

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

In the Matter of an Audit of Twin)	
Valley Telephone, Inc. to Determine its)	Docket No. 15-TWVT-213-AUD
Cost-Based Kansas Universal Service)	
Fund Support Pursuant to K.S.A. 66-2008.)	

**DIRECT TESTIMONY
PREPARED BY
KATIE L. FIGGS
UTILITIES DIVISION
KANSAS CORPORATION COMMISSION
September 4, 2015**

1 **Q. Would you please state your name and business address?**

2 A. My name is Katie L. Figgs. My business address is 1500 Southwest Arrowhead Road,
3 Topeka, Kansas, 66604.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as a
7 Regulatory Auditor.

8
9 **Q. Would you please describe your educational background and business experience?**

10 A. I received a Bachelor's of Business Administration with an emphasis in Accounting from
11 Washburn University in May of 2011. I began employment with the Commission in my
12 current capacity in August 2012.

13
14 **Q. Have you ever testified before the Commission?**

15 A. Yes. I have filed testimony before the Commission in Docket Nos. 12-LHPT-875-AUD,
16 13-JBNT-437-KSF, 13-PLTT-678-KSF, 14-ATMG-320-RTS, 14-S&TT-525-KSF, 15-
17 MRGT-097-AUD, and 15-WSEE-115-RTS.

18
19 **Q. What were your responsibilities in the review of Twin Valley Telephone, Inc.'s**
20 **(Applicant or Twin Valley) April 15, 2015, Application?**

21 A. My responsibilities as a Regulatory Auditor were to analyze, audit, and review Twin
22 Valley's filing before the Commission to determine its cost-based Kansas Universal
23 Service Fund (KUSF) support to reflect its current revenue requirement and

1 circumstances. In addition, I calculated and am sponsoring selected Staff adjustments to
2 Twin Valley's Pro Forma Rate Base and Income Statement. My duties were carried out
3 under the direction of the Managing Auditor, Andria Jackson, and the Chief of
4 Accounting and Financial Analysis, Justin Grady.

5 I am sponsoring the following Pro Forma Adjustments to the Rate Base (RB) and
6 the Income Statement (IS):

7 Adjustments to the Rate Base

8	RB-3	Plant in Service	\$93,831
9	RB-4	Accumulated Depreciation	(\$352,138)
10	RB-5	TPUC	\$365,521
11	RB-6	Materials & Supplies	(\$5,197)

12 Adjustments to the Income Statement

13	IS-14	Depreciation	\$3,809
14	IS-15	ESPi Battery Packs	(\$62,539)

15
16 **RATE BASE ADJUSTMENTS**

17
18 **Q. Are there any issues related to Rate Base that you wish to discuss, prior to**
19 **discussing your adjustments?**

20 **A.** Yes. I would like to discuss Twin Valley's historical plant in service levels.

21
22 **Q. Did Staff conduct a plant in service comparison?**

1 A. Yes. Exhibit KLF-1 provides a comparison of Twin Valley's regulated plant in service
2 balances from December 31, 2006, through June 30, 2015. As shown, Twin Valley's
3 plant in service balances decreased from 2010 to 2012, increased in 2013, and decreased
4 again in 2014. Between January and June of 2015, plant in service increased by 3.95
5 percent due to an update of the fiber to the home (FTTH) project that was initially
6 completed at the end of 2008. Twin Valley's update replaced the FTTH electronics for
7 all of the 13 acquired exchanges.¹

8
9 **Q. Please describe the FTTH project in more detail.**

10 A. As stated above, Twin Valley completed its FTTH project at the end of 2008 and then
11 updated it in the beginning of 2015. As shown in Exhibit KLF-7, Twin Valley spent over
12 \$63 million on the FTTH project. Staff witness Roxie McCullar's testimony provides
13 more detailed discussion on Twin Valley's FTTH project.

14
15 **Q. Please discuss the level of costs related to the FTTH project that are included in**
16 **Staff's revenue requirement.**

17 A. As shown on Exhibit KLF-2², the actual costs to install and update fiber to the home as of
18 June 30, 2015, totaled \$63,198,450. Of that amount, \$36,928,084 is then allocated to
19 intrastate operations and is used in calculating Staff's revenue requirement. Once Staff's
20 rate of return is applied, Twin Valley will receive an annual return on the plant additions
21 of approximately \$2,679,317. Additionally, the annual depreciation expense associated

¹ See Twin Valley's response to Staff Data Request No. 95.

² It should be noted that this FTTH analysis is calculated based on a "return on and a return of" Twin Valley's FTTH investment, and does not recognize any offset associated with the FUSF revenues used to reduce Staff's revenue requirement calculations as discussed in the testimony of Staff witness Roxie McCullar.

1 with the fiber project totals roughly \$2,529,005, resulting in a total net impact on Staff's
2 revenue requirement of approximately \$5,208,322.
3

4 **Q. Please continue by discussing Staff Adjustment No. 3 to Rate Base.**

5 A. Staff Adjustment No. 3 (RB-3) increases Twin Valley's Rate Base by \$93,831³ on a total
6 company basis or \$62,895 on an intrastate basis. Staff's adjustment updates Twin
7 Valley's plant balances included in the Application through June 30, 2015. It is
8 necessary to update this amount to ensure that Twin Valley's plant balances reflect the
9 most updated ongoing investment available. This ensures that Twin Valley has an
10 opportunity to earn a return on investment that may not have been closed to the books by
11 the end of the test year.
12

13 **Q. Please continue by discussing Staff Adjustment No. 4 to the Rate Base.**

14 A. Staff Adjustment No. 4 (RB-4) increases Twin Valley's accumulated depreciation
15 account by \$352,138⁴ on a total company basis, or \$190,388 on an intrastate basis.
16 Staff's adjustment updates accumulated depreciation through June 30, 2015. This
17 approach corresponds with the time period through which Staff updated plant balances
18 and is necessary to present the true picture of Twin Valley's previously unrecovered
19 capital investment.
20

21 **Q. Please continue by discussing Staff Adjustment No. 5 to Rate Base.**

³ See Exhibit KLF-3 and KLF-3a.

⁴ See Exhibit KLF-4 and KLF-4a.

1 A. Staff Adjustment No. 5 (RB-5) increases Twin Valley's rate base by \$365,521⁵ on a total
2 company basis, or \$211,661 on an intrastate basis. Staff's Adjustment updates the
3 Telephone Plant Under Construction (TPUC) balance included in the Application through
4 June 30, 2015. This is consistent with recent Staff practice in many, if not all, recent
5 KUSF dockets and provides the Company an opportunity to earn a return on investment
6 that otherwise would not be allowed until the next KUSF audit.

7
8 **Q. Why is Staff updating TPUC through June 30, 2015?**

9 A. The update is being made with the intention of producing a revenue requirement that
10 reflects Twin Valley's up-to-date, ongoing, normalized operations. Staff's rate base
11 adjustments reflect TPUC, plant in service, and accumulated depreciation balances as of
12 June 30, 2015. Staff is using June 30, 2015, balances because they are the most recent
13 known and measurable balances Staff was able to review during the audit process. This
14 allows the revenue requirement calculation to reflect the costs of Twin Valley's most
15 recent capital investments necessary to provide telephone service.

16
17 **Q. Please continue by discussing Staff Adjustment No. 6 to Rate Base.**

18 A. Staff Adjustment No. 6 (RB-6) decreases Twin Valley's rate base by \$5,197⁶ on a total
19 company basis, or \$3,442 on an intrastate basis. Staff's Adjustment to materials and
20 supplies reduces Twin Valley's inventory levels to reflect a normalized level of materials
21 and supplies. As depicted in Exhibit KLF-6, Twin Valley's materials and supplies

⁵ See Exhibit KLF-5.

⁶ See Exhibit KLF-6.

