activities that are not directly assignable, directly attributable, or indirectly attributable. These costs are allocated using a general allocator that is derived based on a ratio of those items that have been either directly or indirectly assigned.

S&T Telephone Cooperative Association  
Brewster, Kansas

SECTION 8  
COST APPORTIONMENT TABLES

Cost Apportionment Matrix.

The Cost Apportionment Matrix is presented in Exhibit I.

S&T Telephone Cooperative Association  
CAM Account Matrix

Exhibit I

Account	Description	Description	Cost Pool Basis	Assignment Basis
1220.100.00	MATERIALS & SUPPLIES - ITV	same as account	account is pool	directly assigned to non-regulated
1220.110.00	MATERIAL & SUPPLIES - OSP	same as account	account is pool	directly assigned to regulated
1220.120.00	MATERIAL & SUPPLIES - COE	same as account	account is pool	directly assigned to regulated
1220.400.00	MAT & SUPP USED LEASED EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
1220.500.00	MATERIAL & SUPPLIES - RETAIL	same as account	account is pool	directly assigned to non-regulated
1220.510.00	MATERIAL & SUPPLIES - CATV	same as account	account is pool	directly assigned to non-regulated
1220.600.00	MATERIALS & SUPPLIES - VOIP	same as account	account is pool	directly assigned to non-regulated
1220.700.00	MATERIAL & SUPPLIES - 700 MGZ	same as account	account is pool	directly assigned to non-regulated
1220.800.00	DSL MODEM INVENTORY	same as account	account is pool	directly assigned to non-regulated
1220.900.00	CABLE MODEM INVENTORY	same as account	account is pool	directly assigned to non-regulated
1401.300.00	INVEST IN AFF CO - S&T WIRELESS	same as account	account is pool	directly assigned to non-regulated
1401.500.00	INVEST IN AFF CO - S&T COMM STOCK	same as account	account is pool	directly assigned to non-regulated
1401.600.00	INVEST IN AFF CO - S&T COMM OTH INC	same as account	account is pool	directly assigned to non-regulated
1401.700.00	EQUITY IN EARNINGS OF SUBSID S&T COMM	same as account	account is pool	directly assigned to non-regulated
1410.620.00	LEASE COMPUTER EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
1410.629.00	AD LEASED COMPUTER EQUIP - CUSTOMER	same as account	account is pool	directly assigned to non-regulated
2003.000.00	TELE PLANT UNDER CONSTRUCTION	same as account	account is pool	directly assigned to regulated
2003.500.00	S&T COMMUNICATIONS - PLNT UND CONST	same as account	account is pool	directly assigned to non-regulated
2005.200.00	TELE PLNT ACQUISITION ADJUST DIGHTON	same as account	account is pool	directly assigned to non-regulated
2111.000.00	LAND	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2116.100.00	OTHER WORK EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
2116.110.00	OTHER WORK EQUIPMENT (AFTER 7/1/06)	same as account	account is pool	directly assigned to non-regulated
2121.000.00	BUILDINGS	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2121.010.00	BUILDINGS (AFTER 7/1/06)	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2122.000.00	FURNITURE	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2123.100.00	OFFICE SUPPORT EQUIPMENT	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2123.200.00	COMPANY COMMUNICATIONS EQUIPMENT	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
2140.000.00	CATV DISTRIBUTION ILEC - ROLL	same as account	account is pool	directly assigned to non-regulated
2212.000.00	DIGITAL ELECTRONIC	same as account	account is pool	directly assigned to regulated
2212.300.00	DIGITAL ELECTRONICS - ITV/ATM/COE	same as account	account is pool	directly assigned to non-regulated
2212.700.00	DIGITAL ELECTRONIC - CLEC	same as account	account is pool	directly assigned to non-regulated
2232.000.00	CIRCUIT EQUIPMENT	same as account	account is pool	directly assigned to regulated
2232.300.00	CIRCUIT EQUIP - ITV/DSL/CPE	same as account	account is pool	directly assigned to non-regulated
2232.700.00	CIRCUIT EQUIPMENT - GOODLAND	same as account	account is pool	directly assigned to non-regulated
2232.710.00	CIRCUIT EQUIPMENT - COLBY	same as account	account is pool	directly assigned to non-regulated
2351.000.00	PUBLIC TELEPHONE EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
2411.000.00	TOWERS	same as account	account is pool	directly assigned to regulated
2423.100.00	BURIED CABLE	same as account	account is pool	directly assigned to regulated
2423.200.00	FIBER OPTIC CABLE	same as account	account is pool	directly assigned to regulated
2423.300.00	FIBER OPTIC CABLE ITV	same as account	account is pool	directly assigned to regulated
2423.700.00	BURIED CABLE - GOODLAND	same as account	account is pool	directly assigned to non-regulated
2423.710.00	BURIED CABLE - COLBY	same as account	account is pool	directly assigned to non-regulated
2690.000.00	ORGANIZATION INTANGIBLES	same as account	account is pool	directly assigned to regulated
3121.161.00	ACCUM DEPR OTHER WORK EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
3121.163.00	ACCUM DEP OTHER WRK EQUIP (AFTER 7/1/06)	same as account	account is pool	directly assigned to non-regulated
3121.210.00	ACCUM DEPR BUILDINGS	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
3121.211.00	ACCUM DEPR BUILDINGS (AFTER 7/1/06)	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
3121.220.00	ACCUM DEPR FURNITURE	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
3121.231.00	ACCUM DEPR OFFICE SUPPORT EQUIPMENT	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
3121.232.00	ACCUM DEPR COMPANY COMM EQUIPMENT	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
3122.120.00	ACCUM DEPR DIGITAL ELECTRONIC	same as account	account is pool	directly assigned to regulated
3122.123.00	ACCUM DEPR - ITV/ATM/COE	same as account	account is pool	directly assigned to non-regulated
3122.127.00	ACCUM DEPR DIGITAL ELCT - CLEC	same as account	account is pool	directly assigned to non-regulated
3122.320.00	ACCUM DEPR CIRCUIT EQUIPMENT	same as account	account is pool	directly assigned to regulated

S&T Telephone Cooperative Association  
CAM Account Matrix

Exhibit I

Account	Description	Description	Cost Pool Basis	Assignment Basis
3122.323.00	ACCUM DEPR - ITV/DSL/CPE	same as account	account is pool	directly assigned to regulated
3122.327.00	ACCUM DEPR - CIRCUIT EQUIPMENT GOODLAND	same as account	account is pool	directly assigned to non-regulated
3122.327.10	ACCUM DEPR CIRCUIT EQUIP - COLBY	same as account	account is pool	directly assigned to non-regulated
3123.510.00	ACCUM DEPR PUBLIC TELEPHONE EQUIPMENT	same as account	account is pool	directly assigned to non-regulated
3124.110.00	ACCUM DEPR TOWERS	same as account	account is pool	directly assigned to regulated
3124.231.00	ACCUM DEPR BURIED CABLE	same as account	account is pool	directly assigned to regulated
3124.232.00	ACCUM DEPR FIBER OPTIC CABLE	same as account	account is pool	directly assigned to regulated
3124.233.00	ACCUM DEPR FIBER OPTIC CABLE ITV	same as account	account is pool	directly assigned to regulated
3124.237.00	ACCUM DEPR BURIED CABLE - GOODLAND	same as account	account is pool	directly assigned to non-regulated
3124.237.10	ACCUM DEPR BURIED CABLE - COLBY	same as account	account is pool	directly assigned to non-regulated
4040.000.00	CUSTOMER DEPOSITS	same as account	account is pool	directly assigned to regulated
5240.000.00	RENT REVENUE	same as account	account is pool	directly assign to regulated, rent for affiliate use of general support assets
5260.000.00	MISCELLANEOUS REVENUE	same as account	account is pool	directly assigned to non-regulated
5270.100.00	INTERSTATE B&C	same as account	account is pool	directly assigned to non-regulated
5270.200.00	INTRA/INTER B&C	same as account	account is pool	directly assigned to non-regulated
5270.300.00	INTRA/INTRA B&C	same as account	account is pool	directly assigned to non-regulated
6112.000.00	VEHICLE LEASE EXPENSE - PLANT CLEARING	same as account	account is pool	follows labor
6112.100.00	MOTOR VEHICLE EXPENSE (COMM ROLL)	same as account	account is pool	follows labor
6115.000.00	GARAGE EQUIPMENT EXPENSE - CLEARING	same as account	account is pool	follows labor
6116.000.00	OTHER WORK EQUIPMENT EXPENSE - CLEARING	same as account	account is pool	follows labor
6116.500.00	OTHER WORK EQUIPMENT EXP - CATV	same as account	account is pool	directly assigned to non-regulated
6120.500.00	M/R TRANS FAC-CATV-BREWSTER	same as account	account is pool	directly assigned to non-regulated
6120.600.00	M/R TRANS FAC-CATV-DIGHTON	same as account	account is pool	directly assigned to non-regulated
6121.000.00	LAND AND BUILDING EXPENSE	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6121.100.00	LAND AND BUILDING LEASE EXPENSE	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6121.700.00	LAND & BUILDING EXPENSES - CLEC	same as account	account is pool	directly assigned to non-regulated
6122.000.00	FURNITURE AND OFFICE EQUIPMENT EXPENSE	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6122.700.00	FURNITURE/OFFICE EQUIPMENT EXP - COMM	same as account	account is pool	directly assigned to non-regulated
6123.200.00	COMPANY COMMUNICATIONS EQUIP EXPENSE	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6123.300.00	COMPANY COMMUNICATIONS EXP - WIRELESS	same as account	account is pool	directly assigned to non-regulated
6123.700.00	COMPANY COMMUNICATIONS EXP - COMM	same as account	account is pool	directly assigned to non-regulated
6124.000.00	GENERAL PURPOSE COMPUTERS EXPENSE	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6124.700.00	GENERAL PURPOSE COMPUTERS EXP - COMM	same as account	account is pool	directly assigned to regulated - non- regulated affiliates pay rent
6130.500.00	M/R HEADEND EQUIP CATV-BREWSTER	same as account	account is pool	directly assigned to non-regulated
6130.600.00	M/R HEADEND EQUIP CATV-DIGHTON	same as account	account is pool	directly assigned to non-regulated
6130.700.00	M/R HEADEND EQUIP CATV-CLEC	same as account	account is pool	directly assigned to non-regulated
6130.900.00	M&R HEADEND EQUIP COLBY (TV)	same as account	account is pool	directly assigned to non-regulated
6135.900.00	CABLE MODem REPAIR	same as account	account is pool	directly assigned to non-regulated
6140.000.00	M/R DISTRIBUTION CATV - COOP	same as account	account is pool	directly assigned to non-regulated
6140.700.00	M/R DISTRIBUTION CATV - CLEC	same as account	account is pool	directly assigned to non-regulated
6140.710.00	M/R CATV - GOODLAND	same as account	account is pool	directly assigned to non-regulated
6140.720.00	M/R CATV - COLBY	same as account	account is pool	directly assigned to non-regulated
6140.910.00	M/R CATV - OAKLEY	same as account	account is pool	directly assigned to non-regulated
6140.920.00	M/R CATV - TRENTON	same as account	account is pool	directly assigned to non-regulated
6212.000.00	DIGITAL ELECTRONIC EXPENSE	same as account	account is pool	directly assigned to regulated
6212.710.00	COE EXPENSE - GOODLAND	same as account	account is pool	directly assigned to non-regulated
6212.720.00	COE EXPENSE - COLBY	same as account	account is pool	directly assigned to non-regulated
6230.000.00	LNP EXPENSES	same as account	account is pool	directly assigned to regulated
6231.200.00	RADIO SYSTEMS EX - OTHER - MEGA HERTZ	same as account	account is pool	directly assigned to non-regulated
6231.300.00	VOIP EXPENSES	same as account	account is pool	directly assigned to non-regulated
6232.000.00	CIRCUIT EQUIPMENT EXPENSE	same as account	account is pool	directly assigned to regulated
6232.700.00	CIRCUIT EXPENSE - CLEC	same as account	account is pool	directly assigned to non-regulated
6311.000.00	COST OF SALES CPE	same as account	account is pool	directly assigned to non-regulated
6311.100.00	CPE MAINTENANCE	same as account	account is pool	directly assigned to non-regulated
6311.500.00	KEY SYSTEM MAINTENANCE - S&T COMM	same as account	account is pool	directly assigned to non-regulated
6311.510.00	COST OF SALES - KEY SYSTEMS	same as account	account is pool	directly assigned to non-regulated

S&T Telephone Cooperative Association  
CAM Account Matrix

Exhibit I

Account	Description	Description	Cost Pool Basis	Assignment Basis
6311.610.00	OTHER INTERNET/NETWORKING/CPE	same as account	account is pool	directly assigned to non-regulated
6311.700.00	OTHER DSL COMPUTER MAINTENANCE EXP	same as account	account is pool	directly assigned to non-regulated
6311.710.00	COST OF SALES - COMPUTER DEPT	same as account	account is pool	directly assigned to non-regulated
6351.000.00	PUBLIC TELEPHONE EXPENSE	same as account	account is pool	directly assigned to non-regulated
6411.000.00	TOWERS EXPENSE	same as account	account is pool	directly assigned to regulated
6411.500.00	TOWER EXPENSE - COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6423.000.00	BURIED CABLE EXPENSE	same as account	account is pool	directly assigned to regulated
6423.100.00	FIBER OPTIC EXPENSE	same as account	account is pool	directly assigned to regulated
6423.300.00	FIBER OPTIC EXPENSE - ITV	same as account	account is pool	directly assigned to non-regulated
6423.400.00	KAN-ED EXPENSE (no rol)	same as account	account is pool	directly assigned to regulated
6423.710.00	FIBER OPTIC EXPENSE - CLEC	same as account	account is pool	directly assigned to non-regulated
6512.000.00	PROVISIONING EXPENSES	same as account	account is pool	directly assigned to regulated
6512.500.00	PROVISIONING COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6512.700.00	CLEC SWB PROVISIONING	same as account	account is pool	directly assigned to non-regulated
6532.000.00	NETWORK ADMINISTRATION EXPENSES	same as account	account is pool	directly assigned to regulated
6533.100.00	TESTING SUBSCRIBER	same as account	account is pool	directly assigned to regulated
6533.300.00	TESTING - TOLL	same as account	account is pool	directly assigned to regulated
6533.500.00	ITV MAINTENANCE/TROUBLE/SV CALLS	same as account	account is pool	directly assigned to regulated
6533.700.00	TESTING SUBSCRIBERS - CLEC	same as account	account is pool	directly assigned to non-regulated
6534.000.00	PLANT OPERATIONS ADMINISTRATIVE	same as account	account is pool	directly assigned to regulated
6534.510.00	PLANT OPERATIONS ADMINISTRATIVE- INTERNET	same as account	account is pool	directly assigned to non-regulated
6534.900.00	PLANT OPERATIONS ADMIN (TW)	same as account	account is pool	directly assigned to non-regulated
6535.000.00	ENGINEERING	same as account	account is pool	directly assigned to regulated
6540.000.00	ACCESS EXPENSE	same as account	account is pool	directly assigned to regulated
6561.000.00	DEPRECIATION EXPENSE-TELE PLANT IN SERV	same as account	account is pool	follows related 2000 plant account
6561.700.00	DEPRECIATION EXPENSE CLEC ASSETS	same as account	account is pool	directly assigned to non-regulated
6561.790.00	DEPRECIATION EXPENSE LEASE CLEC ASSETS	same as account	account is pool	directly assigned to non-regulated
6565.000.00	AMORTIZATION EXPENSE	same as account	account is pool	directly assigned to regulated
6610.000.00	MARKETING MANAGEMENT	same as account	account is pool	directly assigned to regulated
6612.000.00	SALES PROPOSALS, ORDERS, ETC	same as account	account is pool	directly assigned to regulated
6612.300.00	MARKETING/ADVERTISING EXP - WIRELESS	same as account	account is pool	directly assigned to non-regulated
6621.000.00	CALL COMPLETION SERVICES	same as account	account is pool	directly assigned to regulated
6622.000.00	NUMBER SERVICES	same as account	account is pool	directly assigned to regulated
6622.500.00	NUMBER SERVICES - COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6623.100.00	COMMERCIAL CUSTOMER SERVICES	same as account	account is pool	directly assigned to regulated
6623.110.00	CUSTOMER SERVICES - EQUAL ACCESS	same as account	account is pool	directly assigned to regulated
6623.120.00	B&C EXP - INTERSTATE - S&T LD	same as account	account is pool	directly assigned to regulated
6623.130.00	B&C EXP - STATE - S&T LD	same as account	account is pool	directly assigned to regulated
6623.140.00	COMMERCIAL CUSTOMER SERVICES - TRS	same as account	account is pool	directly assigned to regulated
6623.150.00	CUSTOMER SERVICE/SALES - WIRELESS	same as account	account is pool	directly assigned to non-regulated
6623.200.00	MESSAGE PROCESSING	same as account	account is pool	directly assigned to regulated
6623.300.00	CABS B&C	same as account	account is pool	directly assigned to regulated
6623.400.00	OTHER B&C	same as account	account is pool	directly assigned to regulated
6623.500.00	CUSTOMER SERVICE - S&T COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6623.900.00	CUSTOMER SERVICE COLBY/OAK/TRENT (TW)	same as account	account is pool	directly assigned to non-regulated
6623.910.00	CUSTOMER SERVICE OAKLEY	same as account	account is pool	directly assigned to non-regulated
6711.000.00	EXECUTIVE	same as account	account is pool	directly assigned to regulated
6711.100.00	BOARD OF DIRECTORS ANNUAL MT	same as account	account is pool	directly assigned to regulated
6711.200.00	BRANCH MANAGERS -TELEPHONE	same as account	account is pool	directly assigned to regulated
6711.300.00	BOARD OF DIRECTORS - WIRELESS	same as account	account is pool	directly assigned to non-regulated
6711.510.00	COMMUNICATIONS - EXECUTIVE	same as account	account is pool	directly assigned to non-regulated
6711.520.00	COMMUNICATIONS - BOARD OF DIRECTORS	same as account	account is pool	directly assigned to non-regulated
6711.530.00	WIRELESS EXECUTIVE	same as account	account is pool	directly assigned to non-regulated
6712.000.00	PLANNING	same as account	account is pool	directly assigned to regulated
6712.500.00	COMMUNICATIONS PLANNING	same as account	account is pool	directly assigned to non-regulated
6721.000.00	GEN ACCTG & FINANCE (AUDIT, CONSULT)	same as account	account is pool	directly assigned to regulated
6721.200.00	ACCT/FINANCE INTERSTATE	same as account	account is pool	directly assigned to regulated
6721.300.00	ACCOUNTING S&T WIRELESS	same as account	account is pool	directly assigned to non-regulated
6721.500.00	ACCOUNTING - S&T COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6722.000.00	EXTERNAL RELATIONS	same as account	account is pool	directly assigned to regulated
6722.300.00	EXTERNAL RELATIONS - S&T WIRELESS	same as account	account is pool	directly assigned to non-regulated
6722.500.00	EXTERNAL RELATIONS - S&T COMM INC	same as account	account is pool	directly assigned to non-regulated
6723.000.00	HUMAN RESOURCES EXPENSE	same as account	account is pool	directly assigned to regulated
6725.000.00	LEGAL EXPENSE	same as account	account is pool	directly assigned to regulated
6725.300.00	LEGAL EXPENSE - WIRELESS	same as account	account is pool	directly assigned to non-regulated



S&T Telephone Cooperative Association  
CAM Account Matrix

Exhibit I

Account	Description	Cost Pool		Assignment Basis
		Description	Basis	
6725.500.00	LEGAL EXPENSES - COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6728.000.00	PROCUREMENT OF INVENTORY	same as account	account is pool	directly assigned to regulated
6726.700.00	INVENTORY & PROCUREMENT - COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6728.100.00	OTHER GENERAL & ADMINISTRATIVE	same as account	account is pool	directly assigned to regulated
6728.110.00	OTHER GENERAL ADMINISTRATIVE INTERNET	same as account	account is pool	directly assigned to non-regulated
6728.120.00	GENERAL & ADMINISTRATIVE - CLEC	same as account	account is pool	directly assigned to non-regulated
6728.130.00	GEN & ADMIN - INV FEES & FGN TAXES	same as account	account is pool	directly assigned to regulated
6728.151.00	GENERAL & ADMIN - COMMUNICATIONS	same as account	account is pool	directly assigned to non-regulated
6728.160.00	GENERAL & ADMINISTRATIVE - WIRELESS	same as account	account is pool	directly assigned to non-regulated
6728.180.00	GEN & ADMIN EXP COMMERCIAL INSERT/PROD	same as account	account is pool	directly assigned to regulated
6728.300.00	PAYROLL TAXES - CLEARING	same as account	account is pool	follows labor
6728.900.00	COMPENSATED ABSENCE CLEARING	same as account	account is pool	follows labor
7110.000.00	INCOME CUSTOM WORK	same as account	account is pool	directly assigned to regulated
7240.000.00	PROPERTY TAXES	same as account	account is pool	directly assigned to regulated - non-regulated affiliates pay rent
7240.700.00	PROPERTY TAXES - CLEC	same as account	account is pool	directly assigned to non-regulated
7340.000.00	ALLOWANCE FOR FNDS USED DURING CONSTR	same as account	account is pool	directly assigned to regulated

## SECTION 14

**PART 36 SEPARATION PROGRAM**

**COMPANY: S&T Telephone Cooperative Association**  
**DESCRIPTION: 2013 Cost Study**  
**TIME PERIOD: 12/31/13**

**File: Part 36**  
**VERSION: 3.2 10/31/13**  
**PRINTED: 05/14/14 12:28 PM**

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SUMMARY													
2	RATE BASE (INVESTMENT)													
3	General Support Facilities	GSF	3,819,265	975,695	8,171	303,855	1,054,619	259,284	0	7,169	32,435	0	0	1,178,037
4	Central Office Equipment	COE	12,376,904	3,789,679	28,884	832,432	2,696,405	1,748,733	0	17,584	111,601	0	0	3,151,586
5	Info Orig/Term Equipment	IOT	0	0	0	0	0	0	0	0	0	0	0	0
6	Cable & Wire Facilities	CWF	31,713,818	7,474,035	65,440	2,675,363	9,478,429	1,244,519	0	65,176	262,836	0	0	10,448,021
7	Tangible Assets	TTA	0	0	0	0	0	0	0	0	0	0	0	0
8	Intangible Assets	ING	323	83	1	26	89	22	0	1	3	0	0	100
9	Total 2001 Rate Base		47,910,311	12,239,492	102,495	3,811,676	13,229,542	3,252,558	0	89,929	406,874	0	0	14,777,744
10	Distribution	2001	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
11														
12	Non 2001 Rate Base	N2001RB	3,741,052	950,920	8,075	303,223	1,042,715	232,656	0	7,061	31,319	0	0	1,165,083
13	Accum Depr & Amort	TD&A	(38,254,032)	(9,860,584)	(82,230)	(3,028,750)	(10,489,003)	(2,664,020)	0	(71,205)	(324,713)	0	0	(11,733,526)
14	Other Credits	TOTHCR	(1,650)	(422)	(4)	(131)	(456)	(112)	0	(3)	(14)	0	0	(509)
15	NET RATE BASE		13,395,680	3,329,406	28,336	1,086,018	3,782,798	821,081	0	25,782	113,467	0	0	4,208,791
16	Distribution	NRB	1.000000	0.248543	0.002115	0.081072	0.282389	0.061294	0.000000	0.001925	0.008470	0.000000	0.000000	0.314190
17														
18	RATE OF RETURN	ROR		0.112500	0.112500	0.100000	0.100000	0.112500	0.112500	0.100000	0.100000	0.100000	0.100000	0.099938
19	RETURN ON INVESTMENT	15 * 18	1,391,542	374,558	3,188	108,602	378,280	92,372	0	2,578	11,347	0	0	420,618
20	Distribution	ROI	1.000000	0.269168	0.002291	0.078044	0.271842	0.066381	0.000000	0.001853	0.008154	0.000000	0.000000	0.302268
21														
22	EXPENSES													
23	Plant Specific Expenses	PLNTSPE	2,564,769	670,960	5,547	200,230	690,122	196,906	0	4,673	21,944	0	0	774,387
24	Plant NonSpecific Expenses	PLNTNSPE	295,111	125,028	489	18,175	63,080	15,509	0	429	1,940	0	0	70,462
25	Depr & Amort Expense	TD&AE	1,262,423	304,788	2,605	101,422	355,538	90,105	0	2,433	11,069	0	0	394,463
26	Customer Operations Expense	TCUST	554,840	180,363	3,478	95,220	103,264	3,084	0	0	535	0	0	168,896
27	Corporate Operations Expense	TCORP	1,253,180	435,786	3,491	111,519	281,346	71,417	0	1,584	7,777	0	0	340,259
28	Operating Taxes	TOPTX	403,973	103,202	864	32,140	111,550	27,425	0	758	3,431	0	0	124,604
29	Other Income & Expense	TOIE	29,713	10,325	83	2,643	6,675	1,694	0	38	185	0	0	8,071
30	TOTAL EXPENSES	SUM(23:29)	6,364,010	1,830,451	16,557	561,348	1,611,576	406,139	0	9,915	46,881	0	0	1,881,143
31	Distribution	TEX	1.000000	0.287625	0.002602	0.088207	0.253233	0.063818	0.000000	0.001558	0.007367	0.000000	0.000000	0.295591
32														
33	AFUDC	TAFUDC	(245,078)	(62,609)	(524)	(19,498)	(67,674)	(16,638)	0	(460)	(2,081)	0	0	(75,593)
34														
35	INCOME TAXES													
36	Federal	FEDINCTAX	0	0	0	0	0	0	0	0	0	0	0	0
37	State	STATEINCTX	0	0	0	0	0	0	0	0	0	0	0	0
38														
39	NET REVENUE REQUIREMENT		7,510,473	2,142,400	19,221	650,452	1,922,182	481,873	0	12,033	56,146	0	0	2,226,167
40	Distribution	NRR	1.000000	0.285255	0.002559	0.086606	0.255933	0.064160	0.000000	0.001602	0.007476	0.000000	0.000000	0.296408

**PART 36 SEPARATION PROGRAM**

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE					PRIVATE LINE						
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 2110 - GENERAL SUPPORT FACILITIES													
2														
3	Total General Support Facilities	GSF	3,819,265	975,695	8,171	303,855	1,054,619	259,284	0	7,169	32,435	0	0	1,178,037
4		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
5														
6	Accounts 2210 - 2230 CENTRAL OFFICE EQUIPMENT													
7														
8	Equal Access Equipment	EQA	27,322	19,213	0	8,109	0	0	0	0	0	0	0	0
9		AEQA	1.000000	0.703210	0.000000	0.296790	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Cat 1 Operator Systems	1CO	0	0	0	0	0	0	0	0	0	0	0	0
11		ACCS	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	Cat 2 Tandem Switching	2CO	0	0	0	0	0	0	0	0	0	0	0	0
13		A2CO	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Cat 3 Local Switching	3CO	2,411,320	1,769,622	11,396	107,429	161,175	0	0	0	0	0	0	361,698
15		DEM	1.000000	0.733881	0.004726	0.044552	0.066841	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.150000
16	Total COE Switching	COES	2,438,642	1,788,835	11,396	115,538	161,175	0	0	0	0	0	0	361,698
17		ACOES	1.000000	0.733537	0.004673	0.047378	0.066092	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148319
18														
19	Cat 4.11 Wideband Exchange	11C	1,135,474	0	0	0	0	1,135,474	0	0	0	0	0	0
20		A11C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21	Cat 4.12 Exchange Trunk	12C	0	0	0	0	0	0	0	0	0	0	0	0
22		A12C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	Cat 4.13 Exchange Line	13C	8,084,101	1,993,118	17,467	713,090	2,528,777	0	0	17,400	24,360	0	0	2,789,888
24		SPFLP	1.000000	0.246548	0.002161	0.088209	0.312809	0.000000	0.000000	0.002152	0.003013	0.000000	0.000000	0.345108
25	Cat 4.21 Wideband IXC DSL	21C	0	0	0	0	0	0	0	0	0	0	0	0
26		A21C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27	Cat 4.22 Wideband IXC Non DSL	22C	699,073	0	0	0	0	613,259	0	0	85,814	0	0	0
28		A22C	1.000000	0.000000	0.000000	0.000000	0.000000	0.877247	0.000000	0.000000	0.122753	0.000000	0.000000	0.000000
29	Cat 4.23 Other Interexchange	23C	19,614	7,726	21	3,804	6,452	0	0	184	1,427	0	0	0
30		A23C	1.000000	0.393896	0.001046	0.193943	0.328955	0.000000	0.000000	0.009390	0.072770	0.000000	0.000000	0.000000
31	Cat 4.3 Host/Remote	43C	0	0	0	0	0	0	0	0	0	0	0	0
32		A43C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	Total COE Transmission	COET	9,938,262	2,000,844	17,488	716,894	2,535,230	1,748,733	0	17,584	111,601	0	0	2,789,888
34		ACOET	1.000000	0.201327	0.001760	0.072135	0.255098	0.175960	0.000000	0.001769	0.011229	0.000000	0.000000	0.280722
35														
36														
37														
38	Total Central Office Equipment	COE	12,376,904	3,789,679	28,884	832,432	2,696,405	1,748,733	0	17,584	111,601	0	0	3,151,586
39		ACOE	1.000000	0.306190	0.002334	0.067257	0.217858	0.141290	0.000000	0.001421	0.009017	0.000000	0.000000	0.254634

**PART 36 SEPARATION PROGRAM**

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source		INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 2310 INFORMATION ORIGATION/TERMINATION EQUIPMENT													
2														
3	Total Info Orig/Term Equip	IOT	0	0	0	0	0	0	0	0	0	0	0	0
4		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5														
6	Account 2410 - CABLE & WIRE FACILITIES													
7														
8	Cat 1 Exchange Line	1CW	30,274,641	7,464,148	65,414	2,670,495	9,470,172	0	0	65,163	91,228	0	0	10,448,021
9		SPFLP	1.000000	0.246548	0.002161	0.088209	0.312809	0.000000	0.000000	0.002152	0.003013	0.000000	0.000000	0.345108
10	Cat 2 Wideband & Exch Trmk	2CW	0	0	0	0	0	0	0	0	0	0	0	0
11		A2CW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	Cat 3.1 Wideband IXC DSL	31W	0	0	0	0	0	0	0	0	0	0	0	0
13		A31W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Cat 3.2 Wideband IXC Non DSL	32W	1,414,948	0	0	0	0	1,244,519	0	0	170,429	0	0	0
15		A32W	1.000000	0.000000	0.000000	0.000000	0.000000	0.879551	0.000000	0.000000	0.120449	0.000000	0.000000	0.000000
16	Cat 3.3 Other Interexch	33W	24,230	9,887	26	4,868	8,257	0	0	13	1,179	0	0	0
17		A33W	1.000000	0.408049	0.001084	0.200912	0.340775	0.000000	0.000000	0.000529	0.048652	0.000000	0.000000	0.000000
18	Cat 4 Host/Remote	4CW	0	0	0	0	0	0	0	0	0	0	0	0
19		A4CW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	Total Cable & Wire Facilities	CWF	31,713,818	7,474,035	65,440	2,675,363	9,478,429	1,244,519	0	65,176	262,836	0	0	10,448,021
22		ACWF	1.000000	0.235671	0.002063	0.084360	0.298874	0.039242	0.000000	0.002055	0.008288	0.000000	0.000000	0.329447
23														
24	Total COE IOT & CWF	CIW	44,090,723	11,263,714	94,324	3,507,795	12,174,834	2,993,252	0	82,760	374,437	0	0	13,599,607
25		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
26														
27	CAPITAL LEASES:													
28	General Support Facilities	CLG	0	0	0	0	0	0	0	0	0	0	0	0
29		ACIW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
30	Central Office Equipment	CLC	0	0	0	0	0	0	0	0	0	0	0	0
31		ACOE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Information Orig/Term	CLT	0	0	0	0	0	0	0	0	0	0	0	0
33		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34	Cable & Wire Facilities	CLW	0	0	0	0	0	0	0	0	0	0	0	0
35		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
36	Total Capital Leases		0	0	0	0	0	0	0	0	0	0	0	0
37			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

## PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
 DESCRIPTION: 2013 Cost Study  
 TIME PERIOD: 12/31/13

File: Part 36  
 VERSION: 3.2 10/31/13  
 PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source Allocator	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE					
			InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA				
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1														
2	Leasehold Improvements	TLI	0	0	0	0	0	0	0	0	0	0	0	0
3		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	Total Tangible Assets	TTA	0	0	0	0	0	0	0	0	0	0	0	0
5		ATTA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6														
7														
8	INTANGIBLE ASSETS	ING	323	83	1	26	89	22	0	1	3	0	0	100
9		A2001	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
10														
11	TOTAL 2001 RATE BASE	2001	47,910,311	12,239,492	102,495	3,811,676	13,229,542	3,252,558	0	89,929	406,874	0	0	14,777,744
12		A2001	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
13														
14														
15	RATE BASE ITEMS NOT IN 2001													
16														
17	2002 Plant Held Future Use	PFU	0	0	0	0	0	0	0	0	0	0	0	0
18		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
19	2003 Plant Under Constr ST	PUC	2,819,689	720,337	6,032	224,330	778,605	191,424	0	5,293	23,946	0	0	869,722
20		A2001	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
21	2004 Plant Under Constr LT	PUL	0	0	0	0	0	0	0	0	0	0	0	0
22		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	2005 Plant Aquisition Adj	TPA	0	0	0	0	0	0	0	0	0	0	0	0
24		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	1220 Material & Supplies	M&S	697,195	164,309	1,439	58,815	208,373	27,359	0	1,433	5,778	0	0	229,689
26		ACWF	1.000000	0.235671	0.002063	0.084360	0.298874	0.039242	0.000000	0.002055	0.008288	0.000000	0.000000	0.329447
27	1402 RTB Stock	RTB	0	0	0	0	0	0	0	0	0	0	0	0
28		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29	Cash Working Capital	CWC	224,168	66,274	604	20,078	55,737	13,872	0	336	1,595	0	0	65,672
30		ACEXP	1.000000	0.295645	0.002694	0.089566	0.248640	0.061883	0.000000	0.001497	0.007116	0.000000	0.000000	0.292959
31	Other Noncurrent Assets	ONA	0	0	0	0	0	0	0	0	0	0	0	0
32		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	Deferred Maint & Retire	DMR	0	0	0	0	0	0	0	0	0	0	0	0
34		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
35	Deferred Charges	DFC	0	0	0	0	0	0	0	0	0	0	0	0
36		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38	Total Non 2001 Rate Base	N2001RB	3,741,052	950,920	8,075	303,223	1,042,715	232,656	0	7,061	31,319	0	0	1,165,083
39		AN2001RB	1.000000	0.254185	0.002158	0.081053	0.278722	0.062190	0.000000	0.001887	0.008372	0.000000	0.000000	0.311432

**PART 36 SEPARATION PROGRAM**

**COMPANY: S&T Telephone Cooperative Association**  
**DESCRIPTION: 2013 Cost Study**  
**TIME PERIOD: 12/31/13**

**File: Part 36**  
**VERSION: 3.2 10/31/13**  
**PRINTED: 05/14/14 12:28 PM**

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 3100 - ACCUMULATED DEPRECIATION													
2														
3	General Support Facilities	ADG	(2,841,083)	(725,802)	(6,078)	(226,032)	(784,512)	(192,877)	0	(5,333)	(24,128)	0	0	(876,321)
4		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
5	Central Office Equipment	ADC	(2,173,395)	(1,594,266)	(10,156)	(102,971)	(143,645)	0	0	0	0	0	0	(322,357)
6	Switching	ACOE	1.000000	0.733537	0.004673	0.047378	0.066092	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148319
7	Central Office Equipment	ADT	(8,534,034)	(1,718,134)	(15,017)	(615,601)	(2,177,014)	(1,501,646)	0	(15,100)	(95,832)	0	0	(2,395,690)
8	Transmission	ACOET	1.000000	0.201327	0.001760	0.072135	0.255098	0.175960	0.000000	0.001769	0.011229	0.000000	0.000000	0.280722
9	Information Orig/Term	ADI	0	0	0	0	0	0	0	0	0	0	0	0
10		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Cable & Wire Facilities	ADW	(24,705,520)	(5,822,381)	(50,979)	(2,084,146)	(7,383,832)	(969,498)	0	(50,773)	(204,753)	0	0	(8,139,158)
12		ACWF	1.000000	0.235671	0.002063	0.084360	0.298874	0.039242	0.000000	0.002055	0.008288	0.000000	0.000000	0.329447
13	Total Account 3100 Accumulated Depr		(38,254,032)	(9,860,584)	(82,230)	(3,028,750)	(10,489,003)	(2,664,020)	0	(71,205)	(324,713)	0	0	(11,733,526)
14			1.000000	0.257766	0.002150	0.079175	0.274193	0.069640	0.000000	0.001861	0.008488	0.000000	0.000000	0.306727
15														
16														
17	Accounts 3200 through 3600 ACCUMULATED DEPRECIATION & AMORTIZATION													
18														
19	3200 Plant Held Future	AAP	0	0	0	0	0	0	0	0	0	0	0	0
20		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21	3400 Tangible Assets	AAT	0	0	0	0	0	0	0	0	0	0	0	0
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	3500 Intangible Assets	AAI	0	0	0	0	0	0	0	0	0	0	0	0
24		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	3600 Plant Acquisition Adjust	AAA	0	0	0	0	0	0	0	0	0	0	0	0
26		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27														
28	Total Accnts 3200 Through 3600		0	0	0	0	0	0	0	0	0	0	0	0
29			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
30														
31														
32	Total Accum Depr & Amort	TD&A	(38,254,032)	(9,860,584)	(82,230)	(3,028,750)	(10,489,003)	(2,664,020)	0	(71,205)	(324,713)	0	0	(11,733,526)
33			1.000000	0.257766	0.002150	0.079175	0.274193	0.069640	0.000000	0.001861	0.008488	0.000000	0.000000	0.306727
34														
35														
36	NET TELEPHONE PLANT	2001-AD&A	9,656,279	2,378,908	20,265	782,926	2,740,539	588,537	0	18,724	82,161	0	0	3,044,217
37		ANTP	1.000000	0.246359	0.002099	0.081079	0.283809	0.060949	0.000000	0.001939	0.008509	0.000000	0.000000	0.315258

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36		Source	TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description			Allocator	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
					InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	Account 4340 ACCUMULATED DEFERRED INCOME TAX														
2															
3	General Support Facilities	DTG	0	0	0	0	0	0	0	0	0	0	0	0	
4		AGSF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5	Central Office Equipment	DTC	0	0	0	0	0	0	0	0	0	0	0	0	
6	Switching	ACOES	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
7	Central Office Equipment	DTT	0	0	0	0	0	0	0	0	0	0	0	0	
8	Transmission	ACOET	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
9	Information Orig/Term	DTI	0	0	0	0	0	0	0	0	0	0	0	0	
10		AIOT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
11	Cable & Wire Facilities	DTW	0	0	0	0	0	0	0	0	0	0	0	0	
12		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
13	Tangible Assets														
14			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
15	Intangible Assets														
16			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
17	Plant Held Future Use														
18			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
19	Plant Acquisition Adjustment														
20			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
21	Unclassified	DOT	0	0	0	0	0	0	0	0	0	0	0	0	
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
23															
24	Total Deferred Income Tax	TDOT	0	0	0	0	0	0	0	0	0	0	0	0	
25		ADOT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
26															
27	OTHER CREDITS														
28															
29	Other Longterm Liabilities	OLL	0	0	0	0	0	0	0	0	0	0	0	0	
30		ABIG 3	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
31	Customer Deposits	CDP	(1,650)	(422)	(4)	(131)	(456)	(112)	0	(3)	(14)	0	0	(509)	
32		A2OO1	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446	
33															
34	Total Other Credits	TOTHCN	(1,650)	(422)	(4)	(131)	(456)	(112)	0	(3)	(14)	0	0	(509)	
35		ATOTHCN	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446	
36															
37															
38	TOTAL NET RATE BASE	TNRB	13,395,680	3,329,406	28,336	1,086,018	3,782,798	821,081	0	25,782	113,467	0	0	4,208,791	
39	(NET INVESTMENT)														



**PART 36 SEPARATION PROGRAM**

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	PLANT SPECIFIC OPERATING EXPENSES													
2														
3	6110 Network Support Exp	NSE	0	0	0	0	0	0	0	0	0	0	0	0
4		ACIW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	6120 General Support Exp	GSE	811,764	207,379	1,737	64,583	224,154	55,109	0	1,524	6,894	0	0	250,385
6		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
7	6210 Central Office Switching	COS	445,079	136,279	1,039	29,935	96,964	62,885	0	632	4,013	0	0	113,333
8		ACOE	1.000000	0.306190	0.002334	0.067257	0.217858	0.141290	0.000000	0.001421	0.009017	0.000000	0.000000	0.254634
9	6220 Operator Systems Exp	OSE	0	0	0	0	0	0	0	0	0	0	0	0
10		ACOE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	6230 Central Office Trans Exp	COT	270,317	82,768	631	18,181	58,891	38,193	0	384	2,437	0	0	68,832
12		ACOE	1.000000	0.306190	0.002334	0.067257	0.217858	0.141290	0.000000	0.001421	0.009017	0.000000	0.000000	0.254634
13	6310 Info Orig/Term Exp	OTE	0	0	0	0	0	0	0	0	0	0	0	0
14		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
15	6400 Cable & Wire Fac Exp	CWE	1,037,608	244,534	2,141	87,532	310,114	40,718	0	2,132	8,599	0	0	341,837
16		ACWF	1.000000	0.235671	0.002063	0.084360	0.298874	0.039242	0.000000	0.002055	0.008288	0.000000	0.000000	0.329447
17														
18	Total Plant Specific Expense	PLNTSPEX	2,564,769	670,960	5,547	200,230	690,122	196,906	0	4,673	21,944	0	0	774,387
19		APLNTSPEX	1.000000	0.261606	0.002163	0.078070	0.269078	0.076773	0.000000	0.001822	0.008556	0.000000	0.000000	0.301932
20														
21	PLANT NONSPECIFIC OPERATING EXPENSES													
22														
23	6510 Other Prop & Equip	OPP	53,275	13,610	114	4,238	14,711	3,617	0	100	452	0	0	16,432
24		A2OO1	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
25	6530 Network Operation Exp	NOE	175,167	44,749	375	13,936	48,369	11,892	0	329	1,488	0	0	54,030
26		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
27	6540 Access Expense	NAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0
28		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29														
30	Total Plant NonSpecific Exp	PLNTNSPEX	295,111	125,028	489	18,175	63,080	15,509	0	429	1,940	0	0	70,462
31		APLNTNSPEX	1.000000	0.423665	0.001656	0.061585	0.213750	0.052552	0.000000	0.001453	0.006574	0.000000	0.000000	0.238765