1 balance was increasing from 2010-2013, however, in the test year, the Company's
2 balance decreased by 8.48 percent.
3

4 **Q. Why did Staff choose a five year normalization period?**

5 A. From 2005 to 2009, Twin Valley's materials and supplies increased or remained constant,
6 until decreasing 8.81 percent between 2009 and 2010. After 2010, Twin Valley again
7 began significantly increasing its inventory levels until 2014. Similar to five years prior,
8 the level of inventory declined, decreasing 8.48 percent from 2013 to 2014. As a result,
9 Staff contends that a five year average more accurately reflects the materials and supplies
10 balance.
11

12 **INCOME STATEMENT ADJUSTMENTS**
13

14 **Q. Please continue by discussing Staff Adjustment No. 14 to the Income Statement.**

15 A. Staff Adjustment No. 14 (IS-14) increases Twin Valley's depreciation expense by
16 \$3,809⁷ on a total company basis, or \$2,340 on an intrastate basis. Staff calculates
17 depreciation expense on a going-forward basis based upon the plant account balances of
18 Twin Valley's depreciable assets and accumulated depreciation included in Adjustment
19 Nos. RB-3 and RB-4. Staff's annualized regulated depreciation expense is then
20 compared against Twin Valley's annualized depreciation expense, with the difference
21 being Staff's adjustment. Staff's calculations are detailed on Exhibit KLF-7 and 7a. This
22 adjustment may change with any changes in the plant in service and accumulated
23 depreciation balances.

⁷ See Exhibit KLF-7 and KLF-7a.

1
2 **Q. Please continue by discussing Staff Adjustment No. 15 to the Income Statement.**

3 A. Staff Adjustment No. 15 (IS-15) decreases Twin Valley's operating expenses by
4 \$62,539⁸ on a total company basis, or \$19,489 on an intrastate basis. Staff's adjustment
5 amortizes over eight years the costs the Company expensed during the test year to replace
6 battery packs used to provide emergency back-up power in the event of power failure for
7 FTTH customers. According to the Company, these battery packs have a useful life of
8 eight years⁹. It follows logically that one should expect this expense to occur on average
9 once every eight years. It would be unreasonable to include this expense in the test year
10 at the full unadjusted level as that would overstate the average annual expense and allow
11 a windfall for Twin Valley shareholders paid for out of the KUSE. Staff amortized the
12 total costs of the battery packs over eight years. The annual amount is then compared to
13 the battery pack expense included in the test year with the difference being Staff's
14 adjustment.

15
16 **Q. Does this conclude your testimony?**

17 A. Yes, thank you.
18

19 **SUMMARY OF EXHIBITS**

20
21

<u>Exhibit No.</u>	<u>Description</u>
KLF-1	Work paper for Plant Comparison

⁸ See Exhibit KLF-8.

⁹ Twin Valley's response to Data Request No. 106.

1	KLF-2	Work paper for Fiber to the Home Analysis
2	KLF-3	Work paper for Plant in Service adjustment
3	KLF -3a	Work paper for calculation of Staff Plant in Service adjustment
4	KLF-4	Work paper for Accumulated Depreciation adjustment
5	KLF-4a	Work paper for calculation of Staff Accumulated Depreciation adjustment
6	KLF-5	Work paper for TPUC adjustment
7	KLF-6	Work paper for Materials & Supplies adjustment
8	KLF-7	Work paper for Depreciation Expense adjustment
9	KLF-7a	Detail paper for Depreciation Expense adjustment
10	KLF-8	Work paper for ESPi Battery Packs adjustment
11	KLF-9	Twin Valley Data Request Responses

Twin Valley Telephone, Inc.
Plant Comparison
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-1

Line No.	Acct	Description	Book Balance 12/31/2006	Book Balance 12/31/2007	Book Balance 12/31/2008	Book Balance 12/31/2009	Book Balance 12/31/2010	Book Balance 12/31/2011	Book Balance 12/31/2012	Book Balance 12/31/2013	Book Balance 12/31/2014	Book Balance 6/30/2015
General Support Assets												
1	2111	Land	82,211	207,696	206,446	307,313	307,313	341,848	341,848	348,794	348,794	348,794
2	2112	Vehicles	915,587	937,205	1,066,469	1,066,468	1,101,629	1,078,282	1,078,282	1,078,282	1,078,282	1,078,282
3	2114	Special Purpose Vehicles	-	-	-	-	-	-	-	-	-	-
4	2115	Garage Work Equipment	-	-	-	-	-	-	-	-	-	-
5	2116	Other Work Equipment	1,044,738	1,127,291	1,261,520	1,197,327	1,200,125	1,015,764	1,015,764	1,015,764	1,015,764	1,021,875
6	2121	Buildings	5,907,140	6,121,221	6,129,274	6,270,065	6,281,065	6,294,914	6,324,069	6,324,069	6,324,069	6,334,708
7	2122	Furniture	288,149	312,479	334,824	352,028	376,571	376,571	376,571	376,571	399,272	399,272
8	2123	Office Equipment	175,912	194,861	194,861	194,861	194,861	194,861	194,861	200,111	203,081	203,081
9	2124	General Purpose Computers	523,747	539,997	549,374	554,789	559,757	562,423	567,557	595,683	595,683	595,683
10		Total General Support Facilities	\$ 8,937,484	\$ 9,440,750	\$ 9,742,768	\$ 9,942,851	\$ 10,021,321	\$ 9,864,663	\$ 9,898,952	\$ 9,939,274	\$ 9,964,945	\$ 9,981,694
Central Office Assets												
11	2212	Digital Electric Switching Equipment	3,092,272	3,456,800	3,577,725	3,649,216	4,345,274	4,640,426	2,466,893	2,506,559	2,506,559	2,506,559
12	2220	Operator Systems	-	-	-	-	-	-	-	-	-	-
13	2232	Circuit Equipment	11,691,252	14,771,001	16,471,349	19,364,302	19,514,983	19,614,153	19,574,703	19,737,947	16,729,713	20,224,637
14		Total Central Office Equipment	\$ 14,783,524	\$ 18,227,801	\$ 20,049,074	\$ 23,013,518	\$ 23,860,257	\$ 24,254,579	\$ 22,041,596	\$ 22,244,506	\$ 19,236,272	\$ 22,731,196
Information Orig./Term. Assets												
15	2311	Station Apparatus	-	-	-	-	-	-	-	-	-	-
16	2321	Customer Premises Wiring	-	-	-	-	-	-	-	-	-	-
17	2351	Public Telephone Equipment	-	-	-	-	-	-	-	-	-	-
18	2362	Other Terminal Equipment	-	-	-	-	-	-	-	-	-	-
19		Total Info Orig/Term Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cable & Wire Facilities Assets												
20	2411	Poles	230,897	100,862	-	-	-	-	-	-	-	-
21	2421	Aerial Cable	478,821	247,764	-	-	-	-	-	-	-	-
22	2422	Underground Cable	56,345	31,574	29,230	29,230	29,230	29,230	29,230	29,230	29,230	29,230
23	2423	Buried Cable	33,077,559	44,430,857	60,974,078	61,389,683	61,544,247	61,683,646	61,794,697	61,880,897	61,960,381	62,046,902
24	2424	Fiber Optic Cable	-	-	-	-	-	-	-	-	-	-
25	2441	Conduit Systems	100,520	93,982	3,861	3,861	3,861	3,861	3,861	3,861	3,861	3,861
26		Total Cable & Wire Facilities	\$ 33,944,142	\$ 44,905,039	\$ 61,007,169	\$ 61,422,774	\$ 61,577,338	\$ 61,716,737	\$ 61,827,788	\$ 61,913,988	\$ 61,993,472	\$ 62,079,993
Amortization Assets												
27	2682	Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
28	2690	Intangibles	-	-	2,054,562	2,208,208	2,220,692	-	-	-	-	-
29		Total Amortization Assets	\$ -	\$ -	\$ 2,054,562	\$ 2,208,208	\$ 2,220,692	\$ -	\$ -	\$ -	\$ -	\$ -
30		Total Regulated Plant	\$ 57,665,150	\$ 72,573,590	\$ 92,853,573	\$ 96,587,351	\$ 97,679,608	\$ 95,835,979	\$ 93,768,336	\$ 94,097,768	\$ 91,194,689	\$ 94,792,883
				25.85%	27.94%	4.02%	1.13%	-1.89%	-2.16%	0.35%	-3.09%	3.95%