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	6561 DEPRECIATION EXPENSE - TPIS													
2														
3	General Support Facilities	DEG	180,199	46,035	386	14,336	49,759	12,233	0	338	1,530	0	0	55,582
4		ACIW	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
5	Central Office Equipment	DEC	25,813	18,935	121	1,223	1,706	0	0	0	0	0	0	3,829
6	Switching	ACOES	1.000000	0.733537	0.004673	0.047378	0.066092	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148319
7	Central Office Equipment	DET	266,359	53,625	469	19,214	67,948	46,869	0	471	2,991	0	0	74,773
8	Transmission	ACOET	1.000000	0.201327	0.001760	0.072135	0.255098	0.175960	0.000000	0.001769	0.011229	0.000000	0.000000	0.280722
9	Infor Orig/Term Equipment	DEI	0	0	0	0	0	0	0	0	0	0	0	0
10		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Cable & Wire Facilities	DEW	790,052	186,192	1,630	66,648	236,126	31,003	0	1,624	6,548	0	0	260,280
12		ACWF	1.000000	0.235671	0.002063	0.084360	0.298874	0.039242	0.000000	0.002055	0.008288	0.000000	0.000000	0.329447
13														
14	Total 6561 Depreciation Exp	TDE	1,262,423	304,788	2,605	101,422	355,538	90,105	0	2,433	11,069	0	0	394,463
15			1.000000	0.241431	0.002064	0.080339	0.281631	0.071375	0.000000	0.001927	0.008768	0.000000	0.000000	0.312465
16														
17														
18	6562 Depr Plant Held Future	DPH	0	0	0	0	0	0	0	0	0	0	0	0
19		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	6563 Amort Tangible Assets	TNG	0	0	0	0	0	0	0	0	0	0	0	0
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23														
24	6564 Amort Intangible Assets	AMI	0	0	0	0	0	0	0	0	0	0	0	0
25		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26														
27	6565 Amort Plant Acquisition	AEO	0	0	0	0	0	0	0	0	0	0	0	0
28		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29														
30														
31	Total Depr & Amort Expense	TD&AEX	1,262,423	304,788	2,605	101,422	355,538	90,105	0	2,433	11,069	0	0	394,463
32		ATD&AEX	1.000000	0.241431	0.002064	0.080339	0.281631	0.071375	0.000000	0.001927	0.008768	0.000000	0.000000	0.312465
33														
34														
35														
36														
37														
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 38			MESSAGE TOLL SERVICE					PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	6610 MARKETING EXPENSE	MKE	88,099	15,907	3,272	42,194	11,516	3,084	0	0	535	0	0	11,592
2		AMKE	1.000000	0.180557	0.037140	0.478935	0.130711	0.035006	0.000000	0.000000	0.006075	0.000000	0.000000	0.131576
3														
4	6620 TELEPHONE OPERATOR & PUBLISHED DIRECTORY													
5														
6	Telephone Operator Service	CCS	94	0	0	0	0	0	0	0	0	0	0	94
7		ACCS	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
8	Classified Directory Expense	NSC	6,970	0	0	0	0	0	0	0	0	0	0	6,970
9		LOCAL	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
10	Alpha Directory Expense	NSA	59,094	13,387	37	6,758	10,140	0	0	0	0	0	0	28,772
11		SLU	1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
12	Foreign Directory Expense	NSF	0	0	0	0	0	0	0	0	0	0	0	0
13		DIRECT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	TWX Directory Expense	NST	0	0	0	0	0	0	0	0	0	0	0	0
15		SLU	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Total 6620 Telephone Oper & Pub Dir		66,159	13,387	37	6,758	10,140	0	0	0	0	0	0	35,837
17			1.000000	0.202351	0.000552	0.102155	0.153263	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.541680
18														
19	Account 6620 Cat 1 Customer Services													
20														
21	1.1 End User Serv Order Proc	EUS	55,546	0	0	0	0	0	0	0	0	0	0	55,546
22		AEUS	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
23	1.1 Presubscription Srv Order	PRE	53,075	53,075	0	0	0	0	0	0	0	0	0	0
24		APRE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	1.2 End User Payment & Coll	EUP	59,532	9,161	95	4,301	26,907	0	0	0	0	0	0	19,068
26		AEUP	1.000000	0.153884	0.001589	0.072244	0.451981	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.320302
27	1.3 End User Billing	EUB	34,185	10,877	0	6,837	1,865	0	0	0	0	0	0	14,606
28		AEUB	1.000000	0.318182	0.000000	0.200000	0.054545	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.427273
29	1.4 IXC Serv Ord Proc	IXS	28,145	14,072	0	7,036	7,036	0	0	0	0	0	0	0
30		AIXS	1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
31	1.5 IXC Payment & Collection	IXP	20,390	4,616	48	2,167	13,559	0	0	0	0	0	0	0
32		AIXP	1.000000	0.226401	0.002337	0.106289	0.664973	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	1.6 IXC Billing Inquiry	IXB	9,668	4,834	0	2,417	2,417	0	0	0	0	0	0	0
34		AIXB	1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
35	1.7 Coin Collection & Admin	CCL	0	0	0	0	0	0	0	0	0	0	0	0
36		ACCL	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38	Total 6620 Cat 1 Cust Svc Exp		260,540	96,636	142	22,758	51,784	0	0	0	0	0	0	89,220
39			1.000000	0.370905	0.000546	0.087350	0.198755	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.342444

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE					PRIVATE LINE						
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA					
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 6620 Cat 2 CUSTOMER SERVICES EXPENSE													
2														
3	Toll Ticket Processing	MPE	12,798	4,159	27	2,392	6,220	0	0	0	0	0	0	0
4		AMPE	1.000000	0.324956	0.002148	0.186872	0.486024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	Local Message Processing		0											
6			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Carrier Access B&C	CBC	24,952	12,476	0	4,990	7,486	0	0	0	0	0	0	0
8		ACBC	1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	Other B&C	OBC	91,898	27,404	0	16,128	16,119	0	0	0	0	0	0	32,247
10		AOBC	1.000000	0.298200	0.000000	0.175500	0.175400	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.350900
11	End User B&C	EBC	4,837	4,837	0	0	0	0	0	0	0	0	0	0
12		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13	Total Account 6620 Cat 2		134,485	48,875	27	23,509	29,825	0	0	0	0	0	0	32,247
14			1.000000	0.363427	0.000204	0.174812	0.221775	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.239782
15														
16	Total Acctnt 6620 Cat 1 + Cat 2		395,025	145,511	170	46,268	81,609	0	0	0	0	0	0	121,468
17		AS1&2	1.000000	0.368359	0.000430	0.117126	0.206592	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.307493
18														
19	Cat 3 CUSTOMER SERVICES	DOTH	5,557	5,557	0	0	0	0	0	0	0	0	0	0
20		AS1&2	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21														
22	Total 6610 + 6620	TCUST	554,840	180,363	3,478	95,220	103,264	3,084	0	0	535	0	0	168,896
23		ATCUST	1.000000	0.325071	0.006269	0.171617	0.186115	0.005558	0.000000	0.000000	0.000965	0.000000	0.000000	0.304405
24														
25	Big Three Expenses	BIG3	2,483,013	688,693	7,664	244,803	617,602	156,772	0	3,478	17,073	0	0	746,928
26		ABIG3	1.000000	0.277362	0.003086	0.098591	0.248731	0.063138	0.000000	0.001401	0.006876	0.000000	0.000000	0.300815
27														
28	CORPORATE OPERATIONS EXPENSES													
29														
30	6710 Executive & Planning	E&P	429,447	119,112	1,325	42,340	106,817	27,114	0	601	2,953	0	0	129,184
31		ABIG3	1.000000	0.277362	0.003086	0.098591	0.248731	0.063138	0.000000	0.001401	0.006876	0.000000	0.000000	0.300815
32	6720 General & Administrative	DG&A	823,733	316,674	2,166	69,179	174,529	44,302	0	983	4,825	0	0	211,075
33		ABIG3	1.000000	0.384437	0.002629	0.083983	0.211876	0.053783	0.000000	0.001193	0.005857	0.000000	0.000000	0.256242
34	6720 Equal Access	EQE	0	0	0	0	0	0	0	0	0	0	0	0
35		AEQE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
36														
37	Total Corporate Operations	TCORP	1,253,180	435,786	3,491	111,519	281,346	71,417	0	1,584	7,777	0	0	340,259
38		ATCORP	1.000000	0.347744	0.002786	0.088989	0.224506	0.056989	0.000000	0.001264	0.006206	0.000000	0.000000	0.271517
39	Corporate Exp Limitation-Informational Use Only (255,602) (88,884) (712) (22,746) (57,384) (14,566) 0 (323) (1,586) 0 0 (69,400)													

**PART 36 SEPARATION PROGRAM**

**COMPANY: S&T Telephone Cooperative Association**  
**DESCRIPTION: 2013 Cost Study**  
**TIME PERIOD: 12/31/13**

**File: Part 36**  
**VERSION: 3.2 10/31/13**  
**PRINTED: 05/14/14 12:28 PM**

Part 36

Part 36			TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source		INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Acct 7200 Operating Taxes	DOTX	403,973	103,202	864	32,140	111,550	27,425	0	758	3,431	0	0	124,604
2		ADOTX	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446
3														
4	Account 7100 & 7300 Operating Expenses, Misc. Income, & Rent Revenue													
5														
6	7100 Other Expenses	OIE	0	0	0	0	0	0	0	0	0	0	0	0
7		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	7300 Gains & Losses on Disp	GLD	0	0	0	0	0	0	0	0	0	0	0	0
9		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	7300 Contributions & Fees	SCH	29,635	10,305	83	2,637	6,653	1,689	0	37	184	0	0	8,046
11		ATCORP	1.000000	0.347744	0.002786	0.088989	0.224506	0.058989	0.000000	0.001264	0.006206	0.000000	0.000000	0.271517
12	GSF Rent Revenue	GSFR	0	0	0	0	0	0	0	0	0	0	0	0
13		AGSF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	COE SW Rent Revenue	COESR	0	0	0	0	0	0	0	0	0	0	0	0
15		ACOES	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	COE TR Rent Revenue	COETR	0	0	0	0	0	0	0	0	0	0	0	0
17		ACOET	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
18	CWF Rent Revenue	CWFR	0	0	0	0	0	0	0	0	0	0	0	0
19		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	Total Oper Expense & Income	TOPEXI	29,635	10,305	83	2,637	6,653	1,689	0	37	184	0	0	8,046
22		ATOPEXI	1.000000	0.347744	0.002786	0.088989	0.224506	0.056989	0.000000	0.001264	0.006206	0.000000	0.000000	0.271517
23														
24	Accounts 7500, 7600, & 7900													
25														
26	Capital Lease Interest	CLI	0	0	0	0	0	0	0	0	0	0	0	0
27		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
28	Customer Deposit Interest	INT	78	19	0	6	22	5	0	0	1	0	0	25
29		ANTP	1.000000	0.246359	0.002099	0.081079	0.283809	0.060949	0.000000	0.001939	0.008509	0.000000	0.000000	0.315258
30	Extraordinary Items	EXO	0	0	0	0	0	0	0	0	0	0	0	0
31		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Inc Effect Jurs Rate Diff	IJR	0	0	0	0	0	0	0	0	0	0	0	0
33		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34														
35	Total 7500, 7600, & 7900	T777	78	19	0	6	22	5	0	0	1	0	0	25
36		AT777	1.000000	0.246359	0.002099	0.081079	0.283809	0.060949	0.000000	0.001939	0.008509	0.000000	0.000000	0.315258
37	Account 7340 Allowance for Funds													
38	Used During Construction	AFUDC	(245,078)	(62,609)	(524)	(19,498)	(67,674)	(16,638)	0	(460)	(2,081)	0	0	(75,593)
39		A2003	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source		INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	FEDERAL INCOME TAX COMPUTATION													
2														
3	Return On Investment	ROI	1,391,542	374,558	3,188	108,602	378,280	92,372	0	2,578	11,347	0	0	420,618
4	Interest Expense	FIX	(353,150)	(87,002)	(741)	(28,633)	(100,227)	(21,524)	0	(685)	(3,005)	0	0	(111,333)
5	Income Adjustments FIT	INCADJFT	0	0	0	0	0	0	0	0	0	0	0	0
6	Amortization of ITC	ITC	0	0	0	0	0	0	0	0	0	0	0	0
7	Base Federal Inc Tax	SUM(3:6)	1,038,393	287,557	2,447	79,969	278,053	70,848	0	1,893	8,342	0	0	309,285
8			1.000000	0.276925	0.002356	0.077012	0.267772	0.068228	0.000000	0.001823	0.008033	0.000000	0.000000	0.297850
9	Allocated Rate Level	75,000	0	0	0	0	0	0	0	0	0	0	0	0
10	Fed Tax Base   Allocation %	0	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Federal Tax Base By Rate Level													
13	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0%	(1,038,393)	(287,557)	(2,447)	(79,969)	(278,053)	(70,848)	0	(1,893)	(8,342)	0	0	(309,285)
21														
22		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
23		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
24		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
25		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
26		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
27		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
28		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
29		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
30	Total Tax		0	0	0	0	0	0	0	0	0	0	0	0
31	Less Credits		0	0	0	0	0	0	0	0	0	0	0	0
32	Net Federal Income Tax	FEDINCTX	0	0	0	0	0	0	0	0	0	0	0	0
33		AFIT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34														
35	EFFECTIVE TAX RATE		0.00%											
36														
37														
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	STATE INCOME TAX COMPUTATION													
2														
3	Return On Investment	ROI	1,391,542	374,558	3,188	108,602	378,280	92,372	0	2,578	11,347	0	0	420,618
4	Interest Expense	INTEXP	(353,150)	(87,002)	(741)	(28,633)	(100,227)	(21,524)	0	(685)	(3,005)	0	0	(111,333)
5	Income Adjustment SIT	INCAJUST	0	0	0	0	0	0	0	0	0	0	0	0
6	Federal Tax	FEDTX	0	0	0	0	0	0	0	0	0	0	0	0
7	Base State Inc Tax	SUM(3:6)	1,038,393	287,557	2,447	79,969	278,053	70,848	0	1,893	8,342	0	0	309,285
8			1.000000	0.276925	0.002356	0.077012	0.267772	0.068228	0.000000	0.001823	0.008033	0.000000	0.000000	0.297850
9	Allocated Rate Level	50,000	0	0	0	0	0	0	0	0	0	0	0	0
10	State Tax Base   Allocation %	0	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	State Tax Base By Rate Level													
12		0	0.00%	0	0	0	0	0	0	0	0	0	0	0
13		0	0.00%	0	0	0	0	0	0	0	0	0	0	0
14		0	0.00%	0	0	0	0	0	0	0	0	0	0	0
15		0	0.00%	0	0	0	0	0	0	0	0	0	0	0
16		0	0.00%	(1,038,393)	(287,557)	(2,447)	(79,969)	(278,053)	(70,848)	0	(1,893)	(8,342)	0	(309,285)
17	Effective Rate Gross-up Rate													
18		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
19		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
20		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
21		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
22		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
23	Total Tax		0	0	0	0	0	0	0	0	0	0	0	0
24	Less Credits		0	0	0	0	0	0	0	0	0	0	0	0
25	Net State Income Tax	STINCTX	0	0	0	0	0	0	0	0	0	0	0	0
26		ASIT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27														
28	CASH WORKING CAPITAL COMPUTATION													
29	Total Expenses	TEX	6,364,010	1,830,451	16,557	561,348	1,611,576	406,139	0	9,915	46,881	0	0	1,881,143
30	Add Back Rent Revenue		0	0	0	0	0	0	0	0	0	0	0	0
31	Less Non Cash Expenses:													
32	Depreciation & Amortization	TD&AE	1,262,423	304,788	2,605	101,422	355,538	90,105	0	2,433	11,069	0	0	394,463
33	Net Cash Expense Before Taxes		5,101,586	1,525,663	13,952	459,927	1,256,037	316,034	0	7,481	35,812	0	0	1,486,679
34	Federal Income Taxes	FIT/ITC	0	0	0	0	0	0	0	0	0	0	0	0
35	State Income Taxes	SIT	0	0	0	0	0	0	0	0	0	0	0	0
36	Interest Expense	FIX	353,150	87,002	741	28,633	100,227	21,524	0	685	3,005	0	0	111,333
37	Total Cash Expenses		5,454,736	1,612,665	14,693	488,560	1,356,265	337,558	0	8,166	38,817	0	0	1,598,013
38	Minimum Bank Balance	MINBANK	0	0	0	0	0	0	0	0	0	0	0	0
39	Cash Working Capital	CWC	224,168	66,274	604	20,078	55,737	13,872	0	336	1,595	0	0	65,672
40	0.041096	ACWC	1.000000	0.295645	0.002694	0.089566	0.248640	0.061883	0.000000	0.001497	0.007116	0.000000	0.000000	0.292959

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1 SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT														
2														
3	Loops	LP	2,323	0	0	0	0	0	0	5	7	0	0	0
4	SPF	SPF	1.000000	0.247828	0.002172	0.088667	0.314433	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.346900
5	Allocator From Ln3 & Ln4	SPFLP	1.000000	0.246548	0.002161	0.088209	0.312809	0.000000	0.000000	0.002152	0.003013	0.000000	0.000000	0.345108
6	Allocates COE Cat 4.13 & CWF Cat 1 (Exchange Line)													
7														
8	Exch Trnk Term COE 4.12	T412C	0	0	0	0	0	0	0	0	0	0	0	0
9	Exch Trnk MOU COE 4.12	M412C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Allocator From Ln8 & Ln9	A12C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Exch Trnk Miles CWF Cat 2	TM2W	1	0	0	0	0	0	0	0	0	0	1	0
13	Exch Trnk MOU CWF Cat 2	M2W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Allocator From Ln12 & Ln13	A2CW	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000
15														
16	Wdbnd Xch Trnk COE 4.11	T411C	1	0	0	0	0	1	0	0	0	0	0	0
17	Wdbnd Xch MOU COE 4.11	M411C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
18	Allocator From Ln16 & Ln17	A11C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
19														
20	Wdbnd Interxch Trnks COE	T422C	540,808	0	0	0	0	474,422	0	0	66,386	0	0	0
21	Wdbnd Interxch MOU COE	M422C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
22	Allocator From Ln20 & Ln21	A22C	0.999999	0.000000	0.000000	0.000000	0.000000	0.877246	0.000000	0.000000	0.122753	0.000000	0.000000	0.000000
23	Allocates COE Cat 4.22 Wideband Interexchange Circuit													
24														
25	Wdbnd Interxch CCT Mi	CTM32W	1,414,948	0	0	0	0	1,244,519	0	0	170,429	0	0	0
26	Wdbnd Interxch MOU CWF	M32W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27	Allocator From Ln25 & Ln26	A32W	1.000000	0.000000	0.000000	0.000000	0.000000	0.879551	0.000000	0.000000	0.120449	0.000000	0.000000	0.000000
28	Allocates CWF Cat 3.2 Wideband Interexchange													
29														
30	Circuit Terminations COE	CT423C	426	0	0	0	0	0	0	4	31	0	0	0
31	Other Interxch CM COE	CM423C	1.000000	0.429155	0.001140	0.211304	0.358401	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Allocator From Ln30 & Ln31	A23C	1.000000	0.393896	0.001046	0.193943	0.328955	0.000000	0.000000	0.009390	0.072770	0.000000	0.000000	0.000000
33	Allocates COE Cat 4.23 Other Interexchange													
34														
35	Circuit Miles CWF	CTM33W	7,564	0	0	0	0	0	0	4	368	0	0	0
36	Oth Interxch CMM CWF	CMM33W	1.000000	0.429155	0.001140	0.211304	0.358401	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37	Allocator From Ln35 & Ln36	A33W	1.000000	0.408049	0.001084	0.200912	0.340775	0.000000	0.000000	0.000529	0.048652	0.000000	0.000000	0.000000
38	Allocates CWF 3.3 Other Interexchange													
39														



PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36				MESSAGE TOLL SERVICE				PRIVATE LINE						
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT													
2														
3	Host/Remote MOU COE 4.3	A43C	1.000000	0.415912	0.001575	0.206967	0.364170	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.011376
4	Allocates COE Cat 4.3 Host Remote													
5														
6	Host/Remote MOUM CWF	A4CW	1.000000	0.415912	0.001575	0.206967	0.364170	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.011376
7	Allocates CWF Cat 4 Host Remote													
8														
9	Weighted Dial Equip Minutes	DEM	1.000000	0.733881	0.004726	0.044552	0.066841	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.150000
10	Allocates COE Cat 3													
11														
12	Wideband IXC DSL		1	0	0	0	0	1	0	0	0	0	0	0
13	Allocates COE 4.21 & CWF 3.1	A31W/A21C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14														
15	Tandem Switching MOU	A2CO	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Allocates COE Cat 2													
17														
18	Current Billings	AMKE	3,627,426	654,958	134,723	1,737,301	474,146	126,982	0	0	22,035	0	0	477,281
19	Allocates 6610 Marketing Expense		1.000000	0.180557	0.037140	0.478935	0.130711	0.035006	0.000000	0.000000	0.006075	0.000000	0.000000	0.131576
20														
21	Subscriber Line Usage SLU	SLU	1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
22	Allocates 6622 Number Services Alpha and TWX													
23														
24	Wtd Standard Work Sec	ACCS	1	0	0	0	0	0	0	0	0	0	0	1
25	Allocates 6623 Call Completion Service Exp		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
26														
27	End User SOP Contacts	AEUS	1	0	0	0	0	0	0	0	0	0	0	1
28	Allocates 6623 Cat 1.1 End User SOP Exp		1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
29														
30	End User Pay & Col Revenue	AEUP	1,490,095	229,302	2,367	107,651	673,494	0	0	0	0	0	0	477,281
31	Allocates 6623 Cat 1.2 End User Pay & Col Exp		1.000000	0.153884	0.001589	0.072244	0.451981	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.320302
32														
33	End User Billing Inq Cont	AEUB	110	35	0	22	6	0	0	0	0	0	0	47
34	Allocates 6623 Cat 1.3 EU Billing Inquiry Exp		1.000000	0.318182	0.000000	0.200000	0.054545	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.427273
35														
36	Foreign Directory	AFOR	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA					
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT													
2														
3	IXC SOP Contacts	AIXS	100	50	0	25	25	0	0	0	0	0	0	0
4	Allocates 6623 Cat 1.4 IXC Serv Ord Proc Exp		1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5														
6	IXC Pay & Coll Revenues	AIXP	1,012,814	229,302	2,367	107,651	673,494	0	0	0	0	0	0	0
7	Allocates 6623 Cat 1.5 IXC Pay & Col Exp		1.000000	0.226401	0.002337	0.106289	0.664973	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8														
9	IXC Billing Inq Contacts	AIXB	100	50	0	25	25	0	0	0	0	0	0	0
10	Allocates 6623 Cat 1.6 IXC Billing Inquiry Exp		1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Coin Revenues	ACCL	10,000	2,265	6	1,144	1,716	0	0	0	0	0	0	4,869
13	Allocates 6623 Cat 1.7 Coin Collection Expense		1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
14														
15	CABS Factor	ACBC	1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Allocates 6623 Cat 2 Carrier Access B&C Expense		1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
17														
18	Users	AOBC	10,000	2,982	0	1,755	1,754	0	0	0	0	0	0	3,509
19	Allocates 6623 Cat 2 Other B&C Expense		1.000000	0.298200	0.000000	0.175500	0.175400	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.350900
20														
21	Messages Billed	AMPE	1,968,664	639,729	4,228	367,889	956,818	0	0	0	0	0	0	0
22	Allocates 6623 Cat 2 Message Processing Expens		1.000000	0.324956	0.002148	0.186872	0.486024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23														
24	Equal Access Allocator	AEQE	1	1	0	0	0	0	0	0	0	0	0	0
25	Allocates Equal Access Investment & Expense		1.000000	0.703210	0.000000	0.296790	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26														
27	Presubscription Allocator	APRE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
28														
29														
30	Rate of Return	ROR		11.25%	11.25%	10.00%	10.00%	11.25%	11.25%	10.00%	10.00%	10.00%	10.00%	9.99%
31	Cash Working Capital - 1 for Jurisdictions w/no CWC			0	0	0	0	0	0	0	0	0	0	0