Source: Twin Valley Telephone, Inc.'s Annual Reports as filed with the Kansas Corporation Commission
Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance

Twin Valley Telephone, Inc.
Fiber to the Home Analysis
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-2

Line No.	Exchange	(A) Circuit Equipment Gross Plant	(B) Circuit Equip Accum. Depr.	(C) Fiber Optic Cable Gross Plant	(D) Fiber Optic Cable Accum. Depr.	(E) Net Plant Balance (a) - (b) + (c) - (d)	(F) Gross Plant Balance (a) + (c)
1	Aurora	462,057	360,756	1,888,695	843,961	1,146,035	2,350,752
2	Clifton	1,074,692	839,077	3,020,703	1,349,798	1,906,520	4,095,395
3	Clyde	1,273,218	994,078	3,182,994	1,422,318	2,039,816	4,456,212
4	Delphos	832,132	649,695	3,268,613	1,460,576	1,990,474	4,100,745
5	Glasco	866,119	676,231	2,780,959	1,242,669	1,728,178	3,647,078
6	Green	725,749	566,636	4,658,583	2,081,663	2,736,033	5,384,332
7	Longford	1,303,745	1,017,912	7,282,590	3,254,217	4,314,206	8,586,335
8	Leonardville	1,734,930	1,354,565	5,340,132	2,386,232	3,334,265	7,075,062
9	Milford	946,908	739,308	1,336,727	597,315	947,012	2,283,635
10	Morganville	581,274	453,836	2,466,897	1,102,330	1,492,005	3,048,171
11	Olsburg	990,642	773,454	3,564,347	1,592,725	2,188,810	4,554,989
12	Riley	1,840,857	1,437,268	5,356,971	2,393,757	3,366,803	7,197,828
13	Wakefield	1,424,429	1,112,138	4,993,487	2,231,334	3,074,444	6,417,916
14	Total Costs included in Application	\$ 14,056,752	\$ 10,974,954	\$ 49,141,698	\$ 21,958,895	\$ 30,264,601	\$ 63,198,450
15	Regulated Percentage						100%
16	Total Regulated Cost to Install Fiber to the Home						\$ 63,198,450
17	Allocation of Total Cost to Circuit Equipment						22.24%
18	Allocation of Total Cost to Fiber Optic Cable						77.76%
19	Regulated Costs Allocated to Circuit Equipment					Total Company 3,081,798	Intrastate Separations 0.311637 960,402
20	Regulated Costs Allocated to Fiber Optic Cable					27,182,803	18,003,687
						30,264,601	18,964,089
21	Staff's Pre Tax Rate of Return						9.34%
22	Annual Return Earned on Fiber to the Home						1,771,227
23	Annual Depreciation Expense						2,529,005
24	Net Impact of Fiber to the Home Included in Staff's Revenue Requirement						\$ 4,300,232

Depreciation Expense Calculation

	Account Number	Total Plant in Service	Depreciation Expense	Annual Depreciation Expense	Intrastate Separations	Intrastate Adjustment
25	Circuit Equipment	2232.210	14,056,752	15.53%	2,183,014	0.311637 680,308
26	Fiber Optic Cable	2423.220	49,141,698	5.68%	2,791,248	0.662319 1,848,697
27			\$ 63,198,450		\$ 4,974,262	\$ 2,529,005

Sources: Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 95
Twin Valley Telephone, Inc. December 31, 2014 filing, Sections 4 and 10

Twin Valley Telephone, Inc.
Plant in Service
Rate Base Adjustment No. 3
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-3

Line No.	Acct	Description	Staff Adjustment to Plant Balance	Staff Regulated Percentage	Staff Regulated Plant	Intrastate Separations	Intrastate Adjustment
1	2116	Other Work Equipment	6,111	84.66%	5,173	0.579066	2,996
2	2121.110	Buildings - Existing	10,639	67.80%	7,213	0.579066	4,177
3	2232.110	Circuit Equipment - Existing	58,727	100%	58,727	0.311637	18,302
4	2232.210	Circuit Equipment - Acquired	(63,804)	100%	(63,804)	0.311637	(19,884)
5	2423.110	Buried Cable - Existing	9,996	100%	9,996	0.662319	6,621
6	2424.210	Fiber Optic Cable - Acquired	76,526	100%	76,526	0.662319	50,684
7			<u>\$ 98,194</u>		<u>\$ 93,831</u>		<u>\$ 62,895</u>

Line No.	Acct	Description	(A) Plant Book Balance Per Application	(B) Company Cost Study Adjustment	(C) Company Pro Forma Adjustment	(D) Staff Adjustment to Plant Balance <small>See exhibit KLF-1a</small>	(E) Staff Adjusted Plant Balance <small>(a) + (b) + (c) + (d)</small>
General Support Assets							
8	2111	Land	348,794	(58,471)	-	(0)	290,323
9	2112	Vehicles	1,078,282	(141,367)	-	(0)	936,915
10	2114	Special Purpose Vehicles	-	-	-	-	-
11	2115	Garage Work Equipment	-	-	-	-	-
12	2116	Other Work Equipment	1,015,764	(133,171)	-	6,111	888,704
13	2121.110	Buildings - Existing	5,194,349	(550,272)	-	10,639	4,654,715
14	2121.210	Buildings - Acquired	1,129,720	(119,678)	-	-	1,010,042
15	2122	Furniture	399,272	(64,127)	-	(0)	335,145
16	2123	Office Equipment	203,081	(32,617)	-	0	170,464
17	2124	General Purpose Computers	595,683	(95,672)	-	0	500,011
18		Total General Support Facilities	<u>9,964,945</u>	<u>(1,195,375)</u>	<u>-</u>	<u>16,749</u>	<u>8,786,319</u>
Central Office Assets							
19	2212.110	Digital Electric Switching Equipment - Existing	978,218	(186,228)	-	-	791,990
20	2212.210	Digital Electric Switching Equipment - Acquired	1,528,340	(428,398)	-	-	1,099,942
21	2220	Operator Systems	-	-	-	-	-
22	2232.110	Circuit Equipment - Existing	5,998,775	133,061	-	58,727	6,190,563
23	2232.210	Circuit Equipment - Acquired	10,730,939	428,398	(1,860,708)	(63,804)	9,234,825
24		Total Central Office Equipment	<u>19,236,272</u>	<u>(53,167)</u>	<u>(1,860,708)</u>	<u>(5,077)</u>	<u>17,317,321</u>
Information Orig./Term. Assets							
25	2311	Station Apparatus	-	-	-	-	-
26	2321	Customer Premises Wiring	-	-	-	-	-
27	2351	Public Telephone Equipment	-	-	-	-	-
28	2362	Other Terminal Equipment	-	-	-	-	-
29		Total Info Orig./Term Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cable & Wire Facilities Assets							
30	2411	Poles	-	-	-	-	-
31	2421	Aerial Cable	-	-	-	-	-
32	2422	Underground Cable	29,230	-	-	(0)	29,230
33	2423.110	Buried Cable - Existing	6,393,016	-	-	9,996	6,403,012
34	2423.210	Buried Cable - Acquired	53,641	-	-	(0)	53,641
35	2424.110	Fiber Optic Cable - Existing	6,385,577	(205,768)	-	-	6,179,809
36	2424.210	Fiber Optic Cable - Acquired	49,128,146	(166,587)	-	76,526	49,038,085
37	2441	Conduit Systems	3,861	-	-	0	3,861
38		Total Cable & Wire Facilities	<u>61,993,471</u>	<u>(372,355)</u>	<u>-</u>	<u>86,522</u>	<u>61,707,638</u>
Amortization Assets							
39	2682	Leasehold Improvements	-	-	-	-	-
40	2690	Intangibles	-	-	-	-	-
41		Total Amortization Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
42		Total Regulated Plant	<u>\$ 91,194,689</u>	<u>\$ (1,620,897)</u>	<u>\$ (1,860,708)</u>	<u>\$ 98,194</u>	<u>\$ 87,811,278</u>