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:28 PM

Part 36

Part 36				MESSAGE TOLL SERVICE				PRIVATE LINE							
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange	
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA				
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	DIRECT ASSIGNMENTS														
2															
3	6540 Access Expense	NAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0	
4		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5															
6	6540 Access Expesnse DA	DANAE	0	0	0	0	0	0	0	0	0	0	0	0	
7			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
8															
9	6540 Access Expense	DNAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0	
10															
11															
12	Account 6620														
13	Cat 3 Customer Services	OTH	0	0	0	0	0	0	0	0	0	0	0	0	
14		AS1&2	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
15															
16	Cat 3 Cust Serv Direct Assignment		5,557	5,557	0	0	0	0	0	0	0	0	0	0	
17		DAOTH	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
18															
19	Cat 3 Customer Services	DOTH	5,557	5,557	0	0	0	0	0	0	0	0	0	0	
20															
21															
22	6720 General & Administrative	G&A	701,678	194,619	2,166	69,179	174,529	44,302	0	983	4,825	0	0	211,075	
23		ABIG3	1.000000	0.277362	0.003086	0.098591	0.248731	0.063138	0.000000	0.001401	0.006876	0.000000	0.000000	0.300815	
24															
25	6720 Gen & Admin Direct Assignment		122,055	122,055	0	0	0	0	0	0	0	0	0	0	
26		DAG&A	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
27															
28	6720 General & Administrative	DG&A	823,733	316,674	2,166	69,179	174,529	44,302	0	983	4,825	0	0	211,075	
29															
30															
31	Accnt 7200 Operating Taxes	OTX	403,973	103,202	864	32,140	111,550	27,425	0	758	3,431	0	0	124,604	
32		A2OO1	1.000000	0.255467	0.002139	0.079559	0.276131	0.067888	0.000000	0.001877	0.008492	0.000000	0.000000	0.308446	
33															
34	Operating Taxes Direct Assignment		0	0	0	0	0	0	0	0	0	0	0	0	
35		DAOTX	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
36															
37	Accnt 7200 Operating Taxes	DOTX	403,973	103,202	864	32,140	111,550	27,425	0	758	3,431	0	0	124,604	
38															
39															
40															

## SECTION 14 - KUSF

**PART 36 SEPARATION PROGRAM**

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SUMMARY													
2	RATE BASE (INVESTMENT)													
3	General Support Facilities	GSF	3,888,995	984,783	8,258	307,843	1,069,402	293,632	0	8,795	22,064	0	0	1,194,217
4	Central Office Equipment	COE	13,373,889	4,016,365	30,625	881,919	2,858,955	2,139,276	0	22,471	82,105	0	0	3,342,173
5	Info Orig/Term Equipment	IOT	0	0	0	0	0	0	0	0	0	0	0	0
6	Cable & Wire Facilities	CWF	35,031,620	8,241,030	72,164	2,949,739	10,451,672	1,515,497	0	86,995	192,520	0	0	11,522,003
7	Tangible Assets	TTA	0	0	0	0	0	0	0	0	0	0	0	0
8	Intangible Assets	ING	323	82	1	26	89	24	0	1	2	0	0	99
9	Total 2001 Rate Base		52,294,827	13,242,260	111,048	4,139,527	14,380,118	3,948,429	0	118,262	296,692	0	0	16,058,492
10	Distribution	2001	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
11														
12	Non 2001 Rate Base	N2001RB	4,399,588	1,115,197	9,439	352,723	1,213,918	316,542	0	9,944	24,689	0	0	1,357,135
13	Accum Depr & Amort	TD&A	(38,918,102)	(9,973,178)	(83,176)	(3,061,477)	(10,604,629)	(3,022,996)	0	(87,051)	(220,551)	0	0	(11,865,044)
14	Other Credits	TOTHCR	(1,400)	(355)	(3)	(111)	(385)	(106)	0	(3)	(8)	0	0	(430)
15	NET RATE BASE		17,774,913	4,383,925	37,307	1,430,662	4,989,023	1,241,869	0	41,152	100,822	0	0	5,550,153
16	Distribution	NRB	1.000000	0.246636	0.002099	0.080488	0.280678	0.069866	0.000000	0.002315	0.005672	0.000000	0.000000	0.312246
17														
18	RATE OF RETURN	ROR		0.112500	0.112500	0.100000	0.100000	0.112500	0.112500	0.100000	0.100000	0.100000	0.100000	0.099938
19	RETURN ON INVESTMENT	15 * 18	1,847,936	493,192	4,197	143,066	498,902	139,710	0	4,115	10,082	0	0	554,671
20	Distribution	ROI	1.000000	0.266888	0.002271	0.077419	0.269978	0.075603	0.000000	0.002227	0.005456	0.000000	0.000000	0.300157
21														
22	EXPENSES													
23	Plant Specific Expenses	PLNTSPE	2,564,769	664,494	5,499	198,802	685,722	220,613	0	5,615	14,700	0	0	769,325
24	Plant NonSpecific Expenses	PLNTNSPE	295,111	124,516	485	18,083	62,817	17,248	0	517	1,296	0	0	70,149
25	Depr & Amort Expense	TD&AE	1,262,423	302,785	2,589	100,766	353,325	100,591	0	2,924	7,391	0	0	392,052
26	Customer Operations Expense	TCUST	554,840	180,363	3,478	95,220	103,264	3,084	0	0	535	0	0	168,896
27	Corporate Operations Expense	TCORP	1,253,180	433,491	3,474	110,985	279,675	80,008	0	1,902	5,295	0	0	338,351
28	Operating Taxes	TOPTX	403,973	102,295	858	31,977	111,085	30,501	0	914	2,292	0	0	124,050
29	Other Income & Expense	TOIE	29,713	10,270	82	2,631	6,636	1,897	0	45	126	0	0	8,026
30	TOTAL EXPENSES	SUM(23:29)	6,364,010	1,818,213	16,465	558,463	1,602,524	453,943	0	11,916	31,634	0	0	1,870,850
31	Distribution	TEX	1.000000	0.285702	0.002587	0.087753	0.251810	0.071330	0.000000	0.001872	0.004971	0.000000	0.000000	0.293973
32														
33	AFUDC	TAFUDC	(245,078)	(62,060)	(520)	(19,400)	(67,392)	(18,504)	0	(554)	(1,390)	0	0	(75,258)
34														
35	INCOME TAXES													
36	Federal	FEDINCTAX	0	0	0	0	0	0	0	0	0	0	0	0
37	State	STATEINCTX	0	0	0	0	0	0	0	0	0	0	0	0
38														
39	NET REVENUE REQUIREMENT		7,966,867	2,249,345	20,142	682,130	2,034,034	575,149	0	15,477	40,326	0	0	2,350,263
40	Distribution	NRR	1.000000	0.282337	0.002528	0.085621	0.255312	0.072193	0.000000	0.001943	0.005062	0.000000	0.000000	0.295005

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 2110 - GENERAL SUPPORT FACILITIES													
2														
3	Total General Support Facilities	GSF	3,888,995	984,783	8,258	307,843	1,069,402	293,632	0	8,795	22,064	0	0	1,194,217
4		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
5														
6	Accounts 2210 - 2230 CENTRAL OFFICE EQUIPMENT													
7														
8	Equal Access Equipment	EQA	27,265	19,173	0	8,092	0	0	0	0	0	0	0	0
9		AEQA	1.000000	0.703210	0.000000	0.296790	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Cat 1 Operator Systems	1CO	0	0	0	0	0	0	0	0	0	0	0	0
11		ACCS	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	Cat 2 Tandem Switching	2CO	0	0	0	0	0	0	0	0	0	0	0	0
13		A2CO	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Cat 3 Local Switching	3CO	2,556,188	1,875,938	12,081	113,883	170,859	0	0	0	0	0	0	383,428
15		DEM	1.000000	0.733881	0.004726	0.044552	0.066841	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.150000
16	Total COE Switching	COES	2,583,454	1,895,111	12,081	121,975	170,859	0	0	0	0	0	0	383,428
17		ACOES	1.000000	0.733557	0.004676	0.047214	0.066136	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148417
18														
19	Cat 4.11 Wideband Exchange	11C	1,455,779	0	0	0	0	1,455,779	0	0	0	0	0	0
20		A11C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21	Cat 4.12 Exchange Trunk	12C	0	0	0	0	0	0	0	0	0	0	0	0
22		A12C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	Cat 4.13 Exchange Line	13C	8,558,883	2,113,751	18,524	756,250	2,681,831	0	0	22,337	7,446	0	0	2,958,745
24		SPFLP	1.000000	0.246966	0.002164	0.088358	0.313339	0.000000	0.000000	0.002610	0.000870	0.000000	0.000000	0.345693
25	Cat 4.21 Wideband IXC DSL	21C	0	0	0	0	0	0	0	0	0	0	0	0
26		A21C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27	Cat 4.22 Wideband IXC Non DSL	22C	756,729	0	0	0	0	683,497	0	0	73,232	0	0	0
28		A22C	1.000000	0.000000	0.000000	0.000000	0.000000	0.903225	0.000000	0.000000	0.096775	0.000000	0.000000	0.000000
29	Cat 4.23 Other Interexchange	23C	19,045	7,503	20	3,694	6,266	0	0	134	1,427	0	0	0
30		A23C	1.000000	0.393978	0.001047	0.193984	0.329024	0.000000	0.000000	0.007026	0.074941	0.000000	0.000000	0.000000
31	Cat 4.3 Host/Remote	43C	0	0	0	0	0	0	0	0	0	0	0	0
32		A43C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	Total COE Transmission	COET	10,790,436	2,121,254	18,544	759,944	2,688,097	2,139,276	0	22,471	82,105	0	0	2,958,745
34		ACOET	1.000000	0.196586	0.001719	0.070428	0.249118	0.198257	0.000000	0.002082	0.007609	0.000000	0.000000	0.274201
35														
36														
37														
38	Total Central Office Equipment	COE	13,373,889	4,016,365	30,625	881,919	2,858,955	2,139,276	0	22,471	82,105	0	0	3,342,173
39		ACOET	1.000000	0.300314	0.002290	0.065943	0.213771	0.159959	0.000000	0.001680	0.006139	0.000000	0.000000	0.249903

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36		Source	TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Allocator		INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
				InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 2310 INFORMATION ORIGATION/TERMINATION EQUIPMENT													
2														
3	Total Info Orig/Term Equip	IOT	0	0	0	0	0	0	0	0	0	0	0	0
4		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5														
6	Account 2410 - CABLE & WIRE FACILITIES													
7														
8	Cat 1 Exchange Line	1CW	33,330,172	8,231,409	72,138	2,945,003	10,443,638	0	0	86,986	28,995	0	0	11,522,003
9		SPFLP	1.000000	0.246966	0.002164	0.088358	0.313339	0.000000	0.000000	0.002610	0.000870	0.000000	0.000000	0.345693
10	Cat 2 Wideband & Exch Trmk	2CW	0	0	0	0	0	0	0	0	0	0	0	0
11		A2CW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
12	Cat 3.1 Wideband IXC DSL	31W	0	0	0	0	0	0	0	0	0	0	0	0
13		A31W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Cat 3.2 Wideband IXC Non DSL	32W	1,677,872	0	0	0	0	1,515,497	0	0	162,375	0	0	0
15		A32W	1.000000	0.000000	0.000000	0.000000	0.000000	0.903226	0.000000	0.000000	0.096774	0.000000	0.000000	0.000000
16	Cat 3.3 Other Interexch	33W	23,576	9,620	26	4,737	8,034	0	0	9	1,150	0	0	0
17		A33W	1.000000	0.408052	0.001084	0.200913	0.340777	0.000000	0.000000	0.000397	0.048777	0.000000	0.000000	0.000000
18	Cat 4 Host/Remote	4CW	0	0	0	0	0	0	0	0	0	0	0	0
19		A4CW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	Total Cable & Wire Facilities	CWF	35,031,620	8,241,030	72,164	2,949,739	10,451,672	1,515,497	0	86,995	192,520	0	0	11,522,003
22		ACWF	1.000000	0.235245	0.002060	0.084202	0.298350	0.043261	0.000000	0.002483	0.005496	0.000000	0.000000	0.328903
23														
24	Total COE IOT & CWF	CIW	48,405,509	12,257,395	102,789	3,831,658	13,310,627	3,654,772	0	109,466	274,626	0	0	14,864,176
25		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
26														
27	CAPITAL LEASES:													
28	General Support Facilities	CLG	0	0	0	0	0	0	0	0	0	0	0	0
29		ACIW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
30	Central Office Equipment	CLC	0	0	0	0	0	0	0	0	0	0	0	0
31		ACOE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Information Orig/Term	CLT	0	0	0	0	0	0	0	0	0	0	0	0
33		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34	Cable & Wire Facilities	CLW	0	0	0	0	0	0	0	0	0	0	0	0
35		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
36	Total Capital Leases		0	0	0	0	0	0	0	0	0	0	0	0
37			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1														
2	Leasehold Improvements	TLI	0	0	0	0	0	0	0	0	0	0	0	0
3		A2001	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
4	Total Tangible Assets	TTA	0	0	0	0	0	0	0	0	0	0	0	0
5		ATTA	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
6														
7														
8	INTANGIBLE ASSETS	ING	323	82	1	26	89	24	0	1	2	0	0	99
9		A2001	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
10														
11	TOTAL 2001 RATE BASE	2001	52,294,827	13,242,260	111,048	4,139,527	14,380,118	3,948,429	0	118,262	296,692	0	0	16,058,492
12		A2OO1	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
13														
14														
15	RATE BASE ITEMS NOT IN 2001													
16														
17	2002 Plant Held Future Use	PFU	0	0	0	0	0	0	0	0	0	0	0	0
18		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
19	2003 Plant Under Constr ST	PUC	3,733,737	945,469	7,929	295,553	1,026,709	281,909	0	8,444	21,183	0	0	1,146,541
20		A2OO1	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
21	2004 Plant Under Constr LT	PUL	0	0	0	0	0	0	0	0	0	0	0	0
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	2005 Plant Aquisition Adj	TPA	0	0	0	0	0	0	0	0	0	0	0	0
24		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	1220 Material & Supplies	M&S	441,683	103,904	910	37,191	131,776	19,108	0	1,097	2,427	0	0	145,271
26		ACWF	1.000000	0.235245	0.002060	0.084202	0.298350	0.043261	0.000000	0.002483	0.005496	0.000000	0.000000	0.328903
27	1402 RTB Stock	RTB	0	0	0	0	0	0	0	0	0	0	0	0
28		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29	Cash Working Capital	CWC	224,168	65,825	601	19,979	55,433	15,525	0	403	1,079	0	0	65,322
30		ACEXP	1.000000	0.293641	0.002679	0.089126	0.247285	0.069258	0.000000	0.001799	0.004813	0.000000	0.000000	0.291399
31	Other Noncurrent Assets	ONA	0	0	0	0	0	0	0	0	0	0	0	0
32		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	Deferred Maint & Retire	DMR	0	0	0	0	0	0	0	0	0	0	0	0
34		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
35	Deferred Charges	DFC	0	0	0	0	0	0	0	0	0	0	0	0
36		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38	Total Non 2001 Rate Base	N2OO1RB	4,399,588	1,115,197	9,439	352,723	1,213,918	316,542	0	9,944	24,689	0	0	1,357,135
39		AN2OO1RB	1.000000	0.253478	0.002145	0.080172	0.275916	0.071948	0.000000	0.002260	0.005612	0.000000	0.000000	0.308469



PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE					PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 3100 - ACCUMULATED DEPRECIATION													
2														
3	General Support Facilities	ADG	(2,930,791)	(742,144)	(6,224)	(231,994)	(805,914)	(221,284)	0	(6,628)	(16,628)	0	0	(899,976)
4		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
5	Central Office Equipment	ADC	(2,206,419)	(1,618,535)	(10,317)	(104,174)	(145,923)	0	0	0	0	0	0	(327,470)
6	Switching	ACOES	1.000000	0.733557	0.004676	0.047214	0.066136	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148417
7	Central Office Equipment	ADT	(8,647,473)	(1,699,976)	(14,861)	(609,020)	(2,154,245)	(1,714,419)	0	(18,008)	(65,799)	0	0	(2,371,143)
8	Transmission	ACOET	1.000000	0.196586	0.001719	0.070428	0.249118	0.198257	0.000000	0.002082	0.007609	0.000000	0.000000	0.274201
9	Information Orig/Term	ADI	0	0	0	0	0	0	0	0	0	0	0	0
10		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Cable & Wire Facilities	ADW	(25,133,419)	(5,912,523)	(51,774)	(2,116,289)	(7,498,547)	(1,087,292)	0	(62,415)	(138,124)	0	0	(8,266,455)
12		ACWF	1.000000	0.235245	0.002060	0.084202	0.298350	0.043261	0.000000	0.002483	0.005496	0.000000	0.000000	0.328903
13	Total Account 3100 Accumulated Depr		(38,918,102)	(9,973,178)	(83,176)	(3,061,477)	(10,604,629)	(3,022,996)	0	(87,051)	(220,551)	0	0	(11,865,044)
14			1.000000	0.256261	0.002137	0.078665	0.272486	0.077676	0.000000	0.002237	0.005667	0.000000	0.000000	0.304872
15														
16														
17	Accounts 3200 through 3600 ACCUMULATED DEPRECIATION & AMORTIZATION													
18														
19	3200 Plant Held Future	AAP	0	0	0	0	0	0	0	0	0	0	0	0
20		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21	3400 Tangible Assets	AAT	0	0	0	0	0	0	0	0	0	0	0	0
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23	3500 Intangible Assets	AAI	0	0	0	0	0	0	0	0	0	0	0	0
24		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	3600 Plant Acquisition Adjust	AAA	0	0	0	0	0	0	0	0	0	0	0	0
26		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27														
28	Total Accnts 3200 Through 3600		0	0	0	0	0	0	0	0	0	0	0	0
29			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
30														
31														
32	Total Accum Depr & Amort	TD&A	(38,918,102)	(9,973,178)	(83,176)	(3,061,477)	(10,604,629)	(3,022,996)	0	(87,051)	(220,551)	0	0	(11,865,044)
33			1.000000	0.256261	0.002137	0.078665	0.272486	0.077676	0.000000	0.002237	0.005667	0.000000	0.000000	0.304872
34														
35														
36	NET TELEPHONE PLANT	2001-AD&A	13,376,725	3,269,082	27,871	1,078,050	3,775,489	925,433	0	31,211	76,141	0	0	4,193,448
37		ANTP	1.000000	0.244386	0.002084	0.080591	0.282243	0.069182	0.000000	0.002333	0.005692	0.000000	0.000000	0.313488
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 4340 ACCUMULATED DEFERRED INCOME TAX													
2														
3	General Support Facilities	DTG	0	0	0	0	0	0	0	0	0	0	0	0
4		AGSF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	Central Office Equipment	DTC	0	0	0	0	0	0	0	0	0	0	0	0
6	Switching	ACOES	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Central Office Equipment	DTT	0	0	0	0	0	0	0	0	0	0	0	0
8	Transmission	ACOET	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	Information Orig/Term	DTI	0	0	0	0	0	0	0	0	0	0	0	0
10		AIOT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Cable & Wire Facilities	DTW	0	0	0	0	0	0	0	0	0	0	0	0
12		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13	Tangible Assets													
14			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
15	Intangible Assets													
16			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
17	Plant Held Future Use													
18			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
19	Plant Acquisition Adjustment													
20			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21	Unclassified	DOT	0	0	0	0	0	0	0	0	0	0	0	0
22		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23														
24	Total Deferred Income Tax	TDOT	0	0	0	0	0	0	0	0	0	0	0	0
25		ADOT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26														
27	OTHER CREDITS													
28														
29	Other Longterm Liabilities	OLL	0	0	0	0	0	0	0	0	0	0	0	0
30		ABIG 3	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
31	Customer Deposits	CDP	(1,400)	(355)	(3)	(111)	(385)	(106)	0	(3)	(8)	0	0	(430)
32		A2OO1	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
33														
34	Total Other Credits	TOTHC	(1,400)	(355)	(3)	(111)	(385)	(106)	0	(3)	(8)	0	0	(430)
35		ATOTHC	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
36														
37														
38	TOTAL NET RATE BASE	TNRB	17,774,913	4,383,925	37,307	1,430,662	4,989,023	1,241,869	0	41,152	100,822	0	0	5,550,153
39	(NET INVESTMENT)													