Sources: Twin Valley Telephone, Inc.'s Application, Section 4
Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance
Exhibit KLF-1a

Twin Valley Telephone, Inc.
Plant in Service
Rate Base Adjustment No. 3
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-3a

			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line No.	Acct	Description	Plant Book Balance Per Application	Company Cost Study Adjustments	Company Pro Forma Adjustments	Company Pro Forma Balance	Trial Balance as of June 30, 2015	Staff's Adjustment to reflect retirement	Total Staff Adjustment to Plant Balance	Staff Adjusted Plant Balance
			(a) + (b) + (c)						[(e) + (f)] - [(g) + (h)]	(d) + (g)
General Support Assets										
1	2111	Land	348,794	(58,471)	-	290,323	348,794	-	(0)	290,323
2	2112	Vehicles	1,078,282	(141,367)	-	936,915	1,078,282	-	(0)	936,915
3	2114	Special Purpose Vehicles	-	-	-	-	-	-	-	-
4	2115	Garage Work Equipment	-	-	-	-	-	-	-	-
5	2116	Other Work Equipment	1,015,764	(133,171)	-	882,593	1,021,875	-	6,111	888,704
6	2121.110	Buildings - Existing	5,194,349	(550,272)	-	4,644,077	5,204,987	-	10,639	4,654,715
7	2121.210	Buildings - Acquired	1,129,720	(119,678)	-	1,010,042	1,129,720	-	-	1,010,042
8	2122	Furniture	399,272	(64,127)	-	335,145	399,272	-	(0)	335,145
9	2123	Office Equipment	203,081	(32,617)	-	170,464	203,081	-	0	170,464
10	2124	General Purpose Computers	595,683	(95,672)	-	500,011	595,683	-	0	500,011
11		Total General Support Facilities	9,964,945	(1,195,375)	-	8,769,570	9,981,694	-	16,749	8,786,319
Central Office Assets										
12	2212.11	Digital Electric Switching Equipment - Existing	978,218	(186,228)	-	791,990	978,218	-	-	791,990
13	2212.21	Digital Electric Switching Equipment - Acquired	1,528,340	(428,398)	-	1,099,942	1,528,340	-	-	1,099,942
14	2220	Operator Systems	-	-	-	-	-	-	-	-
15	2232.110	Circuit Equipment - Existing	5,998,775	133,061	-	6,131,836	6,057,502	-	58,727	6,190,563
16	2232.210	Circuit Equipment - Acquired	10,730,939	428,398	(1,860,708)	9,298,629	14,167,135	(5,360,708)	(63,804)	9,234,825
17		Total Central Office Equipment	19,236,272	(53,167)	(1,860,708)	17,322,397	22,731,196	(5,360,708)	(5,077)	17,317,321
Information Orig./Term. Assets										
18	2311	Station Apparatus	-	-	-	-	-	-	-	-
19	2321	Customer Premises Wiring	-	-	-	-	-	-	-	-
20	2351	Public Telephone Equipment	-	-	-	-	-	-	-	-
21	2362	Other Terminal Equipment	-	-	-	-	-	-	-	-
22		Total Info Orig/Term Equipment	-	-	-	-	-	-	-	-
Cable & Wire Facilities Assets										
23	2411	Poles	-	-	-	-	-	-	-	-
24	2421	Aerial Cable	-	-	-	-	-	-	-	-
25	2422	Underground Cable	29,230	-	-	29,230	29,230	-	(0)	29,230
26	2423.110	Buried Cable - Existing	6,393,016	-	-	6,393,016	6,403,012	-	9,996	6,403,012
27	2423.210	Buried Cable - Acquired	53,641	-	-	53,641	53,641	-	(0)	53,641
28	2424.110	Fiber Optic Cable - Existing	6,385,577	(205,768)	-	6,179,809	6,385,577	-	-	6,179,809
29	2424.210	Fiber Optic Cable - Acquired	49,128,146	(166,587)	-	48,961,559	49,204,672	-	76,526	49,038,085
30	2441	Conduit Systems	3,861	-	-	3,861	3,861	-	0	3,861
31		Total Cable & Wire Facilities	61,993,471	(372,355)	-	61,621,116	62,079,993	-	86,522	61,707,638
Amortization Assets										
32	2682	Leasehold Improvements	-	-	-	-	-	-	-	-
33	2690	Intangibles	-	-	-	-	-	-	-	-
34		Total Amortization Assets	-	-	-	-	-	-	-	-
35		Total Regulated Plant	\$ 91,194,659	\$ (1,620,897)	\$ (1,860,708)	\$ 87,713,034	\$ 94,792,883	\$ (5,360,708)	\$ 98,194	\$ 87,811,278

Sources: Twin Valley Telephone, Inc.'s Application, Section 4

Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Accumulated Depreciation (Acct. 3100)	\$ (352,138)	0.540662	\$ (190,388)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)		
Line No.	Account	Description	Company Book Balance Per Application	Company Cost Study Adjustment	Company Pro Forma Adjustment	Total Staff Adjustment to Accum. Depr.	Staff Adjusted Accum. Depr. Balance	Staff Regulated %	Staff Regulated Accum. Depr.
See Exhibit KLF-2a						(a) + (b) + (c) + (d)	(d) * (f)		
General Support Assets									
2	3100.2111	Land	-	-	-	-	-	0.00%	-
3	3100.2112	Motor Vehicles	1,078,282	(141,367)	-	(0)	936,915	84.66%	(0)
4	3100.2114	Special Purpose Vehicles	-	-	-	-	-	0.00%	-
5	3100.2115	Garage Work Equipment	-	-	-	-	-	84.66%	-
6	3100.2116	Tools and Other Work Equipment	1,015,764	(133,171)	-	-	882,593	84.66%	-
7	3100.2121.110	Buildings - Existing	3,248,531	(344,139)	116,566	13,907	3,034,864	67.80%	9,429
8	3100.2121.210	Buildings - Acquired	1,129,720	(119,678)	-	-	1,010,042	67.80%	-
9	3100.2122	Furniture	399,272	(64,127)	-	(0)	335,145	60.46%	(0)
10	3100.2123	Office Equipment	203,081	(32,617)	-	0	170,464	60.46%	0
11	3100.2124	General Purpose Computers	595,683	(95,672)	-	0	500,011	60.46%	0
12		Total General Support Assets	\$ 7,670,333	\$ (930,771)	\$ 116,566	\$ 13,906	\$ 6,870,034		\$ 9,428
Central Office Assets									
13	3100.2212.110	Digital Electronic Switching Equipment - Existing	548,520	(104,424)	45,856	10,783	500,735	100%	10,782.86
14	3100.2212.210	Digital Electronic Switching Equipment - Acquired	1,528,340	(428,398)	-	-	1,099,942	100%	-
15	3100.2231	Radio Systems	-	-	-	-	-	100%	-
16	3100.2232.110	Circuit Equipment - Existing	4,602,964	71,397	476,137	(9,758)	5,140,740	100%	(9,758)
17	3100.2232.210	Circuit Equipment - Acquired	10,730,939	428,398	(5,360,708)	330,199	6,128,827	100%	330,198.77
18		Total Central Office Assets	\$ 17,410,762	\$ (33,027)	\$ (4,838,715)	\$ 331,224	\$ 12,870,244		\$ 331,224
Information Orig./Term. Assets									
19	3100.2311	Station Apparatus	-	-	-	-	-	100%	-
20	3100.2321	Customer Premises Wiring	-	-	-	-	-	100%	-
21	3100.2351	Public Telephone Equipment	-	-	-	-	-	100%	-
22	3100.2362	Other Terminal Equipment	-	-	-	-	-	100%	-
23		Total Information Orig./Term. Assets	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Cable & Wire Facilities Assets									
24	3100.2411	Poles	-	-	-	-	-	100%	-
25	3100.2421	Aerial Cable	-	-	-	-	-	100%	-
26	3100.2422	Underground Cable	29,230	-	-	(0)	29,230	100%	(0.3)
27	3100.2423.110	Buried Cable - Existing	4,819,588	-	181,562	111	5,001,260	100%	110.5
28	3100.2423.210	Buried Cable - Acquired	8,476	-	1,523	0	10,000	100%	0.3
29	3100.2424.110	Fiber Optic Cable - Existing	5,522,327	(177,951)	175,507	5,831	5,525,714	100%	5,830.6
30	3100.2424.210	Fiber Optic Cable - Acquired	20,594,161	(69,833)	1,390,508	5,544	21,920,380	100%	5,544.3
31	3100.2441	Conduit Systems	3,861	-	-	0	3,861	100%	0.3
32		Total Cable & Wire Facilities Assets	\$ 30,977,643	\$ (247,784)	\$ 1,749,100	\$ 11,486	\$ 32,490,444		\$ 11,486
33	3100.2682	Leasehold Improvements	-	-	-	-	-	100%	-
34		Total Accumulated Depreciation	\$ 56,058,738	\$ (1,211,582)	\$ (2,973,049)	\$ 356,616	\$ 52,230,723		\$ 352,138

Sources: Twin Valley Telephone, Inc.'s Application, Section 5
Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance
Exhibit KLF-2a

Twin Valley Telephone, Inc.
Accumulated Depreciation
Rate Base Adjustment No. 4
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-4a

			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line			Company Book	Company Cost	Company Pro	Company Pro	Trial Balance as	Adjustment to	Total Staff	
No.	Account	Description	Balance Per	Study	Forma	Forma Balance	of June 30, 2015	reflect	Adjustment to	Staff Adjusted
			Application	Adjustments	Adjustments			retirement	Accum. Depr.	Accum. Depr.
			(c) + (b) + (a)						[(c) + (b)] - [(a) + (c)]	(d) + (g)
General Support Assets										
1	3100.2111	Land	-	-	-	-	-	-	-	-
2	3100.2112	Motor Vehicles	1,078,282	(141,367)	-	936,915	1,078,282	-	(0)	936,915
3	3100.2114	Special Purpose Vehicles	-	-	-	-	-	-	-	-
4	3100.2115	Garage Work Equipment	-	-	-	-	-	-	-	-
5	3100.2116	Tools and Other Work Equipment	1,015,764	(133,171)	-	882,593	1,015,764	-	-	882,593
6	3100.2121.110	Buildings - Existing	3,248,531	(344,139)	116,566	3,020,958	3,379,003	-	13,907	3,034,864
7	3100.2121.210	Buildings - Acquired	1,129,720	(119,678)	-	1,010,042	1,129,720	-	-	1,010,042
8	3100.2122	Furniture	399,272	(64,127)	-	335,145	399,272	-	(0)	335,145
9	3100.2123	Office Equipment	203,081	(32,617)	-	170,464	203,081	-	0	170,464
10	3100.2124	General Purpose Computers	595,683	(95,672)	-	500,011	595,683	-	0	500,011
11		Total General Support Assets	7,670,333	(930,771)	116,566	6,856,128	7,800,805	-	13,906	6,870,034
Central Office Assets										
12	3100.2212.110	Digital Electronic Switching Equipment - Existing	548,520	(104,424)	45,856	489,952	605,159	-	10,783	500,735
13	3100.2212.210	Digital Electronic Switching Equipment - Acquired	1,528,340	(428,398)	-	1,099,942	1,528,340	-	-	1,099,942
14	3100.2231	Radio Systems	-	-	-	-	-	-	-	-
15	3100.2232.110	Circuit Equipment - Existing	4,602,964	71,397	476,137	5,150,498	5,069,343	-	(9,758)	5,140,740
16	3100.2232.210	Circuit Equipment - Acquired	10,730,939	428,398	(5,360,708)	5,798,629	11,061,137	(5,360,708)	330,199	6,128,827
17		Total Central Office Assets	17,410,762	(33,027)	(4,838,715)	12,539,020	18,263,979	(5,360,708)	331,224	12,870,244
Information Orig./Term. Assets										
18	3100.2311	Station Apparatus	-	-	-	-	-	-	-	-
19	3100.2321	Customer Premises Wiring	-	-	-	-	-	-	-	-
20	3100.2351	Public Telephone Equipment	-	-	-	-	-	-	-	-
21	3100.2362	Other Terminal Equipment	-	-	-	-	-	-	-	-
22		Total Information Orig./Term. Assets	-	-	-	-	-	-	-	-
Cable & Wire Facilities Assets										
23	3100.2411	Poles	-	-	-	-	-	-	-	-
24	3100.2421	Aerial Cable	-	-	-	-	-	-	-	-
25	3100.2422	Underground Cable	29,230	-	-	29,230	29,230	-	(0)	29,230
26	3100.2423.110	Buried Cable - Existing	4,819,588	-	181,562	5,001,150	5,001,260	-	111	5,001,260
	3100.2423.210	Buried Cable - Acquired	8,476	-	1,523	9,999	10,000	-	0	10,000
27	3100.2424.110	Fiber Optic Cable - Existing	5,522,327	(177,951)	175,507	5,519,883	5,703,665	-	5,831	5,525,714
	3100.2424.210	Fiber Optic Cable - Acquired	20,594,161	(69,833)	1,390,508	21,914,836	21,990,213	-	5,544	21,920,380
28	3100.2441	Conduit Systems	3,861	-	-	3,861	3,861	-	0	3,861
29		Total Cable & Wire Facilities Assets	30,977,643	(247,784)	1,749,100	32,478,959	32,738,228	-	11,486	32,490,444
30	3100.2682	Leasehold Improvements	-	-	-	-	-	-	-	-
31		Total Accumulated Depreciation	\$ 56,058,738	\$ (1,211,582)	\$ (2,973,049)	\$ 51,874,107	\$ 58,803,013	\$ (5,360,708)	\$ 356,616	\$ 52,230,723

Sources: Twin Valley Telephone, Inc.'s Application, Section 5
Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance

Twin Valley Telephone, Inc.
Telephone Plant Under Construction
Rate Base Adjustment No. 5
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-5

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Adjustment to TPUC - Short Term (Acct. 2003)	<u>\$ 365,521</u>	0.579066	<u>\$ 211,661</u>
<u>Breakdown of Adjustment:</u>				
2	Test Year Telephone Plant Under Construction Balance	\$ 126,495		
3	Twin Valley's Adjustment to Telephone Plant Under Construction	<u>3,873</u>		
4	Twin Valley's Normalized Telephone Plant Under Construction Balance	\$ 130,368		
5	Update to June 30, 2015 Telephone Plant Under Construction Balance	<u>495,889</u>		
6	Total Staff Adjustment to TPUC - Short Term (Acct. 2003)		<u>\$ 365,521</u>	

Sources: Twin Valley Telephone, Inc.'s Application, Section 4

Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 94, Updated Trial Balance

Twin Valley Telephone, Inc.
Materials Supplies
Rate Base Adjustment No. 6
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLF-6

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Materials & Supplies (Acct. 1220)	<u>\$ (5,197)</u>	0.662319	<u>\$ (3,442)</u>