**PART 36 SEPARATION PROGRAM**

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 06/14/14 12:31 PM

Part 36

Part 36		Source	TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description			Allocator	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
					InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1	PLANT SPECIFIC OPERATING EXPENSES														
2															
3	6110 Network Support Exp	NSE	0	0	0	0	0	0	0	0	0	0	0	0	
4		ACIW	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
5	6120 General Support Exp	GSE	811,764	205,557	1,724	64,257	223,220	61,291	0	1,836	4,605	0	0	249,273	
6		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076	
7	6210 Central Office Switching	COS	445,079	133,664	1,019	29,350	95,145	71,195	0	748	2,732	0	0	111,227	
8		ACOE	1.000000	0.300314	0.002290	0.065943	0.213771	0.159959	0.000000	0.001680	0.006139	0.000000	0.000000	0.249903	
9	6220 Operator Systems Exp	OSE	0	0	0	0	0	0	0	0	0	0	0	0	
10		ACOE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
11	6230 Central Office Trans Exp	COT	270,317	81,180	619	17,826	57,786	43,240	0	454	1,660	0	0	67,553	
12		ACOE	1.000000	0.300314	0.002290	0.065943	0.213771	0.159959	0.000000	0.001680	0.006139	0.000000	0.000000	0.249903	
13	6310 Info Orig/Term Exp	OTE	0	0	0	0	0	0	0	0	0	0	0	0	
14		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
15	6400 Cable & Wire Fac Exp	CWE	1,037,608	244,093	2,137	87,369	309,570	44,888	0	2,577	5,702	0	0	341,272	
16		ACWF	1.000000	0.235245	0.002060	0.084202	0.298350	0.043261	0.000000	0.002483	0.005496	0.000000	0.000000	0.328903	
17															
18	Total Plant Specific Expense	PLNTSPEX	2,564,769	664,494	5,499	198,802	685,722	220,613	0	5,615	14,700	0	0	769,325	
19		APLNTSPEX	1.000000	0.259085	0.002144	0.077513	0.267362	0.086017	0.000000	0.002189	0.005731	0.000000	0.000000	0.299959	
20															
21	PLANT NONSPECIFIC OPERATING EXPENSES														
22															
23	6510 Other Prop & Equip	OPP	53,275	13,490	113	4,217	14,650	4,022	0	120	302	0	0	16,359	
24		A2OO1	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076	
25	6530 Network Operation Exp	NOE	175,167	44,356	372	13,866	48,168	13,226	0	396	994	0	0	53,790	
26		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076	
27	6540 Access Expense	NAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0	
28		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
29															
30	Total Plant NonSpecific Exp	PLNTNSPEX	295,111	124,516	485	18,083	62,817	17,248	0	517	1,296	0	0	70,149	
31		APLNTNSPEX	1.000000	0.421928	0.001644	0.061275	0.212860	0.058446	0.000000	0.001751	0.004392	0.000000	0.000000	0.237704	

**PART 36 SEPARATION PROGRAM**

**COMPANY: S&T Telephone Cooperative Association**  
**DESCRIPTION: 2013 Cost Study - KUSF**  
**TIME PERIOD: 12/31/13**

**File: Part 36**  
**VERSION: 3.2 10/31/13**  
**PRINTED: 05/14/14 12:31 PM**

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE							
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	6561 DEPRECIATION EXPENSE - TPIS													
2														
3	General Support Facilities	DEG	180,199	45,630	383	14,264	49,551	13,606	0	408	1,022	0	0	55,335
4		ACIW	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
5	Central Office Equipment	DEC	25,813	18,935	121	1,219	1,707	0	0	0	0	0	0	3,831
6	Switching	ACOE	1.000000	0.733557	0.004676	0.047214	0.066136	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.148417
7	Central Office Equipment	DET	266,359	52,363	458	18,759	66,355	52,808	0	555	2,027	0	0	73,036
8	Transmission	ACOET	1.000000	0.196586	0.001719	0.070428	0.249118	0.198257	0.000000	0.002082	0.007609	0.000000	0.000000	0.274201
9	Infor Orig/Term Equipment	DEI	0	0	0	0	0	0	0	0	0	0	0	0
10		SPF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	Cable & Wire Facilities	DEW	790,052	185,856	1,627	66,524	235,712	34,178	0	1,962	4,342	0	0	259,850
12		ACWF	1.000000	0.235245	0.002060	0.084202	0.298350	0.043261	0.000000	0.002483	0.005496	0.000000	0.000000	0.328903
13														
14	Total 6561 Depreciation Exp	TDE	1,262,423	302,785	2,589	100,766	353,325	100,591	0	2,924	7,391	0	0	392,052
15			1.000000	0.239844	0.002050	0.079819	0.279879	0.079681	0.000000	0.002316	0.005855	0.000000	0.000000	0.310555
16														
17														
18	6562 Depr Plant Held Future	DPH	0	0	0	0	0	0	0	0	0	0	0	0
19		A2O01	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	6563 Amort Tangible Assets	TNG	0	0	0	0	0	0	0	0	0	0	0	0
22		A2O01	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23														
24	6564 Amort Intangible Assets	AMI	0	0	0	0	0	0	0	0	0	0	0	0
25		A2O01	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26														
27	6565 Amort Plant Acquisition	AEO	0	0	0	0	0	0	0	0	0	0	0	0
28		A2O01	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
29														
30														
31	Total Depr & Amort Expense	TD&AEX	1,262,423	302,785	2,589	100,766	353,325	100,591	0	2,924	7,391	0	0	392,052
32		ATD&AEX	1.000000	0.239844	0.002050	0.079819	0.279879	0.079681	0.000000	0.002316	0.005855	0.000000	0.000000	0.310555
33														
34														
35														
36														
37														
38														
39														

**PART 36 SEPARATION PROGRAM**

**COMPANY: S&T Telephone Cooperative Association**  
**DESCRIPTION: 2013 Cost Study - KUSF**  
**TIME PERIOD: 12/31/13**

**File: Part 36**  
**VERSION: 3.2 10/31/13**  
**PRINTED: 05/14/14 12:31 PM**

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE							
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE		OPTIONAL	CHCF	Local Exchange
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	6610 MARKETING EXPENSE	MKE	88,099	15,907	3,272	42,194	11,516	3,084	0	0	535	0	0	11,592
2		AMKE	1.000000	0.180557	0.037140	0.478935	0.130711	0.035006	0.000000	0.000000	0.006075	0.000000	0.000000	0.131576
3														
4	6620 TELEPHONE OPERATOR & PUBLISHED DIRECTORY													
5														
6	Telephone Operator Service	CCS	94	0	0	0	0	0	0	0	0	0	0	94
7		ACCS	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
8	Classified Directory Expense	NSC	6,970	0	0	0	0	0	0	0	0	0	0	6,970
9		LOCAL	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
10	Alpha Directory Expense	NSA	59,094	13,387	37	6,758	10,140	0	0	0	0	0	0	28,772
11		SLU	1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
12	Foreign Directory Expense	NSF	0	0	0	0	0	0	0	0	0	0	0	0
13		DIRECT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	TWX Directory Expense	NST	0	0	0	0	0	0	0	0	0	0	0	0
15		SLU	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Total 6620 Telephone Oper & Pub Dir		66,159	13,387	37	6,758	10,140	0	0	0	0	0	0	35,837
17			1.000000	0.202351	0.000552	0.102155	0.153263	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.541680
18														
19	Account 6620 Cat 1 Customer Services													
20														
21	1.1 End User Serv Order Proc	EUS	55,546	0	0	0	0	0	0	0	0	0	0	55,546
22		AEUS	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
23	1.1 Presubscription Srv Order	PRE	53,075	53,075	0	0	0	0	0	0	0	0	0	0
24		APRE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
25	1.2 End User Payment & Coll	EUP	59,532	9,161	95	4,301	26,907	0	0	0	0	0	0	19,068
26		AEUP	1.000000	0.153884	0.001589	0.072244	0.451981	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.320302
27	1.3 End User Billing	EUB	34,185	10,877	0	6,837	1,865	0	0	0	0	0	0	14,606
28		AEUB	1.000000	0.318182	0.000000	0.200000	0.054545	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.427273
29	1.4 IXC Serv Ord Proc	IXS	28,145	14,072	0	7,036	7,036	0	0	0	0	0	0	0
30		AIXS	1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
31	1.5 IXC Payment & Collection	IXP	20,390	4,616	48	2,167	13,559	0	0	0	0	0	0	0
32		AIXP	1.000000	0.226401	0.002337	0.106289	0.664973	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
33	1.6 IXC Billing Inquiry	IXB	9,668	4,834	0	2,417	2,417	0	0	0	0	0	0	0
34		AIXB	1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
35	1.7 Coin Collection & Admin	CCL	0	0	0	0	0	0	0	0	0	0	0	0
36		ACCL	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38	Total 6620 Cat 1 Cust Svc Exp		260,540	96,636	142	22,758	51,784	0	0	0	0	0	0	89,220
39			1.000000	0.370905	0.000546	0.087350	0.198755	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.342444

## PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
 DESCRIPTION: 2013 Cost Study - KUSF  
 TIME PERIOD: 12/31/13

File: Part 36  
 VERSION: 3.2 10/31/13  
 PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Account 6620 Cat 2 CUSTOMER SERVICES EXPENSE													
2														
3	Toll Ticket Processing	MPE	12,798	4,159	27	2,392	6,220	0	0	0	0	0	0	0
4		AMPE	1.000000	0.324956	0.002148	0.186872	0.486024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5	Local Message Processing		0											
6			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
7	Carrier Access B&C	CBC	24,952	12,476	0	4,990	7,486	0	0	0	0	0	0	0
8		ACBC	1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
9	Other B&C	OBC	91,898	27,404	0	16,128	16,119	0	0	0	0	0	0	32,247
10		AOBC	1.000000	0.298200	0.000000	0.175500	0.175400	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.350900
11	End User B&C	EBC	4,837	4,837	0	0	0	0	0	0	0	0	0	0
12		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
13	Total Account 6620 Cat 2		134,485	48,875	27	23,509	29,825	0	0	0	0	0	0	32,247
14			1.000000	0.363427	0.000204	0.174812	0.221775	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.239782
15														
16	Total Acctnt 6620 Cat 1 + Cat 2		395,025	145,511	170	46,268	81,609	0	0	0	0	0	0	121,468
17		AS1&2	1.000000	0.368359	0.000430	0.117126	0.206592	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.307493
18														
19	Cat 3 CUSTOMER SERVICES	DOTH	5,557	5,557	0	0	0	0	0	0	0	0	0	0
20		AS1&2	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
21														
22	Total 6610 + 6620	TCUST	554,840	180,363	3,478	95,220	103,264	3,084	0	0	535	0	0	168,896
23		ATCUST	1.000000	0.325071	0.006269	0.171617	0.186115	0.005558	0.000000	0.000000	0.000965	0.000000	0.000000	0.304405
24														
25	Big Three Expenses	BIG3	2,483,013	683,655	7,626	243,630	613,934	175,632	0	4,175	11,623	0	0	742,738
26		ABIG3	1.000000	0.275333	0.003071	0.098119	0.247254	0.070733	0.000000	0.001681	0.004681	0.000000	0.000000	0.299128
27														
28	CORPORATE OPERATIONS EXPENSES													
29														
30	6710 Executive & Planning	E&P	429,447	118,241	1,319	42,137	106,182	30,376	0	722	2,010	0	0	128,459
31		ABIG3	1.000000	0.275333	0.003071	0.098119	0.247254	0.070733	0.000000	0.001681	0.004681	0.000000	0.000000	0.299128
32	6720 General & Administrative	DG&A	823,733	315,250	2,155	68,848	173,492	49,632	0	1,180	3,285	0	0	209,891
33		ABIG3	1.000000	0.382709	0.002616	0.083580	0.210617	0.060253	0.000000	0.001432	0.003987	0.000000	0.000000	0.254805
34	6720 Equal Access	EQE	0	0	0	0	0	0	0	0	0	0	0	0
35		AEQE	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
36														
37	Total Corporate Operations	TCORP	1,253,180	433,491	3,474	110,985	279,675	80,008	0	1,902	5,295	0	0	338,351
38		ATCORP	1.000000	0.345913	0.002772	0.088562	0.223172	0.063844	0.000000	0.001518	0.004225	0.000000	0.000000	0.269994
39	Corporate Exp Limitation-Informational Use Only													
			(255,602)	(88,416)	(709)	(22,637)	(57,043)	(16,319)	0	(388)	(1,080)	0	0	(69,011)

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Accnt 7200 Operating Taxes	DOTX	403,973	102,295	858	31,977	111,085	30,501	0	914	2,292	0	0	124,050
2		ADOTX	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
3														
4	Account 7100 & 7300 Operating Expenses, Misc. Income, & Rent Revenue													
5														
6	7100 Other Expenses	OIE	0	0	0	0	0	0	0	0	0	0	0	0
7		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8	7300 Gains & Losses on Disp	GLD	0	0	0	0	0	0	0	0	0	0	0	0
9		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	7300 Contributions & Fees	SCH	29,635	10,251	82	2,625	6,614	1,892	0	45	125	0	0	8,001
11		ATCORP	1.000000	0.345913	0.002772	0.088562	0.223172	0.063844	0.000000	0.001518	0.004225	0.000000	0.000000	0.269994
12	GSF Rent Revenue	GSFR	0	0	0	0	0	0	0	0	0	0	0	0
13		AGSF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	COE SW Rent Revenue	COESR	0	0	0	0	0	0	0	0	0	0	0	0
15		ACOES	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	COE TR Rent Revenue	COETR	0	0	0	0	0	0	0	0	0	0	0	0
17		ACOET	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
18	CWF Rent Revenue	CWFR	0	0	0	0	0	0	0	0	0	0	0	0
19		ACWF	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
20														
21	Total Oper Expense & Income	TOPEXI	29,635	10,251	82	2,625	6,614	1,892	0	45	125	0	0	8,001
22		ATOPEXI	1.000000	0.345913	0.002772	0.088562	0.223172	0.063844	0.000000	0.001518	0.004225	0.000000	0.000000	0.269994
23														
24	Accounts 7500, 7600, & 7900													
25														
26	Capital Lease Interest	CLI	0	0	0	0	0	0	0	0	0	0	0	0
27		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
28	Customer Deposit Interest	INT	78	19	0	6	22	5	0	0	0	0	0	24
29		ANTP	1.000000	0.244386	0.002084	0.080591	0.282243	0.069182	0.000000	0.002333	0.005692	0.000000	0.000000	0.313488
30	Extraordinary Items	EXO	0	0	0	0	0	0	0	0	0	0	0	0
31		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Inc Effect Jurs Rate Diff	IJR	0	0	0	0	0	0	0	0	0	0	0	0
33		A2OO1	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34														
35	Total 7500, 7600, & 7900	T777	78	19	0	6	22	5	0	0	0	0	0	24
36		AT777	1.000000	0.244386	0.002084	0.080591	0.282243	0.069182	0.000000	0.002333	0.005692	0.000000	0.000000	0.313488
37	Account 7340 Allowance for Funds													
38	Used During Construction	AFUDC	(245,078)	(62,060)	(520)	(19,400)	(67,392)	(18,504)	0	(554)	(1,390)	0	0	(75,258)
39		A2003	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	FEDERAL INCOME TAX COMPUTATION													
2														
3	Return On Investment	ROI	1,847,936	493,192	4,197	143,066	498,902	139,710	0	4,115	10,082	0	0	554,671
4	Interest Expense	FIX	(353,150)	(86,305)	(736)	(28,461)	(99,674)	(24,432)	0	(824)	(2,010)	0	0	(110,708)
5	Income Adjustments FIT	INCAJFT	0	0	0	0	0	0	0	0	0	0	0	0
6	Amortization of ITC	ITC	0	0	0	0	0	0	0	0	0	0	0	0
7	Base Federal Inc Tax	SUM(3:6)	1,494,786	406,887	3,461	114,605	399,228	115,279	0	3,291	8,072	0	0	443,963
8			1.000000	0.272204	0.002316	0.076670	0.267080	0.077120	0.000000	0.002202	0.005400	0.000000	0.000000	0.297008
9	Allocated Rate Level	75,000	0	0	0	0	0	0	0	0	0	0	0	0
10	Fed Tax Base   Allocation %	0	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Federal Tax Base By Rate Level													
13	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
20	0	0%	(1,494,786)	(406,887)	(3,461)	(114,605)	(399,228)	(115,279)	0	(3,291)	(8,072)	0	0	(443,963)
21														
22		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
23		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
24		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
25		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
26		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
27		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
28		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
29		0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0
30	Total Tax		0	0	0	0	0	0	0	0	0	0	0	0
31	Less Credits		0	0	0	0	0	0	0	0	0	0	0	0
32	Net Federal Income Tax	FEDINCTX	0	0	0	0	0	0	0	0	0	0	0	0
33		AFIT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
34														
35	EFFECTIVE TAX RATE		0.00%											



PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA				IntraLATA
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	STATE INCOME TAX COMPUTATION													
2														
3	Return On Investment	ROI	1,847,936	493,192	4,197	143,066	498,902	139,710	0	4,115	10,082	0	0	554,671
4	Interest Expense	INTEXP	(353,150)	(86,305)	(736)	(28,461)	(99,674)	(24,432)	0	(824)	(2,010)	0	0	(110,708)
5	Income Adjustment SIT	INCADJST	0	0	0	0	0	0	0	0	0	0	0	0
6	Federal Tax	FEDTX	0	0	0	0	0	0	0	0	0	0	0	0
7	Base State Inc Tax	SUM(3:6)	1,494,786	406,887	3,461	114,605	399,228	115,279	0	3,291	8,072	0	0	443,963
8			1.000000	0.272204	0.002316	0.076670	0.267080	0.077120	0.000000	0.002202	0.005400	0.000000	0.000000	0.297008
9	Allocated Rate Level	50,000	0	0	0	0	0	0	0	0	0	0	0	0
10	State Tax Base   Allocation %	0	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11	State Tax Base By Rate Level													
12	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0.00%	(1,494,786)	(406,887)	(3,461)	(114,605)	(399,228)	(115,279)	0	(3,291)	(8,072)	0	0	(443,963)
17	Effective Rate Gross-up Rate													
18	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
19	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
20	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
21	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
22	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0
23	Total Tax		0	0	0	0	0	0	0	0	0	0	0	0
24	Less Credits		0	0	0	0	0	0	0	0	0	0	0	0
25	Net State Income Tax	STINCTX	0	0	0	0	0	0	0	0	0	0	0	0
26		ASIT	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27														
28	CASH WORKING CAPITAL COMPUTATION													
29	Total Expenses	TEX	6,364,010	1,818,213	16,465	558,463	1,602,524	453,943	0	11,916	31,634	0	0	1,870,850
30	Add Back Rent Revenue		0	0	0	0	0	0	0	0	0	0	0	0
31	Less Non Cash Expenses:													
32	Depreciation & Amortization	TD&AE	1,262,423	302,785	2,589	100,766	353,325	100,591	0	2,924	7,391	0	0	392,052
33	Net Cash Expense Before Taxes		5,101,586	1,515,428	13,877	457,697	1,249,199	353,352	0	8,992	24,243	0	0	1,478,798
34	Federal Income Taxes	FIT/ITC	0	0	0	0	0	0	0	0	0	0	0	0
35	State Income Taxes	SIT	0	0	0	0	0	0	0	0	0	0	0	0
36	Interest Expense	FIX	353,150	86,305	736	28,461	99,674	24,432	0	824	2,010	0	0	110,708
37	Total Cash Expenses		5,454,736	1,601,733	14,613	486,158	1,348,873	377,784	0	9,816	26,254	0	0	1,589,506
38	Minimum Bank Balance	MINBANK	0	0	0	0	0	0	0	0	0	0	0	0
39	Cash Working Capital	CWC	224,168	65,825	601	19,979	55,433	15,525	0	403	1,079	0	0	65,322
40	0.041096	ACWC	1.000000	0.293641	0.002679	0.089126	0.247285	0.069258	0.000000	0.001799	0.004813	0.000000	0.000000	0.291399

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE					PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA					
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1 SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT														
2														
3	Loops	LP	2,299	0	0	0	0	0	0	6	2	0	0	0
4	SPF	SPF	1.000000	0.247828	0.002172	0.088667	0.314433	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.346900
5	Allocator From Ln3 & Ln4	SPFLP	1.000000	0.246966	0.002164	0.088358	0.313339	0.000000	0.000000	0.002610	0.000870	0.000000	0.000000	0.345693
6	Allocates COE Cat 4.13 & CWF Cat 1 (Exchange Line)													
7														
8	Exch Trnk Term COE 4.12	T412C	0	0	0	0	0	0	0	0	0	0	0	0
9	Exch Trnk MOU COE 4.12	M412C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
10	Allocator From Ln8 & Ln9	A12C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Exch Trnk Miles CWF Cat 2	TM2W	1	0	0	0	0	0	0	0	0	0	1	0
13	Exch Trnk MOU CWF Cat 2	M2W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14	Allocator From Ln12 & Ln13	A2CW	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000
15														
16	Wdbnd Xch Trnk COE 4.11	T411C	1	0	0	0	0	1	0	0	0	0	0	0
17	Wdbnd Xch MOU COE 4.11	M411C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
18	Allocator From Ln16 & Ln17	A11C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
19														
20	Wdbnd Interxch Trnks COE	T422C	598,430	0	0	0	0	540,517	0	0	57,913	0	0	0
21	Wdbnd Interxch MOU COE	M422C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
22	Allocator From Ln20 & Ln21	A22C	1.000001	0.000000	0.000000	0.000000	0.000000	0.903226	0.000000	0.000000	0.096775	0.000000	0.000000	0.000000
23	Allocates COE Cat 4.22 Wideband Interexchange Circuit													
24														
25	Wdbnd Interxch CCT Mi	CTM32W	1,677,871	0	0	0	0	1,515,497	0	0	162,375	0	0	0
26	Wdbnd Interxch MOU CWF	M32W	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27	Allocator From Ln25 & Ln26	A32W	1.000000	0.000000	0.000000	0.000000	0.000000	0.903226	0.000000	0.000000	0.096774	0.000000	0.000000	0.000000
28	Allocates CWF Cat 3.2 Wideband Interexchange													
29														
30	Circuit Terminations COE	CT423C	427	0	0	0	0	0	0	3	32	0	0	0
31	Other Interxch CM COE	CM423C	1.000000	0.429155	0.001140	0.211304	0.358401	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
32	Allocator From Ln30 & Ln31	A23C	1.000000	0.393978	0.001047	0.193984	0.329024	0.000000	0.000000	0.007026	0.074941	0.000000	0.000000	0.000000
33	Allocates COE Cat 4.23 Other Interexchange													
34														
35	Circuit Miles CWF	CTM33W	7,565	0	0	0	0	0	0	3	369	0	0	0
36	Oth Interxch CMM CWF	CMM33W	1.000000	0.429155	0.001140	0.211304	0.358401	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37	Allocator From Ln35 & Ln36	A33W	1.000000	0.408052	0.001084	0.200913	0.340777	0.000000	0.000000	0.000397	0.048777	0.000000	0.000000	0.000000
38	Allocates CWF 3.3 Other Interexchange													
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE					PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT													
2														
3	Host/Remote MOU COE 4.3	A43C	1.000000	0.415912	0.001575	0.206967	0.364170	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.011376
4	Allocates COE Cat 4.3 Host Remote													
5														
6	Host/Remote MOUM CWF	A4CW	1.000000	0.415912	0.001575	0.206967	0.364170	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.011376
7	Allocates CWF Cat 4 Host Remote													
8														
9	Weighted Dial Equip Minutes	DEM	1.000000	0.733881	0.004726	0.044552	0.066841	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.150000
10	Allocates COE Cat 3													
11														
12	Wideband IXC DSL		1	0	0	0	0	1	0	0	0	0	0	0
13	Allocates COE 4.21 & CWF 3.1	A31W/A21C	1.000000	0.000000	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
14														
15	Tandem Switching MOU	A2CO	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Allocates COE Cat 2													
17														
18	Current Billings	AMKE	3,627,426	654,958	134,723	1,737,301	474,146	126,982	0	0	22,035	0	0	477,281
19	Allocates 6610 Marketing Expense													
20			1.000000	0.180557	0.037140	0.478935	0.130711	0.035006	0.000000	0.000000	0.006075	0.000000	0.000000	0.131576
21	Subscriber Line Usage SLU	SLU	1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
22	Allocates 6622 Number Services Alpha and TWX													
23														
24	Wtd Standard Work Sec	ACCS	1	0	0	0	0	0	0	0	0	0	0	1
25	Allocates 6623 Call Completion Service Exp													
26			1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
27														
27	End User SOP Contacts	AEUS	1	0	0	0	0	0	0	0	0	0	0	1
28	Allocates 6623 Cat 1.1 End User SOP Exp													
29			1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	1.000000
30														
30	End User Pay & Col Revenue	AEUP	1,490,095	229,302	2,367	107,651	673,494	0	0	0	0	0	0	477,281
31	Allocates 6623 Cat 1.2 End User Pay & Col Exp													
32			1.000000	0.153884	0.001589	0.072244	0.451981	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.320302
33														
33	End User Billing Inq Cont	AEUB	110	35	0	22	6	0	0	0	0	0	0	47
34	Allocates 6623 Cat 1.3 EU Billing Inquiry Exp													
35			1.000000	0.318182	0.000000	0.200000	0.054545	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.427273
36														
36	Foreign Directory	AFOR	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
37														
38														
39														

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange	
Line	Description	Source	TOTAL	INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA					
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	SEPARATION AMOUNTS, FACTORS, AND ALLOCATION DEVELOPMENT													
2														
3	IXC SOP Contacts	AIXS	100	50	0	25	25	0	0	0	0	0	0	0
4	Allocates 6623 Cat 1.4 IXC Serv Ord Proc Exp		1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5														
6	IXC Pay & Coll Revenues	AIXP	1,012,814	229,302	2,367	107,651	673,494	0	0	0	0	0	0	0
7	Allocates 6623 Cat 1.5 IXC Pay & Col Exp		1.000000	0.226401	0.002337	0.106289	0.664973	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8														
9	IXC Billing Inq Contacts	AIXB	100	50	0	25	25	0	0	0	0	0	0	0
10	Allocates 6623 Cat 1.6 IXC Billing Inquiry Exp		1.000000	0.500000	0.000000	0.250000	0.250000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
11														
12	Coin Revenues	ACCL	10,000	2,265	6	1,144	1,716	0	0	0	0	0	0	4,869
13	Allocates 6623 Cat 1.7 Coin Collection Expense		1.000000	0.226541	0.000618	0.114367	0.171585	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.486889
14														
15	CABS Factor	ACBC	1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
16	Allocates 6623 Cat 2 Carrier Access B&C Expense		1.000000	0.500000	0.000000	0.199976	0.300024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
17														
18	Users	AOBC	10,000	2,982	0	1,755	1,754	0	0	0	0	0	0	3,509
19	Allocates 6623 Cat 2 Other B&C Expense		1.000000	0.298200	0.000000	0.175500	0.175400	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.350900
20														
21	Messages Billed	AMPE	1,968,664	639,729	4,228	367,889	956,818	0	0	0	0	0	0	0
22	Allocates 6623 Cat 2 Message Processing Expens		1.000000	0.324956	0.002148	0.186872	0.486024	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
23														
24	Equal Access Allocator	AEQE	1	1	0	0	0	0	0	0	0	0	0	0
25	Allocates Equal Access Investment & Expense		1.000000	0.703210	0.000000	0.296790	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
26														
27	Presubscription Allocator	APRE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
28														
29														
30	Rate of Return	ROR		11.25%	11.25%	10.00%	10.00%	11.25%	11.25%	10.00%	10.00%	10.00%	10.00%	9.99%
31	Cash Working Capital - 1 for Jurisdictions w/no CWC			0	0	0	0	0	0	0	0	0	0	0

PART 36 SEPARATION PROGRAM

COMPANY: S&T Telephone Cooperative Association  
DESCRIPTION: 2013 Cost Study - KUSF  
TIME PERIOD: 12/31/13

File: Part 36  
VERSION: 3.2 10/31/13  
PRINTED: 05/14/14 12:31 PM

Part 36

Part 36			TOTAL	MESSAGE TOLL SERVICE				PRIVATE LINE				OPTIONAL	CHCF	Local Exchange
Line	Description	Source		INTERSTATE		INTRASTATE		INTERSTATE		INTRASTATE				
		Allocator		InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA	InterLATA	IntraLATA			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	DIRECT ASSIGNMENTS													
2														
3	6540 Access Expense	NAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0
4		INTERSTATE	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
5														
6	6540 Access Expense DA	DANAE	0	0	0	0	0	0	0	0	0	0	0	0
7			0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
8														
9	6540 Access Expense	DNAE	66,669	66,669	0	0	0	0	0	0	0	0	0	0
10														
11														
12	Account 6620													
13	Cat 3 Customer Services	OTH	0	0	0	0	0	0	0	0	0	0	0	0
14		AS1&2	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
15														
16	Cat 3 Cust Serv Direct Assignment		5,557	5,557	0	0	0	0	0	0	0	0	0	0
17		DAOTH	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
18														
19	Cat 3 Customer Services	DOTH	5,557	5,557	0	0	0	0	0	0	0	0	0	0
20														
21														
22	6720 General & Administrative	G&A	701,678	193,195	2,155	68,848	173,492	49,632	0	1,180	3,285	0	0	209,891
23		ABIG3	1.000000	0.275333	0.003071	0.098119	0.247254	0.070733	0.000000	0.001681	0.004681	0.000000	0.000000	0.299128
24														
25	6720 Gen & Admin Direct Assignment		122,055	122,055	0	0	0	0	0	0	0	0	0	0
26		DAG&A	1.000000	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
27														
28	6720 General & Administrative	DG&A	823,733	315,250	2,155	68,848	173,492	49,632	0	1,180	3,285	0	0	209,891
29														
30														
31	Acct 7200 Operating Taxes	OTX	403,973	102,295	858	31,977	111,085	30,501	0	914	2,292	0	0	124,050
32		A2OO1	1.000000	0.253223	0.002123	0.079157	0.274982	0.075503	0.000000	0.002261	0.005673	0.000000	0.000000	0.307076
33														
34	Operating Taxes Direct Assignment		0	0	0	0	0	0	0	0	0	0	0	0
35		DAOTX	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
36														
37	Acct 7200 Operating Taxes	DOTX	403,973	102,295	858	31,977	111,085	30,501	0	914	2,292	0	0	124,050

## SECTION 15

**KANSAS 547  
THE S & T TELEPHONE COOPERATIVE  
ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORTS  
Years ended December 31, 2013 and 2012**

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**Contents**

	<u>Page</u>
Independent Auditor's Report.....	1 - 2
Consolidated Financial Statements:	
Consolidated Balance Sheets.....	3 - 4
Consolidated Statements of Operations .....	5
Consolidated Statements of Comprehensive Income .....	6
Consolidated Statements of Members' Equity.....	7 - 8
Consolidated Statements of Cash Flows.....	9 - 10
Notes to Consolidated Financial Statements.....	11 - 27
Supplementary Information:	
Independent Auditor's Report on Supplementary Information.....	29
Consolidating Balance Sheet as of December 31, 2013.....	30 - 31
Consolidating Statement of Operations for the year ended December 31, 2013.....	32
Consolidating Balance Sheet as of December 31, 2012.....	33 - 34
Consolidating Statement of Operations for the year ended December 31, 2012.....	35
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Consolidated Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	36 - 38
Independent Auditor's Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements for Telecommunications Borrowers.....	39 - 41





## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The S & T Telephone Cooperative Association and Subsidiary  
Brewster, Kansas

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of The S & T Telephone Cooperative Association (a Kansas corporation) and subsidiary as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, members' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment; including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management as well as evaluating the overall consolidated financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The S & T Telephone Cooperative Association and subsidiary as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued a report dated April 23, 2014, on our consideration of The S & T Telephone Cooperative Association and subsidiary's internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Kwikij Accountants LLP". The signature is written in a cursive, flowing style.

Colorado Springs, Colorado  
April 23, 2014

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED BALANCE SHEETS  
December 31, 2013 and 2012**

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,831,168	\$ 6,432,935
Special construction account	315,226	-
Accounts receivable:		
Due from customers	55,957	88,140
Interexchange carriers	780,665	676,131
Other	75,013	160,147
Refundable income taxes	69,453	108,900
Accrued interest receivable	6,560	7,080
Materials and supplies, at average cost	1,044,141	1,668,134
Inventory, at average cost	400,208	294,150
Other prepayments	171,632	137,850
	<u>8,750,023</u>	<u>9,573,467</u>
<b>OTHER NONCURRENT ASSETS</b>		
Marketable securities	4,281,541	3,384,380
Investment in lenders	458,104	625,183
Equity in unconsolidated affiliate	403,442	453,978
Other investments	102,083	172,278
Notes receivable	67,114	67,114
Deferred income taxes	-	106,282
Intangibles, net of amortization	248,435	248,435
Goodwill	1,437,415	1,437,415
	<u>6,998,134</u>	<u>6,495,065</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Telephone plant in service	87,355,313	78,245,421
Video plant in service	5,362,026	5,193,770
Internet plant in service	2,774,952	2,540,951
Other equipment	862,985	857,970
	<u>96,355,276</u>	<u>86,838,112</u>
Less accumulated depreciation	66,534,586	62,836,204
	<u>29,820,690</u>	<u>24,001,908</u>
Plant under construction	4,027,015	1,920,875
	<u>33,847,705</u>	<u>25,922,783</u>
<b>TOTAL ASSETS</b>	<u>\$ 49,595,862</u>	<u>\$ 41,991,315</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED BALANCE SHEETS  
December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 2,233,800	\$ 1,802,000
Current portion of postretirement benefits	20,964	20,437
Accounts payable:		
Interexchange carriers	157,972	215,502
Other	2,283,192	687,633
Line of credit	-	1,210,228
Customer deposits	12,350	9,950
Accrued taxes	446,058	461,066
Accrued interest payable	1,598	8,493
Other accrued liabilities	41,099	52,143
	<u>5,197,033</u>	<u>4,467,452</u>
 LONG-TERM DEBT, less current portion	 <u>17,909,435</u>	 <u>11,778,188</u>
 OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes	179,462	-
Accrued post retirement benefits	1,095,350	988,187
	<u>1,274,812</u>	<u>988,187</u>
 MEMBERS' EQUITY		
Memberships	7,475	7,915
Patronage capital assignable	5,347,202	6,177,405
Patronage capital assigned	37,107,039	36,053,686
Other equities	8,642	8,642
Unallocated losses of subsidiary	(17,554,324)	(17,554,324)
Accumulated other comprehensive income:		
Unrealized gains on certain investments	329,766	117,456
Post retirement benefits	(31,218)	(53,292)
	<u>25,214,582</u>	<u>24,757,488</u>
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	 <b><u>\$ 49,595,862</u></b>	 <b><u>\$ 41,991,315</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF OPERATIONS  
Years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>		
Local network services	\$ 1,924,182	\$ 1,927,542
Network access services	7,873,284	8,992,486
Long distance services	425,494	532,067
Video Services	2,997,697	3,079,072
Internet services	2,962,023	2,834,279
Wireless services	716,769	940,069
Nonregulated sales and services	625,923	644,978
Miscellaneous	745,345	782,439
	<u>18,270,717</u>	<u>19,732,932</u>
<b>OPERATING EXPENSES</b>		
Cost of long distance services	251,617	425,562
Cost of video services	2,022,938	2,095,171
Cost of internet services	582,984	467,391
Cost of wireless services	465,363	502,682
Cost of nonregulated sales and services	493,182	534,871
Plant specific operations	4,495,312	4,682,279
Plant nonspecific operations	939,122	813,415
Depreciation and amortization	3,858,754	3,744,620
Customer operations	1,633,789	1,577,848
Corporate operations	1,889,668	2,100,759
General taxes	893,027	922,242
	<u>17,525,756</u>	<u>17,866,840</u>
<b>OPERATING MARGINS</b>	<u>744,961</u>	<u>1,866,092</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest and dividend income	129,897	114,877
Interest during construction	259,042	24,820
Income from custom work	22,970	92,150
Gain on sale of investments	452,647	86,652
Equity loss from unconsolidated affiliate	(50,536)	(18,641)
Interest expense	(764,500)	(778,726)
Other, net	(27,342)	14,006
	<u>22,178</u>	<u>(464,862)</u>
<b>MARGINS BEFORE INCOME TAXES</b>	767,139	1,401,230
<b>INCOME TAXES</b>	<u>78,176</u>	<u>(117,936)</u>
<b>NET MARGINS</b>	<u>\$ 688,963</u>	<u>\$ 1,519,166</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
Years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
NET MARGINS	\$ <u>688,963</u>	\$ <u>1,519,166</u>
Other comprehensive income, net of tax:		
Unrealized gains (losses) on securities:		
Unrealized holding gains arising during the period, net of tax of \$308,191 and \$74,497	459,966	116,485
Less: reclassification adjustment for gains included in net income, net of tax of (\$174,605) and (\$11,205)	(247,656)	(15,893)
Post-retirement benefit plans:		
Net gain arising during period	<u>22,074</u>	<u>62,902</u>
COMPREHENSIVE INCOME	\$ <u><u>923,347</u></u>	\$ <u><u>1,682,660</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY  
Years Ended December 31, 2013 and 2012**

	<u>Memberships</u>	<u>Patronage Capital Assignable</u>	<u>Patronage Capital Assigned</u>	<u>Other Equities</u>
Balance at December 31, 2011	\$ 8,160	\$ 5,586,768	\$ 35,317,608	\$ 8,642
Net margins		1,519,166		
Unrealized losses on securities, net of income taxes				
Allocation of capital credits		(928,529)	928,529	
Postretirement benefits				
Payments of capital credits			(192,451)	
Change in memberships	<u>(245)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at December 31, 2012	7,915	6,177,405	36,053,686	8,642
Net margins		688,963		
Unrealized gains on securities, net of income taxes				
Allocation of capital credits		(1,519,166)	1,519,166	
Postretirement benefits				
Payments of capital credits			(465,813)	
Change in memberships	<u>(440)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Balance at December 31, 2013	<u>\$ 7,475</u>	<u>\$ 5,347,202</u>	<u>\$ 37,107,039</u>	<u>\$ 8,642</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY  
Years Ended December 31, 2013 and 2012**

<u>Unallocated Losses of Subsidiary</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total Members' Equity</u>
\$ (17,554,324)	\$ (99,330)	\$ 23,267,524
		1,519,166
	100,592	100,592
	62,902	62,902
		(192,451)
		(245)
<u>(17,554,324)</u>	<u>64,164</u>	<u>24,757,488</u>
		688,963
	212,310	212,310
	22,074	22,074
		(465,813)
		(440)
<u><u>\$ (17,554,324)</u></u>	<u><u>\$ 298,548</u></u>	<u><u>\$ 25,214,582</u></u>

The accompanying notes are an integral part of these consolidated financial statements.



**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net margins	\$ 688,963	\$ 1,519,166
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,858,754	3,744,620
Deferred income taxes	152,158	39,333
Patronage in business conducted with cooperatives	(9,199)	(15,893)
Patronage distributions received from business conducted with cooperatives	176,278	170,161
Interest during construction	(259,042)	(24,820)
Gain on sale of investments	(452,647)	(86,652)
Equity loss in unconsolidated affiliates	50,536	18,641
Changes in assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable	52,750	288,758
Materials, supplies and inventories	517,935	599,515
Prepayments	(33,782)	101,178
Increase (Decrease) in:		
Accounts payable	(122,069)	70,117
Accrued taxes	(15,008)	(55,367)
Other	111,825	123,024
Net cash provided by operating activities	<u>4,717,452</u>	<u>6,491,781</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(9,862,138)	(2,599,908)
Purchase of marketable securities	(7,841,933)	(5,015,518)
Proceeds from sale of marketable securities	7,743,315	4,482,674
Proceeds from rural development loan repayments	70,195	71,813
Net cash used in investing activities	<u>(9,890,561)</u>	<u>(3,060,939)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowing	9,461,420	-
Repayment of long-term debt	(2,898,371)	(3,725,120)
Proceeds from short-term borrowing	-	1,210,228
Repayment of short-term borrowings	(1,210,228)	-
Change in special construction account	(315,226)	-
Capital credit payments	(465,813)	(192,451)
Change in memberships	(440)	(245)
Net cash provided by (used in) financing activities	<u>4,571,342</u>	<u>(2,707,588)</u>
Net Increase in Cash and Cash Equivalents	(601,767)	723,254
Cash and Cash Equivalents at Beginning of Year	<u>6,432,935</u>	<u>5,709,681</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,831,168</u>	<u>\$ 6,432,935</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
Years ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash investing and financing transactions:		
Acquisitions of property and equipment	\$ 1,730,857	\$ 68,359
Increase in accounts payable	<u>(1,730,857)</u>	<u>(68,359)</u>
	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The S & T Telephone Cooperative Association and subsidiary (herein referred to as "the Company") are providers of telecommunications exchange, local access, internet and related services, video, communications equipment sales, advertising production, wireless and long distance services in a service area located primarily in northwestern Kansas.

The accounting policies of the Company conform to accounting principles generally accepted in the United States of America. Management uses estimates and assumptions in preparing its consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management has evaluated subsequent events through April 23, 2014, the date the consolidated financial statements were available for issue. Telephone operations reflect practices appropriate to the telephone industry. The accounting records of the telephone company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the Kansas Corporation Commission (KCC).

**Principles of Consolidation**

The consolidated financial statements include the accounts of the parent company, The S & T Telephone Cooperative Association, and its 100%-owned subsidiary, S & T Communications, LLC (a Kansas Limited Liability Company). All material intercompany transactions have been eliminated in consolidation.

**Cash Equivalents**

All highly liquid investments with a maturity of three months or less at the time of purchase are considered cash equivalents.

**Accounts Receivable**

Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. As a result, the Company determined an allowance for doubtful accounts was not needed for the years ended December 31, 2013 and 2012.

**Inventory**

Inventory is stated at the lower of cost or market with cost determined by the average cost method. Inventory consists of wireless mobile telephone and computer equipment that is purchased by the Company primarily for sale to customers.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Debt and marketable securities bought and held principally for selling in the near future are classified as trading securities and carried at fair value. Unrealized holding gains and losses on trading securities are reported in earnings. Marketable securities classified as available-for-sale are carried at fair value with unrealized holding gains and losses recorded as a separate component of members' equity. Debt securities for which the Company has both the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. The Company uses the average cost method of computing realized gains and losses.

Nonmarketable equity investments over which the Company has significant influence are reflected on the equity method. Other nonmarketable equity investments are stated at cost.

**Goodwill and Intangibles**

Goodwill and intangible assets deemed to have indefinite lives are stated at the lower of cost or fair value. These assets are subject to periodic impairment tests. Intangible assets with definite lives are amortized.

**Property, Plant and Equipment**

Property, plant and equipment is capitalized at original cost including the capitalized cost of salaries and wages, materials, certain payroll taxes, employee benefits and interest incurred during the construction period.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property as approved by the KCC and the Board of Directors.

Renewals and betterments of units of telephone property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable telephone property. Repairs and renewals of minor items of telephone property are included in plant specific operations expense.

Repairs of video, internet and other equipment, as well as renewals of minor items, are charged to plant specific operations expense. A gain or loss is recognized when video, internet and other equipment is sold or retired.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Asset Retirement Obligations**

Generally accepted accounting principles require entities to record the fair value of a liability for legal obligations associated with an asset retirement in the period in which the obligations are incurred. When the liability is initially recorded, the entity capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset.

The Company has determined it does not have a material legal obligation to remove long-lived assets, and accordingly, there have been no liabilities recorded for the years ended December 31, 2013 and 2012.

**Software**

The Company capitalizes software costs (including right-to-use fees) associated with externally acquired software for internal use. Software maintenance and training costs are expensed as incurred. Capitalized software is generally amortized on a straight-line basis over its useful life, not to exceed five years.

**Long-Lived Assets**

The Company would provide for impairment losses on long-lived assets when no longer cost of service regulated, indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Based on current conditions, management does not believe any of its long-lived assets are impaired.