Line No.	Description	FERC Account	Year	Account Balance	Percent Increase/Decrease
2	Materials & Supplies Balance		2005	\$ 126,374	
3			2006	141,838	12.24%
4			2007	144,759	2.06%
5			2008	144,759	0.00%
6			2009	148,647	2.69%
7			2010	135,548	-8.81%
8			2011	144,281	6.44%
9			2012	155,414	7.72%
10			2013	173,353	11.54%
11			2014	158,645	-8.48%
12	5 Year Average			\$ 153,448	
13	Staff's Adjustment to Materials & Supplies			<u>\$ (5,197)</u>	

Sources: Twin Valley Telephone, Inc.'s Annual Report as filed with the Kansas Corporation Commission
Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 4 - Trial Balance

Twin Valley Telephone, Inc.
 Depreciation Expense
 Income Statement Adjustment No. 14
 Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
 Exhibit KLF-7

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Depreciation Expense (Acct. 6560)	<u>\$ 3,809</u>	0.614262	<u>\$ 2,340</u>
<u>Breakdown of Adjustment:</u>				
2	Staff normalized regulated depreciation expense		\$ 6,153,989	
3	Twin Valley's depreciation expense pro forma	6,219,396		
4	Staff Adjustment IS 5	35,148		
5	Staff Adjustment IS 6	<u>(104,364)</u>		
6	Twin Valley's Pro Forma Depreciation after Staff Adjustment		6,150,180	
7	Staff Adjustment to Depreciation Expense (Acct. 6560)		<u>\$ 3,809</u>	

Source: Section 9 of Twin Valley Telephone, Inc.'s Application

Twin Valley Telephone, Inc.
Depreciation Expense Detail
Income Statement Adjustment No. 14
Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
Exhibit KLP-2b

Line No.	Plant FERC Account	(A) Plant Book Balance	(B) Cost Study Adjustment	(C) Pro Forma Adjustment	(D) Staff Adjustment	(E) Gross Plant Adjusted (A) + (B) + (C) + (D)	(F) Acc. Dep. Book Balance	(G) Cost Study Adjustment	(H) Pro Forma Adjustment	(I) Staff Adjustment See exhibit KLP-2a	(J) Acc. Dep. (F) + (G) + (H) + (I)	(K) Staff Adjusted Net Book (E) - (J)	(L) Depreciation Rate	(M) Annual Depreciation (L) * (K)	(N) Annualized Depreciation	(O) Staff's Regulated Percentage (N) / (M)	(P) Staff's Regulated Depreciation (O) * (M)
1	2111 Land	348,794	(58,471)	-	(0)	290,323	-	-	-	-	(916,915)	290,323	0.00%	-	-	62.05%	-
2	2112 Vehicles	1,078,282	(141,567)	-	(0)	936,715	(1,078,282)	141,567	-	0	-	-	26.27%	246,127	-	84.69%	-
3	2114 Special Purpose Vehicles	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	0.00%	-
4	2115 Garage Work Equipment	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	0.00%	-
5	2116 Other Work Equipment	1,015,764	(133,171)	-	6,111	888,704	(1,015,764)	133,171	-	-	(882,593)	6,110	23.98%	213,111	6,110	84.68%	5,173
6	2121.110 Buildings - Existing	5,194,349	(550,272)	-	10,619	4,654,715	(3,246,531)	344,139	(116,566)	(13,597)	(3,034,864)	1,619,851	5.02%	233,667	233,667	67.80%	158,426
7	2121.210 Buildings - Acquired	1,129,720	(119,678)	-	(0)	1,010,042	(1,129,720)	119,678	-	-	(1,010,042)	50,704	5.02%	50,704	-	67.80%	-
8	2122 Furniture	399,272	(64,127)	-	(0)	335,145	(399,272)	64,127	-	0	(335,145)	-	15.57%	52,182	-	60.46%	-
9	2123 Office Equipment	202,081	(32,617)	-	0	170,464	(202,081)	32,617	-	(0)	(170,464)	-	18.10%	30,854	-	60.46%	-
10	2124 General Purpose Computers	595,683	(95,273)	-	0	500,411	(595,683)	95,272	-	(0)	(500,411)	-	18.37%	92,852	-	60.46%	-
11	Total General Support Facilities	9,964,945	(1,155,735)	-	16,249	8,795,319	(7,670,333)	930,771	(116,566)	(13,598)	(6,870,044)	1,918,285	-	919,498	239,777	-	103,599
12	2212.110 Digital Electric Switching Equipment - Existing	978,218	(186,228)	-	-	791,990	(548,520)	104,424	(45,856)	(10,783)	(500,755)	291,236	11.58%	91,712	91,712	100.00%	91,712
13	2212.210 Digital Electric Switching Equipment - Acquired	1,528,340	(458,398)	-	-	1,069,942	(1,528,340)	428,398	-	-	(1,099,942)	-	11.58%	127,373	-	100.00%	-
14	2220 Operator Systems	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
15	2232.110 Circuit Equipment - Existing	5,998,775	133,661	-	58,727	6,190,563	(4,600,964)	(71,397)	(476,137)	9,758	(5,140,740)	1,049,823	15.53%	961,394	961,394	100.00%	961,394
16	2232.210 Circuit Equipment - Acquired	10,730,939	428,398	(1,860,708)	(63,804)	9,234,825	(10,730,939)	628,398	(330,708)	(330,199)	(5,126,827)	3,105,997	15.53%	1,434,168	1,434,168	100.00%	1,434,168
17	Total Central Office Equipment	19,234,272	(53,167)	(1,860,708)	(5,977)	17,317,321	(17,410,762)	53,027	4,838,715	(331,224)	(12,870,244)	4,447,076	-	2,614,649	2,487,275	-	2,487,275
18	2311 Station Apparatus	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
19	2321 Customer Premises Wiring	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
20	2351 Public Telephone Equipment	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
21	2362 Other Terminal Equipment	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
22	Total Info Orig/Term Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	2411 Poles	-	-	-	-	-	-	-	-	-	-	-	12.00%	-	-	100.00%	-
24	2421 Aerial Cable	-	-	-	-	-	-	-	-	-	-	-	12.00%	-	-	100.00%	-
25	2422 Underground Cable	29,230	-	-	(0)	29,230	(29,230)	-	-	0	(29,230)	-	5.38%	1,573	-	100.00%	-
26	2423.110 Buried Cable - Existing	6,393,016	-	-	9,996	6,403,012	(4,819,588)	-	(181,562)	(111)	(5,001,260)	1,401,752	5.68%	363,691	363,691	100.00%	363,691
27	2423.210 Buried Cable - Acquired	53,641	-	-	(0)	53,641	(8,476)	-	(1,223)	(0)	(10,000)	43,641	5.68%	3,047	3,047	100.00%	3,047
28	2424.110 Fiber Optic Cable - Existing	6,385,577	(205,768)	-	-	6,179,809	(5,522,327)	177,951	(175,507)	(5,831)	(5,523,714)	654,096	5.68%	351,013	351,013	100.00%	351,013
29	2424.210 Fiber Optic Cable - Acquired	49,128,146	(166,587)	-	76,526	49,038,085	(20,594,161)	69,833	(1,590,506)	(5,544)	(21,920,380)	27,117,705	5.68%	2,785,563	2,785,563	100.00%	2,785,563
30	2441 Conduit System	3,861	-	-	0	3,861	(3,861)	-	-	(0)	-	-	6.48%	250	-	100.00%	-
31	Total Cable & Wire Facilities	61,093,471	(372,355)	-	96,523	61,707,639	(30,977,643)	247,784	(1,749,100)	(11,496)	(32,490,444)	29,217,194	-	3,504,977	3,503,114	-	3,503,114
32	2482 Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
33	2690 Intangible	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100.00%	-
34	Total	\$ 91,194,689	\$ (1,620,897)	\$ (1,860,708)	\$ 98,194	\$ 87,811,278	\$ (86,858,798)	\$ 1,211,592	\$ 2,973,649	\$ (356,616)	\$ (82,230,723)	\$ 35,590,555	-	\$ 7,009,893	\$ 6,230,167	-	\$ 6,153,989

(O) The value in column (N) is limited to the lesser of (K) or (M). If negative, value was increased to zero.