**Income Taxes**

The Company is organized and operated on a nonprofit basis. However, as more fully explained in Note 7, the Company has provided for income taxes on certain portions of its operations.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the consolidated financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes related to nonpatronage sourced activities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred taxes arise from market value adjustments for marketable securities and capital loss carryforwards. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible, when the assets and liabilities are recovered or settled. Temporary differences related to patronage sourced activities are not expected to offset tax liabilities when the differences are recovered or settled.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

The Company recognizes revenues when earned regardless of the period in which they are billed. The Company is required to provide telephone service to subscribers within its defined service territory.

Local network service, video, wireless and internet revenues are recognized over the period a subscriber is connected to the network.

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by the National Exchange Carrier Association (NECA) which is regulated by the FCC. The intrastate portion of access revenues is billed based upon an individual company tariff access charge structure based on expense and plant investment of the Company as approved by the KCC. The tariffs developed from this structure are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment levels and rate of return experience.

Revenues from network access and long distance services were increased/(decreased) by approximately \$(13,000) and \$257,000 in 2013 and 2012, respectively, as a result of adjustments to prior years' estimates.

Other revenues include contractually determined arrangements for the provision of billing and collecting services and are recognized in the period when the services are performed.

Both the revenues and expenses related to directory publishing activities are recognized in the period when the directory is published.

Revenues from system sales and services are derived from the sale, installation, and servicing of communications and computer systems. Customer contracts of sales and installations are recognized using the completed-contract method which recognizes income when the contract is substantially complete. Rental revenues are recognized over the rental period. These services are included in nonregulated sales and services.

The Company recognizes internet revenue as the total amount earned from charges to customers in the statement of operations as internet services. In accordance with tariffs filed with the FCC by the National Exchange Carriers Association (NECA), the company charges its non-regulated internet operations the tariffed wholesale DSL rate from the use of the Company's regulated plant facilities. These charges in network access services and cost of internet services totaled \$210,666 and \$182,576 in 2013 and 2012 respectively.

The company recognizes taxes charged to customers on a net basis.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

Shipping and Handling Costs

The Company classifies shipping and handling billed to customers as sales revenues and the related expense as a cost of sales.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were \$167,952 and \$132,986 in 2013 and 2012, respectively.

Patronage Capital

Revenues in excess of costs and expenses are assigned to patrons on a patronage basis in accordance with the Company's bylaws and are represented by patronage capital.

Fair Value Measurements

The Company determines the fair value of its financial assets and liabilities based on the fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels of inputs may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform with the 2013 presentation.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 2. SECURITIES INVESTMENTS**

The amortized cost and fair value of available-for-sale and held-to-maturity securities are:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
<b>December 31, 2013:</b>				
Available-for-sale debt securities:				
Corporate Bonds	\$ 393,670	\$ 5,136	\$ (2,908)	\$ 395,898
Total	<u>\$ 393,670</u>	<u>\$ 5,136</u>	<u>\$ (2,908)</u>	<u>\$ 395,898</u>
Available-for-sale equity securities:				
Basic Materials Industry	\$ 876,638	\$ 242,875	\$ (639)	\$ 1,118,874
Conglomerates Industry	7,192	1,820	-	9,012
Consumer Goods Industry	90,377	16,151	(139)	106,389
Financial Services Industry	711,956	42,318	(114)	754,160
Healthcare industry	170,047	32,762	(1,718)	201,091
Industrial Goods Industry	164,549	35,762	(90)	200,221
Services Industry	387,060	56,521	(1,412)	442,169
Technology Industry	291,551	69,255	(788)	360,018
Utilities industry	101,245	531	(744)	101,032
Alternative - Hedge Fund	300,000	33,852	-	333,852
Alternative - Mortgage Backed Securities	250,000	8,825	-	258,825
Total	<u>\$ 3,350,615</u>	<u>\$ 540,672</u>	<u>\$ (5,644)</u>	<u>\$ 3,885,643</u>
Amounts classified as:				
Marketable securities				<u>\$ 4,281,541</u>



**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 2. SECURITIES INVESTMENTS (Continued)**

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>December 31, 2012:</b>				
Available-for-sale debt securities:				
International Bonds	\$ 10,128	\$ 421	\$ -	\$ 10,549
Corporate Bonds	319,711	14,152	(9,259)	324,604
Total	<u>\$ 329,839</u>	<u>\$ 14,573</u>	<u>\$ (9,259)</u>	<u>\$ 335,153</u>
Available-for-sale equity securities:				
Basic Materials Industry	\$ 1,048,273	\$ 132,280	\$ (111,830)	\$ 1,068,723
Conglomerates Industry	8,029	887	-	8,916
Consumer Goods Industry	87,085	9,253	(9,342)	86,996
Financial Services Industry	246,585	27,977	(18,356)	256,206
Healthcare industry	180,969	54,533	(6,677)	228,825
Industrial Goods Industry	81,618	24,842	(2,031)	104,429
Services Industry	270,826	93,161	(17,715)	346,272
Technology Industry	381,502	46,551	(46,880)	381,173
Utilities industry	8,295	276	(1,422)	7,149
Alternative - Hedge Fund	300,000	9,677	-	309,677
Alternative - Mortgage Backed Securities	250,000	861	-	250,861
Total	<u>\$ 2,863,182</u>	<u>\$ 400,298</u>	<u>\$ (214,253)</u>	<u>\$ 3,049,227</u>
Amounts classified as:				
Marketable securities				<u>\$ 3,384,380</u>

Management evaluates the need for recording an other than temporary impairment for these investments annually. Based on the nature and financial information available for each individual investment, the length of time and extent of its fair value being below cost (generally less than twelve months at December 31, 2013) and the Company's ability and intent to hold the investments for a sufficient time to allow for the recovery of the cost of the investment, an other than temporary impairment has not been recognized as of December 31, 2013 and 2012.

Proceeds from sales of available-for-sale securities were \$7,743,315 and \$4,482,674 in 2013 and 2012, respectively. The gross realized gains on sales of available-for-sale securities totaled \$700,973 and \$259,133 in 2013 and 2012, respectively, and the gross realized losses totaled \$248,326 and \$172,481 in 2013 and 2012, respectively. The change in net unrealized holding gains (losses) on available-for-sale securities included as a separate component of comprehensive income before tax totaled \$345,926 and \$163,884 in 2013 and 2012, respectively.

Investments measured at fair value are valued at Level 1 in the fair value hierarchy.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 2. SECURITIES INVESTMENTS (Continued)**

The amortized cost and fair value of debt securities at December 31, 2013, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

	Amortized Cost	Fair Value
Available-for-Sale:		
Due after one year through three years	\$ 10,309	\$ 10,375
Due after three years	<u>383,361</u>	<u>385,523</u>
	<u>\$ 393,670</u>	<u>\$ 395,898</u>

**NOTE 3. COST AND EQUITY METHOD INVESTMENTS**

The Company has a 3.54% interest in the Kansas Fiber Network LLC (KFN). This investment is accounted for by the equity method. For the investments (\$403,442 and \$453,978 December 31, 2013 and 2012 respectively) accounted for under the equity method, the Company recognizes its proportionate share of the income and losses accruing to it under the terms of its member agreements.

The following is a summary of condensed financial information pertaining to the investment described above:

	December 31,	
	2013	2012
Assets	\$ 27,073,635	\$ 26,869,637
Liabilities	<u>15,706,984</u>	<u>14,076,791</u>
Equity	<u>\$ 11,366,651</u>	<u>\$ 12,792,846</u>

	Years Ended December 31,	
	2013	2012
Revenues	\$ 10,986,080	\$ 7,844,826
Expenses	<u>12,412,275</u>	<u>8,370,897</u>
Net Loss	<u>\$ (1,426,195)</u>	<u>\$ (526,071)</u>

Because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs, management has determined it is not practical to estimate the fair value of these investments. However, management believes that the carrying amount of these investments at December 31, 2013, included in other investments is not impaired.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 3. COST AND EQUITY METHOD INVESTMENTS (Continued)**

Other investments also include the following investments recorded at cost:

	December 31,	
	2013	2012
Kansas Consolidated Professional Resources	\$ 3,008	\$ 3,008
RDUP Rural Development Investments	75,000	145,195
Refundable Deposits	24,075	24,075
	<u>\$ 102,083</u>	<u>\$ 172,278</u>

Management determined it is not practical to estimate the fair value of the cost method investments.

**NOTE 4. GOODWILL AND INTANGIBLES**

Goodwill consists of the following:

	2013	2012
Balance Beginning and End of Year	<u>\$ 1,437,415</u>	<u>\$ 1,437,415</u>

Intangible assets at December 31 consist of the following:

	2013		2012	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
<u>Amortized Intangibles</u>				
CATV Franchises and Consents	\$ 69,624	\$ (69,624)	\$ 69,624	\$ (69,624)
	<u>\$ 69,624</u>	<u>\$ (69,624)</u>	<u>\$ 69,624</u>	<u>\$ (69,624)</u>
<u>Unamortized Intangibles</u>				
FCC Spectrum Licenses	<u>\$ 248,435</u>		<u>\$ 248,435</u>	

Amortization expense was \$0 and \$144 for the years ended December 31, 2013 and 2012, respectively.

There is no estimated amortization expense for 2014.

The Company annually assesses its recorded balances of goodwill and indefinite lived intangible assets for impairment. The fair value of goodwill and indefinite lived intangibles is based on level 3 inputs of the fair value hierarchy. The estimated fair value is derived from various valuation techniques, including market capitalization, comparable sales and discounted cash flows. As a result, the Company determined no impairment needed to be recorded for the years ended December 31, 2013 and 2012.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment includes the following:

	<u>2013</u>	<u>2012</u>
Telephone plant in service:		
Land	\$ 257,831	\$ 257,831
Vehicles and work equipment	1,526,988	1,335,286
Buildings	6,022,456	6,008,645
Furniture and office equipment	1,065,652	1,004,195
Switching equipment	22,294,191	20,269,039
Outside plant	56,186,888	49,369,118
Other plant and equipment	1,307	1,307
Subtotal	<u>87,355,313</u>	<u>78,245,421</u>
Video plant in service:		
Buildings	120,923	120,923
Head end equipment	2,106,052	1,982,187
Other work equipment	214,234	213,678
Transmission facilities	364,475	364,475
Distribution facilities	1,096,460	1,096,460
Digital set top boxes	838,055	803,338
Outside plant	281,554	273,177
Towers	144,508	144,508
Subscriber drops	107,688	106,947
Cable modems	88,077	88,077
Subtotal	<u>5,362,026</u>	<u>5,193,770</u>
Internet plant in service:		
Internet circuit equipment	1,755,691	1,582,811
DSL equipment	232,054	219,151
700 MHZ equipment	781,106	733,095
VOIP equipment	6,101	5,894
Subtotal	<u>2,774,952</u>	<u>2,540,951</u>
Other equipment	<u>862,985</u>	<u>857,970</u>
Total property, plant and equipment	<u>\$ 96,355,276</u>	<u>\$ 86,838,112</u>

Depreciation on depreciable property resulted in composite rates of 4.22% and 4.32% for 2013 and 2012, respectively.

**NOTE 6. LINE OF CREDIT**

The Company has a \$2,000,000 interim financing line of credit with the Rural Telephone Finance Cooperative (RTFC) as of December 31, 2013. The \$2,000,000 line of credit is available until October 30, 2014, with \$2,000,000 and \$789,772 unadvanced as of December 31, 2013 and 2012, respectively. The line of credit had an interest rate of 5.50% at December 31, 2012.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 7. INCOME TAXES**

Income taxes reflected in the Consolidated Statements of Operations consist of the following:

	<u>2013</u>	<u>2012</u>
Federal income taxes:		
Deferred tax expense	\$ 121,639	\$ 31,312
State income taxes:		
Current tax benefit	(73,982)	(157,269)
Deferred tax expense	30,519	8,021
Total income tax expense (benefit)	<u>\$ 78,176</u>	<u>\$ (117,936)</u>

No cash was paid for income taxes during 2013 or 2012.

Income tax refunds of \$108,900 and \$200,000 were received during 2013 and 2012, respectively.

Deferred federal and state tax liabilities and assets reflected in the Consolidated Balance Sheets are summarized as follows:

	<u>2013</u>	<u>2012</u>
Deferred Tax Liabilities		
Federal	\$ 169,880	\$ 60,507
State	37,608	13,395
Total Deferred Tax Liabilities	<u>207,488</u>	<u>73,902</u>
Deferred Tax Assets		
Federal	24,108	145,747
State	3,918	34,437
Total Deferred Tax Assets	<u>28,026</u>	<u>180,184</u>
Net Deferred Tax (Assets)/Liabilities	<u>\$ 179,462</u>	<u>\$ (106,282)</u>
Current Portion	\$ -	\$ -
Long-term Portion	179,462	(106,282)
Net Deferred Tax (Assets)/Liabilities	<u>\$ 179,462</u>	<u>\$ (106,282)</u>

Refundable income taxes of \$69,453 and \$108,900 appearing on the Consolidated Balance Sheets at December 31, 2013 and 2012, respectively, reflect overpayments of estimated taxes.

Capital loss carryforwards of \$55,968 are available to reduce future capital gain income. These credits expire at various times through 2015.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 7. INCOME TAXES (Continued)**

The tax provision differs from the expense that would result from applying the federal statutory rates to operations before income taxes because the Company is permitted to exclude from taxable income, margins generated from patronage sourced activities if those margins are appropriately allocated to patrons as capital credits and the timing of refundable state income tax credits. This excluded income will vary from year to year, resulting in fluctuations in the effective rate and income expense.

The Company has evaluated its income tax positions and has determined that there are no uncertain tax positions that need to be recorded or reported in the financial statements at December 31, 2013 and 2012.

The Company's federal and state income tax returns for the years 2010 to present remain subject to examination.

**NOTE 8. LONG-TERM DEBT**

Long-term debt consists of:

	2013	2012
RDUP mortgage notes - 2.00%	\$ 300,623	\$ 431,095
RDUP mortgage note 2.445%	4,684,606	-
RDUP mortgage note 2.59%	2,307,422	-
RDUP mortgage note 3.015%	950,000	-
RDUP mortgage note 3.045%	1,514,392	-
RDUP mortgage notes - 3.4167%	105,268	125,382
RDUP mortgage notes - 4.168%	517,295	613,979
RDUP mortgage notes - 4.924%	1,272,457	1,438,930
RDUP mortgage notes - 5.00%	7,074,453	8,281,933
RDUP economic development loan	75,000	145,195
RTB mortgage note - 5.13%	261,010	308,502
RTB mortgage note - 6.05%	816,852	916,778
RTFC mortgage notes - variable rate, 3.55% and 5.50% at December 31, 2013 and 2012, respectively	376,589	1,425,663
RDUP advanced payments	(112,732)	(107,269)
Total long-term debt	20,143,235	13,580,188
Less current portion	2,233,800	1,802,000
	<u>\$ 17,909,435</u>	<u>\$ 11,778,188</u>

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 8. LONG-TERM DEBT (Continued)**

The annual requirements for principal payments on long-term debt for the next five years are estimated as follows:

2014	\$ 2,233,800
2015	2,292,500
2016	2,214,000
2017	2,144,600
2018	1,885,400

Substantially all assets of the Company are pledged as security for the long-term debt under certain loan agreements with the Rural Development Utilities Program, the Rural Telephone Bank (RTB) and the Rural Telephone Finance Cooperative. These mortgage notes are to be repaid in equal installments covering principal and interest beginning after date of issue and expiring by 2025.

The mortgage to the United States of America, underlying the RDUP and RTB notes, contains certain restrictions on the declaration or payment of patronage dividends, redemption of membership or investment in affiliated companies except as might be specifically authorized in writing in advance by the RDUP and RTB noteholders.

The security and loan agreements underlying the RTFC notes contain certain restrictions on distributions to stockholders, investment in, or loans to others and payment of management fees or an increase in management fees. In addition, the security and loan agreements contain provisions regarding certain debt service coverage and times interest earned ratios calculated on a consolidated basis for the Company.

Cash paid for interest net of amounts capitalized for 2013 and 2012 totaled \$512,353 and \$762,619, respectively.

Unadvanced funds at December 31, 2013 for long-term notes total \$20,357,580.

Under the provisions of the loan contract, advances of loan funds shall be deposited in a special construction account and held in trust for the government until disbursed. The loan contract restricts disbursements to such expenditures as RDUP may authorize. All payments from the trust accounts are subject to RDUP approval.

**NOTE 9. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN**

The Company contributes to the "Retirement and Security Program (R&S) for Employees of the National Telecommunications Cooperative Association (NTCA) and Its Member Systems". The multiemployer program is a defined benefit pension plan covering most employees. The risk of participating in this multiemployer plan is different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 9. MULTIEMPLOYER DEFINED BENEFIT PENSION PLAN (Continued)**

- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Company chooses to stop participating in the multiemployer plan, they may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in this plan for the annual period ended December 31, 2013, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at December 31, 2012, and December 31, 2011, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented.

The Program does not have a certified zone status as currently defined by the PPA because the Program is considered a multiple employer plan pursuant to the Internal Revenue Code and ERISA. Based on the latest plan information the plan zone status is disclosed in the table below.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/Implemented	Contributions		Surcharge Imposed
				12/31/2013	12/31/2012	
R&S	52-0741336/333	N/A	N/A	\$ 424,303	\$ 422,220	No

At the date the consolidated financial statements were issued, Forms 5500 were not available for the plan years ending in 2013.

**NOTE 10. POST-RETIREMENT BENEFIT PLAN**

The Company has a post-retirement benefit plan for retirees that provides health insurance to retired employees and their spouses. Employee contributions are not required. The plan anticipates that benefits offered under the plan will be adjusted periodically in accordance with the changes adopted for the active employees. The Company makes contributions to a health savings account. Contributions are limited to the amounts permitted under the Internal Revenue Service rules for determining tax-deductible contributions.

Since the state regulatory authority permits the recognition of the funded amount for ratemaking, the Company's expenses/revenues are adjusted to reflect benefit expenses recorded.



**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 10. POST-RETIREMENT BENEFIT PLAN (Continued)**

The following table sets forth information about the benefit plan for the year ended December 31,:

	<u>2013</u>	<u>2012</u>
<u>Post-retirement plan obligations and funded status:</u>		
Projected benefit obligation at December 31	\$ 1,116,314	\$ 1,008,624
Post-retirement plan assets at fair value at December 31	<u>-</u>	<u>-</u>
Funded status	<u>\$ 1,116,314</u>	<u>\$ 1,008,624</u>
	<u>2013</u>	<u>2012</u>
<u>Amounts recognized in the balance sheet:</u>		
Current liabilities	\$ 20,964	\$ 20,437
Noncurrent liabilities	<u>1,095,350</u>	<u>988,187</u>
Net amount recognized	<u>\$ 1,116,314</u>	<u>\$ 1,008,624</u>
	<u>2013</u>	<u>2012</u>
<u>Amounts recognized in accumulated other comprehensive income:</u>		
Net actuarial loss (gain)	<u>\$ (31,218)</u>	<u>\$ (53,292)</u>

**Assumptions**

The key actuarial assumptions used to determine the post-retirement benefit obligation as of December 31, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
<u>Weighted-average assumptions used to determine postretirement benefit obligations at December 31:</u>		
Discount rate	4.50 %	5.00 %
Medical cost trend rate	7.25 %	7.45 %
	<u>2013</u>	<u>2012</u>
	<u>Pre-65</u>	<u>Post 65</u>
<u>Health care inflation:</u>		
Initial rate	8.00 %	8.00 %
Ultimate rate	5.00 %	5.00 %
Year ultimate rate achieved	2017	2017
Discount rate	4.50 %	5.00 %
	<u>2013</u>	<u>2012</u>
	<u>Pre-65</u>	<u>Post 65</u>
Initial rate	8.00 %	8.00 %
Ultimate rate	5.00 %	5.00 %
Year ultimate rate achieved	2016	2016
Discount rate	5.00 %	5.00 %

**Plan Assets**

There are no plan assets as of December 31, 2013 and 2012.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 10. POST-RETIREMENT BENEFIT PLAN (Continued)**

**Cash Flows**

**Contributions**

The Company made no contributions to its postretirement benefit plan in 2013 and 2012.

The Company does not expect to contribute to its postretirement benefit plan in 2014 beyond the expected future benefit payments.

**Estimated Future Benefit Payments**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Other Benefits
2014	\$ 20,964
2015	19,223
2016	19,561
2017	18,816
2018	18,675
2019 - 2023	76,746

The effect of a 1% change in health care trend rates would have the following effects on the post-retirement plan:

	2013
1% increase	
Benefit obligation, end of year	\$ 106,005
Service cost plus interest cost for the year	\$ 22,781

**NOTE 11. CONCENTRATIONS OF CREDIT RISK**

The Company grants credit to local service customers, all of whom are located in the franchised service area, and telecommunications intrastate and interstate long distance carriers, video, internet and long distance customers. The Company is subject to competition for telecommunications services including telecommunications exchange, services offered by other providers in the franchised area.

The Company received approximately 43% of its 2013 revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the Telecommunications Act of 1996, the manner in which access revenues and Universal Service Funds are determined is currently being modified by regulatory bodies.

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2013 and 2012**

**NOTE 11. CONCENTRATIONS OF CREDIT RISK (Continued)**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The company places its cash and cash equivalents in several financial institutions which limits the amount of credit exposure in any one financial institutions.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

**NOTE 12. REGULATORY ACCOUNTING**

For its telephone operations, the Company follows generally accepted accounting principles for regulated enterprises. Accordingly, the Company defers certain cost and obligations and depreciates plant and equipment over lives approved by regulators. While the Company continues to believe the current regulatory and competitive environment supports this accounting treatment, should conditions change the Company would be required to write-off these deferred cost and obligations and evaluate the net carrying value of its plant and equipment for any impairment losses absent the future recovery currently permitted by the regulators.

**NOTE 13. REGULATORY MATTERS**

The Company receives revenues from access revenues and assistance provided by the Federal Universal Service Fund. As a result of the National Broadband Plan the manner in which access revenues and Universal Service Funds are determined has been modified by the Federal Communications Commission (FCC) in an order effective December 29, 2011. Among other things, this order provides for (1) a requirement to provide broadband services; (2) the establishment of a Connect America Fund (CAF) to replace current USF and high cost support mechanisms with a cap on the total fund; (3) modifications to the current rate of return support model including caps on the recovery of certain expenditures; (4) a reduction in the terminating access charges billed by the Company over a nine year period with eventual transition to a bill-and-keep framework for the exchange of traffic between carriers; (5) a new access recovery charge on monthly customer bills; and (6) a national framework for reporting and oversight.