Source: Twin Valley Telephone, Inc.'s Application, Sections 4 and 5

Exhibits KLP-3a and KLP-4a

Twin Valley Telephone, Inc.
 ESPI Battery Packs
 Income Statement Adjustment No. 15
 Test Year Ending December 31, 2014

Docket No. 15-TWVT-213-AUD
 Exhibit KLF-8

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Circuit Equipment - Maintenance & Materials (Acct. 6232)	<u>\$ (62,539)</u>	0.311637	<u>\$ (19,489)</u>

Line No.	Date	Account	Account Description	Amount
2	2/2014	6232.360.21	Circuit Equip - Maint & Materials.	\$ 11,152
3	3/2014	6232.360.23	Circuit Equip - Maint & Materials	11,150
4	5/2014	6232.360.23	Circuit Equip - Maint & Materials	11,147
5	6/2014	6232.360.23	Circuit Equip - Maint & Materials	11,148
6	8/2014	6232.360.23	Circuit Equip - Maint & Materials	11,151
7	10/2014	6232.360.23	Circuit Equip - Maint & Materials	11,151
8	11/2014	6232.360.23	Circuit Equip - Maint & Materials	11,147
9	1/2015	6232.360.23	Circuit Equip - Maint & Materials	11,141
10	4/2015	6232.360.23	Circuit Equip - Maint & Materials	17,325
11	4/2015	6232.360.23	Circuit Equip - Maint & Materials	262
12	6/2015	6232.360.23	Circuit Equip - Maint & Materials	17,283
13	Total 2014 Costs of Battery Packs			<u>\$ 124,057</u>
14	Amortization Period of ESPI Battery Packs			8 Years
15	Annualized Cost of ESPI Battery Packs			<u>\$ 15,507</u>
16	2014 Battery Packs Expense included in the Test Year			\$ 78,046
17	Staff Adjustment to Account No. 6232			<u>\$ (62,539)</u>

Source: Twin Valley Telephone, Inc.'s Response to Staff Data Request No. 106

Twin Valley's Responses to Staff Data Request Nos. 95 and 106

Kansas Corporation Commission
Information Request

Request No: **95**

Company Name TWIN VALLEY TELEPHONE, INC. TWVT
Docket Number 15-TWVT-213-AUD
Request Date July 29, 2015
Date Information Needed August 6, 2015

RE: FTTH

Please Provide the Following:

- In regards to the FTTH project, please provide the following:
1. Date the fiber to the home project was complete for each exchange.
 2. For each exchange that has not been completed, please state the date the Company expects to have the FTTH project to be completed.
 3. Actual plant in service balance for the FTTH project, per exchange, broken out by account number.
 4. Actual accumulated depreciation balance for the FTTH project, by exchange.
 5. Budgeted cost per exchange (for those that are not complete).

Submitted By Katie Figgs

Submitted To Morgan May

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: Tim Morrissey

Date: 8/6/2015

Request No. 95

In regards to the FTTH project, please provide the following:

1. Date the fiber to the home project was complete for each exchange.
2. For each exchange that has not been completed, please state the date the Company expects to have the FTTH project to be completed.
3. Actual plant in service balance for the FTTH project, per exchange, broken out by account number.
4. Actual accumulated depreciation balance for the FTTH project, by exchange.
5. Budgeted cost per exchange (for those that are not complete).

Response:

The FTTH project was undertaken by TVT beginning in early 2015 and the majority, as indicated in the attached was completed by June 30, 2015. By 2014, Twin Valley Telephone's fiber electronics network had reached end-of-life, non-warranted status as the network was nearing 8 - 10 years in age. During this period, Twin Valley began to recognize an increase in fiber electronic card and optical network terminal (ONT) failures, resulting in customer outages of services delivered via the regulated transmission facility. Some customers experienced the transitory inability to make emergency voice calls during such outages. At that time, the only solution was to roll a technician/truck to hut, cabinet, or remote central office to replace the hardware with a like (end-of-life) component. This solution was inefficient and unduly expensive as a long-term solution. Cards could fail any time of day or night, resulting in trouble reports, customer dissatisfaction, and increased incremental cost to repair and replace defective electronics. The company found this situation was escalating with more trouble reports and customer complaints. Twin Valley's previous fiber electronics vendor didn't have an effective solution for the equipment problems. In fact, in late 2013/early 2014, the fiber electronics vendor chose to void a pre-existing support and service agreement scheduled to run through Nov. of 2016. For these reasons, Twin Valley began vetting and researching a range of technology and vendor solutions required to address the customer-impacting quality of service issues. After a thorough review and board approval in late 2014, Twin Valley prepared to upgrade those FTTH electronics across all 14 FTTH exchanges in the first half of 2015. Twin Valley carefully considered cost for this project and negotiated 13% - 35% savings on the hardware (depending upon the component type) as compared to other competitive bids in the industry, resulting in a project that assured, at a reasonable and reduced cost, the reliability of services needed and expected by consumers.

The attached table contains the requested information for items 1 through 5. The information provided represents account balances as of June 30, 2015.

Twin Valley Telephone, Inc.

Data Request No. 95 - FTTH Upgrades as of 6/30/2015

Exchange	FTTH Initial Project Completion	FTTH Upgrade Completion Date	Account	Plant In Service Balance	Accumulated Depreciation	Budgeted Cost Per Exchange (not complete)
Acquired Exchanges						
Aurora	12/31/2008	3/31/2015	2232.210.00	462,057	360,756	N/A
Clifton	6/30/2008	6/30/2015	2232.210.00	1,074,692	839,077	N/A
Clyde	12/31/2008	6/30/2015	2232.210.00	1,273,218	994,078	N/A
Delphos	12/31/2008	6/30/2015	2232.210.00	832,132	649,695	N/A
Glasco	12/31/2008	6/30/2015	2232.210.00	866,119	676,231	N/A
Green	12/31/2008	6/30/2015	2232.210.00	725,749	566,636	N/A
Longford	12/31/2008	6/30/2015	2232.210.00	1,303,745	1,017,912	N/A
Leonardville	10/31/2007	6/30/2015	2232.210.00	1,734,930	1,354,565	N/A
Milford	10/31/2007	6/30/2015	2232.210.00	946,908	739,308	N/A
Morganville	12/31/2008	6/30/2015	2232.210.00	581,274	453,836	N/A
Olsburg	10/31/2007	6/30/2015	2232.210.00	990,642	773,454	N/A
Riley	10/31/2007	6/30/2015	2232.210.00	1,840,857	1,437,268	N/A
Wakefield	10/31/2007	6/30/2015	2232.210.00	1,424,429	1,112,138	N/A
Total Acquired				14,056,752	10,974,954	N/A
Acquired Exchanges						
Aurora	12/31/2008	N/A	2423.220.00	1,888,695	843,961	N/A
Clifton	6/30/2008	N/A	2423.220.00	3,020,703	1,349,798	N/A
Clyde	12/31/2008	N/A	2423.220.00	3,182,994	1,422,318	N/A
Delphos	12/31/2008	N/A	2423.220.00	3,268,613	1,460,576	N/A
Glasco	12/31/2008	N/A	2423.220.00	2,780,959	1,242,669	N/A
Green	12/31/2008	N/A	2423.220.00	4,658,583	2,081,663	N/A
Longford	12/31/2008	N/A	2423.220.00	7,282,590	3,254,217	N/A
Leonardville	10/31/2007	N/A	2423.220.00	5,340,132	2,386,232	N/A
Milford	10/31/2007	N/A	2423.220.00	1,336,727	597,315	N/A
Morganville	12/31/2008	N/A	2423.220.00	2,466,897	1,102,330	N/A
Olsburg	10/31/2007	N/A	2423.220.00	3,564,347	1,592,725	N/A
Riley	10/31/2007	N/A	2423.220.00	5,356,971	2,393,757	N/A
Wakefield	10/31/2007	N/A	2423.220.00	4,993,487	2,231,334	N/A
Total Acquired				49,141,698	21,958,895	N/A
Legacy Exchanges						
Barnard		N/A	N/A	N/A	N/A	N/A
Bennington		N/A	N/A	N/A	N/A	N/A
Beverly		N/A	N/A	N/A	N/A	N/A
Greenleaf		N/A	N/A	N/A	N/A	N/A
Miltonvale		N/A	N/A	N/A	N/A	N/A
Tescott		N/A	N/A	N/A	N/A	N/A