The order calls for further guidelines to be adopted on implementation and other topics. Portions of this order applicable to the Company are being challenged. Accordingly, neither the outcome of these proceedings nor their potential impact on the Company can be predicted at this time.

## **SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
The S & T Telephone Cooperative Association and Subsidiary  
Brewster, Kansas

We have audited the consolidated financial statements of The S & T Telephone Cooperative Association and subsidiary as of and for the years ended December 31, 2013, and 2012, and have issued our report thereon dated April 23, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements, but is required by the United States Department of Agriculture, Rural Development Utilities Program. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads 'Kiesling Associates LLP'. The signature is written in a cursive, flowing style.

Colorado Springs, Colorado  
April 23, 2014

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING BALANCE SHEET  
December 31, 2013**

**ASSETS**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,432,847	\$ 1,398,321	\$ -	\$ 5,831,168
Special construction account	315,226	-	-	315,226
Accounts receivable:				
Due from customers	19,511	36,446	-	55,957
Interexchange carriers	643,841	136,824	-	780,665
Affiliates	452,857	-	(452,857)	-
Other	18,229	56,784	-	75,013
Refundable income taxes	69,453	-	-	69,453
Accrued interest receivable	6,560	-	-	6,560
Materials and supplies, at average cost	1,044,141	-	-	1,044,141
Inventory, at average cost	76,925	323,283	-	400,208
Other prepayments	161,632	10,000	-	171,632
	<u>7,241,222</u>	<u>1,961,658</u>	<u>(452,857)</u>	<u>8,750,023</u>
<b>OTHER NONCURRENT ASSETS</b>				
Investment in affiliates	5,368,124	-	(5,368,124)	-
Marketable securities	4,281,541	-	-	4,281,541
Investment in lenders	458,104	-	-	458,104
Equity in unconsolidated affiliate	-	403,442	-	403,442
Other investments	85,808	16,275	-	102,083
Notes receivable	67,114	-	-	67,114
Intangibles, net of amortization	163,200	85,235	-	248,435
Goodwill	1,437,415	-	-	1,437,415
	<u>11,861,306</u>	<u>504,952</u>	<u>(5,368,124)</u>	<u>6,998,134</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Telephone plant in service	79,539,656	7,815,657	-	87,355,313
Video plant in service	-	5,362,026	-	5,362,026
Internet plant in service	-	2,774,952	-	2,774,952
Other equipment	-	862,985	-	862,985
	<u>79,539,656</u>	<u>16,815,620</u>	<u>-</u>	<u>96,355,276</u>
Less accumulated depreciation	<u>53,421,546</u>	<u>13,113,040</u>	<u>-</u>	<u>66,534,586</u>
	26,118,110	3,702,580	-	29,820,690
Plant under construction	4,027,015	-	-	4,027,015
	<u>30,145,125</u>	<u>3,702,580</u>	<u>-</u>	<u>33,847,705</u>
<b>TOTAL ASSETS</b>	<u>\$ 49,247,653</u>	<u>\$ 6,169,190</u>	<u>\$ (5,820,981)</u>	<u>\$ 49,595,862</u>

See Independent Auditor's Report on Supplementary Information

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING BALANCE SHEET  
December 31, 2013**

**LIABILITIES AND MEMBERS' EQUITY**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 2,233,800	\$ -	\$ -	\$ 2,233,800
Current portion of postretirement benefits	20,964	-	-	20,964
Accounts payable:				
Interexchange carriers	93,050	64,922	-	157,972
Affiliates	-	452,857	(452,857)	-
Other	2,161,820	121,372	-	2,283,192
Customer deposits	1,400	10,950	-	12,350
Accrued taxes	295,093	150,965	-	446,058
Accrued interest payable	1,598	-	-	1,598
Other accrued liabilities	41,099	-	-	41,099
	<u>4,848,824</u>	<u>801,066</u>	<u>(452,857)</u>	<u>5,197,033</u>
 LONG-TERM DEBT, less current portion	 <u>17,909,435</u>	 <u>-</u>	 <u>-</u>	 <u>17,909,435</u>
 <b>OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS</b>				
Deferred income taxes	179,462	-	-	179,462
Accrued post retirement benefits	1,095,350	-	-	1,095,350
	<u>1,274,812</u>	<u>-</u>	<u>-</u>	<u>1,274,812</u>
 <b>MEMBERS' EQUITY</b>				
Common stock	-	6,000	(6,000)	-
Memberships	7,475	-	-	7,475
Patronage capital assignable	5,347,202	-	-	5,347,202
Patronage capital assigned	37,107,039	-	-	37,107,039
Other equities	8,642	-	-	8,642
Additional paid-in capital	-	24,206,240	(24,206,240)	-
Unallocated losses of subsidiary	(17,554,324)	-	-	(17,554,324)
Accumulated other comprehensive income:				
Unrealized gains on certain investments	329,766	-	-	329,766
Post retirement benefits	(31,218)	-	-	(31,218)
Retained earnings	-	(18,844,116)	18,844,116	-
	<u>25,214,582</u>	<u>5,368,124</u>	<u>(5,368,124)</u>	<u>25,214,582</u>
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	 <u>\$ 49,247,653</u>	 <u>\$ 6,169,190</u>	 <u>\$ (5,820,981)</u>	 <u>\$ 49,595,862</u>

See Independent Auditor's Report on Supplementary Information

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING STATEMENT OF OPERATIONS  
Year Ended December 31, 2013**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>OPERATING REVENUES</b>				
Local network services	\$ 714,807	\$ 1,209,375	\$ -	\$ 1,924,182
Network access services	6,458,899	1,414,385	-	7,873,284
Long distance services	-	425,494	-	425,494
Internet services	-	2,962,023	-	2,962,023
Video Services	-	2,997,697	-	2,997,697
Wireless services	-	716,769	-	716,769
Nonregulated sales and services	-	625,923	-	625,923
Miscellaneous	222,691	1,041,358	(518,704)	745,345
	<u>7,396,397</u>	<u>11,393,024</u>	<u>(518,704)</u>	<u>18,270,717</u>
<b>OPERATING EXPENSES</b>				
Cost of long distance services	-	251,617	-	251,617
Cost of video services	-	2,022,938	-	2,022,938
Cost of internet services	-	582,984	-	582,984
Cost of wireless services	-	465,363	-	465,363
Cost of nonregulated sales and services	-	493,182	-	493,182
Plant specific operations	2,665,624	2,348,392	(518,704)	4,495,312
Plant nonspecific operations	304,762	634,360	-	939,122
Depreciation and amortization	1,311,280	2,547,474	-	3,858,754
Customer operations	590,606	1,043,183	-	1,633,789
Corporate operations	1,255,026	634,642	-	1,889,668
General taxes	403,973	489,054	-	893,027
	<u>6,531,271</u>	<u>11,513,189</u>	<u>(518,704)</u>	<u>17,525,756</u>
<b>OPERATING MARGINS</b>	<u>865,126</u>	<u>(120,165)</u>	<u>-</u>	<u>744,961</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest and dividend income	129,750	147	-	129,897
Interest during construction	258,509	533	-	259,042
Income from custom work	20,053	2,917	-	22,970
Equity loss from unconsolidated affiliate	-	(50,536)	-	(50,536)
Other, net	(36,093)	8,751	-	(27,342)
Gain on sale of investments	452,647	-	-	452,647
Interest expense	(764,405)	(95)	-	(764,500)
	<u>60,461</u>	<u>(38,283)</u>	<u>-</u>	<u>22,178</u>
<b>MARGINS BEFORE INCOME TAXES AND EQUITY EARNINGS (LOSS) OF SUBSIDIARY</b>	<u>925,587</u>	<u>(158,448)</u>	<u>-</u>	<u>767,139</u>
<b>INCOME TAXES</b>	<u>78,176</u>	<u>-</u>	<u>-</u>	<u>78,176</u>
<b>MARGINS BEFORE EQUITY EARNINGS (LOSS) OF SUBSIDIARY</b>	<u>847,411</u>	<u>(158,448)</u>	<u>-</u>	<u>688,963</u>
<b>EQUITY EARNINGS (LOSS) OF SUBSIDIARY</b>	<u>(158,448)</u>	<u>-</u>	<u>158,448</u>	<u>-</u>
<b>NET MARGINS (LOSS)</b>	<u>\$ 688,963</u>	<u>\$ (158,448)</u>	<u>\$ 158,448</u>	<u>\$ 688,963</u>

See Independent Auditor's Report on Supplementary Information



**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING BALANCE SHEET  
December 31, 2012**

**ASSETS**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,365,185	\$ 2,067,750	\$ -	\$ 6,432,935
Accounts receivable:				
Due from customers	25,402	62,738	-	88,140
Interexchange carriers	499,576	176,555	-	676,131
Affiliates	458,761	-	(458,761)	-
Other	45,686	114,461	-	160,147
Refundable income taxes	108,900	-	-	108,900
Accrued interest receivable	7,080	-	-	7,080
Materials and supplies, at average cost	1,668,134	-	-	1,668,134
Inventory, at average cost	60,953	233,197	-	294,150
Other prepayments	127,850	10,000	-	137,850
	<u>7,367,527</u>	<u>2,664,701</u>	<u>(458,761)</u>	<u>9,573,467</u>
<b>OTHER NONCURRENT ASSETS</b>				
Investment in affiliates	6,676,572	-	(6,676,572)	-
Marketable securities	3,384,380	-	-	3,384,380
Investment in lenders	625,183	-	-	625,183
Equity in unconsolidated affiliate	-	453,978	-	453,978
Other investments	156,003	16,275	-	172,278
Notes receivable	67,114	-	-	67,114
Deferred income taxes	106,282	-	-	106,282
Intangibles, net of amortization	163,200	85,235	-	248,435
Goodwill	1,437,415	-	-	1,437,415
	<u>12,616,149</u>	<u>555,488</u>	<u>(6,676,572)</u>	<u>6,495,065</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>				
Telephone plant in service	70,567,014	7,678,407	-	78,245,421
Video plant in service	-	5,193,770	-	5,193,770
Internet plant in service	-	2,540,951	-	2,540,951
Other equipment	-	857,970	-	857,970
	<u>70,567,014</u>	<u>16,271,098</u>	<u>-</u>	<u>86,838,112</u>
Less accumulated depreciation	<u>50,933,146</u>	<u>11,903,058</u>	<u>-</u>	<u>62,836,204</u>
	19,633,868	4,368,040	-	24,001,908
Plant under construction	1,920,875	-	-	1,920,875
	<u>21,554,743</u>	<u>4,368,040</u>	<u>-</u>	<u>25,922,783</u>
<b>TOTAL ASSETS</b>	<u>\$ 41,538,419</u>	<u>\$ 7,588,229</u>	<u>\$ (7,135,333)</u>	<u>\$ 41,991,315</u>

See Independent Auditor's Report on Supplementary Information

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING BALANCE SHEET  
December 31, 2012**

**LIABILITIES AND MEMBERS' EQUITY**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt	\$ 1,802,000	\$ -	\$ -	\$ 1,802,000
Current portion of postretirement benefits	20,437	-	-	20,437
Accounts payable:				
Interexchange carriers	139,984	75,518	-	215,502
Affiliates	-	458,761	(458,761)	-
Other	456,668	230,965	-	687,633
Line of credit	1,210,228	-	-	1,210,228
Customer deposits	1,900	8,050	-	9,950
Accrued taxes	322,703	138,363	-	461,066
Accrued interest payable	8,493	-	-	8,493
Other accrued liabilities	52,143	-	-	52,143
	<u>4,014,556</u>	<u>911,657</u>	<u>(458,761)</u>	<u>4,467,452</u>
 LONG-TERM DEBT, less current portion	 <u>11,778,188</u>	 <u>-</u>	 <u>-</u>	 <u>11,778,188</u>
 OTHER NONCURRENT LIABILITIES AND DEFERRED CREDITS				
Accrued post retirement benefits	988,187	-	-	988,187
	<u>988,187</u>	<u>-</u>	<u>-</u>	<u>988,187</u>
 MEMBERS' EQUITY				
Common stock	-	6,000	(6,000)	-
Memberships	7,915	-	-	7,915
Patronage capital assignable	6,177,405	-	-	6,177,405
Patronage capital assigned	36,053,686	-	-	36,053,686
Other equities	8,642	-	-	8,642
Additional paid-in capital	-	24,206,240	(24,206,240)	-
Unallocated losses of subsidiary	(17,554,324)	-	-	(17,554,324)
Accumulated other comprehensive income:				
Unrealized gains on certain investments	117,456	-	-	117,456
Post retirement benefits	(53,292)	-	-	(53,292)
Retained earnings	-	(17,535,668)	17,535,668	-
	<u>24,757,488</u>	<u>6,676,572</u>	<u>(6,676,572)</u>	<u>24,757,488</u>
 TOTAL LIABILITIES AND MEMBERS' EQUITY	 <u>\$ 41,538,419</u>	 <u>\$ 7,588,229</u>	 <u>\$ (7,135,333)</u>	 <u>\$ 41,991,315</u>

See Independent Auditor's Report on Supplementary Information

**THE S & T TELEPHONE COOPERATIVE ASSOCIATION  
BREWSTER, KANSAS**

**CONSOLIDATING STATEMENT OF OPERATIONS  
Year Ended December 31, 2012**

	The S & T Telephone Cooperative Association	S & T Communications, LLC	Intercompany Eliminations	Consolidated
<b>OPERATING REVENUES</b>				
Local network services	\$ 578,099	\$ 1,349,443	\$ -	\$ 1,927,542
Network access services	7,376,418	1,616,068	-	8,992,486
Long distance services	-	532,067	-	532,067
Internet services	-	2,834,279	-	2,834,279
Video Services	-	3,079,072	-	3,079,072
Wireless services	-	940,069	-	940,069
Nonregulated sales and services	-	644,978	-	644,978
Miscellaneous	233,978	1,059,454	(510,993)	782,439
	<u>8,188,495</u>	<u>12,055,430</u>	<u>(510,993)</u>	<u>19,732,932</u>
<b>OPERATING EXPENSES</b>				
Cost of long distance services	-	425,562	-	425,562
Cost of video services	-	2,095,171	-	2,095,171
Cost of internet services	-	467,391	-	467,391
Cost of wireless services	-	502,682	-	502,682
Cost of nonregulated sales and services	-	534,871	-	534,871
Plant specific operations	2,789,344	2,403,928	(510,993)	4,682,279
Plant nonspecific operations	189,266	624,149	-	813,415
Depreciation and amortization	1,628,276	2,116,344	-	3,744,620
Customer operations	594,167	983,681	-	1,577,848
Corporate operations	1,439,785	660,974	-	2,100,759
General taxes	384,956	537,286	-	922,242
	<u>7,025,794</u>	<u>11,352,039</u>	<u>(510,993)</u>	<u>17,866,840</u>
<b>OTHER INCOME (EXPENSE)</b>				
Interest and dividend income	114,681	196	-	114,877
Interest during construction	24,820	-	-	24,820
Income from custom work	138,029	(45,879)	-	92,150
Equity loss from unconsolidated affiliate	-	(18,641)	-	(18,641)
Other, net	(24,772)	38,778	-	14,006
Gain on sale of investments	86,652	-	-	86,652
Interest expense	(778,560)	(166)	-	(778,726)
	<u>(439,150)</u>	<u>(25,712)</u>	<u>-</u>	<u>(464,862)</u>
<b>MARGINS BEFORE INCOME TAXES AND EQUITY LOSS OF SUBSIDIARY</b>	<u>723,551</u>	<u>677,679</u>	<u>-</u>	<u>1,401,230</u>
<b>INCOME TAXES</b>	<u>(221,862)</u>	<u>103,926</u>	<u>-</u>	<u>(117,936)</u>
<b>MARGINS BEFORE EQUITY LOSS OF SUBSIDIARY</b>	<u>945,413</u>	<u>573,753</u>	<u>-</u>	<u>1,519,166</u>
<b>EQUITY LOSS OF SUBSIDIARY</b>	<u>573,753</u>	<u>-</u>	<u>(573,753)</u>	<u>-</u>
<b>NET MARGINS</b>	<u>\$ 1,519,166</u>	<u>\$ 573,753</u>	<u>\$ (573,753)</u>	<u>\$ 1,519,166</u>

See Independent Auditor's Report on Supplementary Information



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF THE FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
The S & T Telephone Cooperative Association and Subsidiary  
Brewster, Kansas

We have audited the accompanying consolidated financial statements of The S & T Telephone Cooperative Association and subsidiary as of and for the year ended December 31, 2013, and have issued our report thereon dated April 23, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered The S & T Telephone Cooperative Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Company's internal control to be significant deficiencies:

- **Comment:** Similar to other companies of its size, the Company has a limited number of personnel, as a result, it has utilized accounting assistance from another party to draft financial statements and footnote disclosures and assist with preparation of certain normal annual closing entries.

**Potential Effects:** Lack of knowledge and experience in preparing financial statements and normal closing entries could result in incomplete disclosures and/or incorrect presentation of information which could have an adverse impact to investors and lenders relying on the financial statements.

**Management's Response:** The Company reviews and approves the results of these activities and believes this approach provides a cost effective solution in light of their limited resources.

- **Comment:** The Company has a limited number of personnel, and while it has attempted to segregate incompatible duties, it is difficult to segregate duties among employees in all areas to prevent an individual employee from handling duties which are incompatible.

**Potential Effects:** Due to the lack of a formal internal control and information technology system and segregation of duties, there is a potential for an employee to perpetrate and conceal a theft of assets from the Company.

**Management's Response:** Management believes that a formal risk assessment and monitoring system may not be practical from a cost benefit stand point although the Company does perform informal risk assessments and monitors the business risk associated with personnel assignments.

- **Comment:** While the Company has obtained an awareness of the implication of fraud in their business, they have yet to develop a formal anti-fraud program with stated control processes.

**Potential Effects:** Lack of a formal anti-fraud program and stated controls processes could result in management and employees being unaware of what is considered fraud. This lack of awareness and understanding can lead to fraud being committed and going unreported or unnoticed.

**Management's Response:** Management has given consideration to this matter and currently believes this is adequately addressed through strong management oversight in light of the relatively small size of the Company.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether The S & T Telephone Cooperative Association and subsidiary's consolidated financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### The S & T Telephone Cooperative Association's Response to Findings

The Company's written response to the significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Kwiky Audit LLP", is written above the typed name and date.

Colorado Springs, Colorado  
April 23, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH ASPECTS  
OF CONTRACTUAL AGREEMENTS AND REGULATORY REQUIREMENTS  
FOR TELECOMMUNICATIONS BORROWERS**

To the Board of Directors  
The S & T Telephone Cooperative Association and Subsidiary  
Brewster, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of The S & T Telephone Cooperative Association and subsidiary, which comprise the balance sheet as of December 31, 2013, and the related statements of operations, members' equity and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 23, 2014. In accordance with Government Auditing Standards, we have also issued our report dated April 23, 2014, on our consideration of The S & T Telephone Cooperative Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. No reports other than the reports referred to above related to our audit have been furnished to management.

In connection with our audit, nothing came to our attention that caused us to believe that The S & T Telephone Cooperative Association failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and the clarified RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below. However, our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding The S & T Telephone Cooperative Association's noncompliance with the above-referenced terms, covenants, provisions or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters. In connection with our audit, we noted no matters regarding The S & T Telephone Cooperative Association's accounting and records to indicate that The S & T Telephone Cooperative Association did not:

- Maintain adequate and effective accounting procedures;
- Utilize adequate and fair methods for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement and maintenance or other expense accounts;
- Reconcile continuing property records to the controlling general ledger plant accounts;

- Clear construction accounts and accrue depreciation on completed construction;
- Record and properly price the retirement of plant;
- Seek the approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material or scrap;
- Maintain adequate control over materials and supplies;
- Prepare accurate and timely Financial and Operating Reports;
- Obtain written approval to enter into any contract for the management, operation, or maintenance of the borrower's system if the contract covers substantially all of the telecommunications system;
- Disclose material related party transactions in the financial statements, in accordance with requirements for related parties in generally accepted accounting principles;
- Record depreciation in accordance with RUS requirements (See RUS Bulletin 183-1, Depreciation Rates and Procedures);
- Comply with the requirements for the detailed schedule of investments.



**THE S & T TELEPHONE COOPERATIVE ASSOCIATION AND SUBSIDIARY  
SCHEDULE OF SUBSIDIARY AND AFFILIATE INVESTMENTS  
December 31, 2013 and 2012**

<u>Entity Name</u>	<u>S&amp;T Communications, I.I.C</u>	<u>Kansas Consolidated Professional Resources</u>	<u>Kansas Fiber Network I.I.C</u>
Principal Business	Non-Regulated Services	Professional Resources	Fiber Transport
Ownership Percentage	100%	-%	3%
Accounting method	Consolidated	Cost	Equity
Year ended December 31, 2012			
Original Investment	\$ 6,000	\$ 3,008	\$ 200,000
Prior years	24,206,240	-	365,174
Earnings (losses)			
Prior years	(16,859,421)	-	(92,555)
Current year	573,753	-	(18,641)
Dividends received			
Prior years	(1,050,000)	-	-
Current year	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Book value of investment December 31, 2012	<u>6,676,572</u>	<u>3,008</u>	<u>453,978</u>
Year ended December 31, 2013			
Earnings (losses)			
Current year	(158,448)	-	(50,536)
Dividends received			
Current year	<u>(1,150,000)</u>	<u>-</u>	<u>-</u>
Book value of investment December 31, 2013	<u>\$ 5,368,124</u>	<u>\$ 3,008</u>	<u>\$ 403,442</u>

This report is intended solely for the information and use of the board of directors and management of the Cooperative, the Rural Development Utilities Program, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Colorado Springs, Colorado  
April 23, 2014