Kansas Corporation Commission
Information Request

Request No: 106

Company Name TWIN VALLEY TELEPHONE, INC. TWVT
Docket Number 15-TWVT-213-AUD
Request Date August 5, 2015
Date Information Needed August 14, 2015

RE: ESPI Battery Packs

Please Provide the Following:

In reference to the new ESPI battery packs, please provide:

1. the account number they were recorded to
2. the amount/total cost
3. the description of what the battery packs are used for
4. the explanation of why they were upgraded

Submitted By Katie Figgs

Submitted To Morgan May

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: Tim Morrissey

Date: 8/14/2015

Request No. 106

In reference to the new ESPi battery packs, please provide:

1. the account number they were recorded to
2. the amount/total cost
3. the description of what the battery packs are used for
4. the explanation of why they were upgraded

Response:

1. A detail listing of invoices associated with the purchase of ESPi battery packs is provided in the Drop Box Folder labeled "DR#106." This listing also indicates the account number used to record the invoices.
2. This information is provided in the listing of invoices referenced in response to Part 1.
3. The battery packs are used to provide emergency back-up power in the event of power failure for customers served with FTTH facilities. By maintaining service, these batteries allow for access to 911 in the event of an emergency situation and commercial power is not available.
4. The previous batteries reached the end of their useful life. To avoid disruptions in voice service including emergency access to 911, it is necessary to replace these back-up batteries. Twin Valley spent several months in 2013 vetting and trialing a new battery technology that has a useful life of 8 years, greatly reducing the need for truck rolls over that period and the expense to replace other types of batteries that have a useful life of 3 - 4 years. In 2013, a plan was developed and implementation began at the end of that same year to replace the end-of-life batteries over a period of 4-5 years across all exchanges, not just FTTH customers. To reduce operating expense, this is largely being done at the time a technician is at or near the home for a service call of some type.

Vendor ID	Vendor Name	Inv Number	Inv Entered Date	Inv Date	Inv Pay Date	Pay No.	Pay By	Inv Year	Per Period	Inv Gross	Inv Description	Batch	Status	Pay Approval	COM	SUPL	DUV	Account Number	Account Description	Debit	Credit	Detail Description
ESPI	ESPI LLC	1034	2/17/2014	2/24/2014	3/7/2014	40523	Cheq	2014	2	11,151.53	PO 1801	CHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,151.53	PO 1801
ESPI	ESPI LLC	1034	2/17/2014	2/24/2014	3/7/2014	40523	Cheq	2014	2	11,151.53	PO 1801	CHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,151.53	PO 1801
ESPI	ESPI LLC	1040-03102014	3/18/2014	3/18/2014	4/4/2014	40660	Cheq	2014	3	11,150.19	PO 1821	CHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,150.19	PO 1821
ESPI	ESPI LLC	1040-03102014	3/18/2014	3/18/2014	4/4/2014	40660	Cheq	2014	3	11,150.19	PO 1821	CHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,150.19	BATTERY PACKS
ESPI	ESPI LLC	1056	5/16/2014	5/15/2014	6/10/2014	17295	ACH	2014	5	11,147.25	PO 1871	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,147.25	PO 1871
ESPI	ESPI LLC	1056	5/16/2014	5/15/2014	6/10/2014	17295	ACH	2014	5	11,147.25	PO 1871	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,147.25	Battery Packs
ESPI	ESPI LLC	1070	7/1/2014	6/30/2014	7/29/2014	18293	ACH	2014	6	11,147.63	PO 1892	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,147.63	PO 1892
ESPI	ESPI LLC	1070	7/1/2014	6/30/2014	7/29/2014	18293	ACH	2014	6	11,147.63	PO 1892	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,147.63	Battery Packs
ESPI	ESPI LLC	1093	8/19/2014	8/18/2014	9/17/2014	19216	ACH	2014	8	11,151.41	PO 1919	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,151.41	PO 1919
ESPI	ESPI LLC	1093	8/19/2014	8/18/2014	9/17/2014	19216	ACH	2014	8	11,151.41	PO 1919	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,151.41	Battery Packs
ESPI	ESPI LLC	1112	10/3/2014	10/2/2014	10/17/2014	19854	ACH	2014	10	11,150.85	PO 1942	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,150.85	PO 1942
ESPI	ESPI LLC	1112	10/3/2014	10/2/2014	10/17/2014	19854	ACH	2014	10	11,150.85	PO 1942	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,150.85	Battery Packs
ESPI	ESPI LLC	1139	12/1/2014	11/24/2014	12/17/2014	21248	ACH	2014	11	11,146.92	PO 1964	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,146.92	PO 1964
ESPI	ESPI LLC	1139	12/1/2014	11/24/2014	12/17/2014	21248	ACH	2014	11	11,146.92	PO 1964	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,146.92	Battery Packs
ESPI	ESPI LLC	1158	1/22/2015	1/21/2015	2/18/2015	23876	ACH	2015	1	11,141.29	PO 2002	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	11,141.29	PO 2002
ESPI	ESPI LLC	1158	1/22/2015	1/21/2015	2/18/2015	23876	ACH	2015	1	11,141.29	PO 2002	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	11,141.29	Battery Packs
ESPI	ESPI LLC	1193	4/9/2015	4/7/2015	4/30/2015	24329	ACH	2015	4	17,325.38	PO 2045	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	17,325.38	PO 2045
ESPI	ESPI LLC	1201	4/16/2015	4/16/2015	5/12/2015	24533	ACH	2015	4	261.96	POWER SUPPLY	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	261.96	POWER SUPPLY
ESPI	ESPI LLC	1201	4/16/2015	4/16/2015	5/12/2015	24533	ACH	2015	4	261.96	POWER SUPPLY	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	261.96	POWER SUPPLY
ESPI	ESPI LLC	1230	6/22/2015	6/16/2015	7/19/2015	26361	ACH	2015	6	17,282.81	PO 2095	ACHAPP	P	Approved	599	1	0	4000-100.00	Accounts Payable	\$	17,282.81	PO 2095
ESPI	ESPI LLC	1230	6/22/2015	6/16/2015	7/19/2015	26361	ACH	2015	6	17,282.81	PO 2095	ACHAPP	P	Approved	599	1	0	6232-360.23	Circuit Equip - Maint & Materials	\$	17,282.81	Battery Packs

6232-360.23	Circuit Equip - Maint & Materials	\$ 11,413.49
6232-360.23	Circuit Equip - Maint & Materials	\$ 117,643.73
		\$ 124,057.22

CERTIFICATE OF SERVICE

15-TWVT-213-AUD

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony was served by electronic service on this 4th day of September, 2015, to the following:

THOMAS E. GLEASON, JR., ATTORNEY
GLEASON & DOTY CHTD
PO BOX 6
LAWRENCE, KS 66049-0006
Fax: 785-856-6800
gleason@sunflower.com

MICHAEL DUENES, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
m.duenes@kcc.ks.gov

DUSTIN KIRK, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
d.kirk@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

BENJAMIN FOSTER, PRESIDENT & CEO
TWIN VALLEY TELEPHONE, INC.
22 SPRUCE
PO BOX 395
MILTONVALE, KS 67466
Fax: 785-427-2216
ben.foster@tvttinc.net

Pamela Griffeth

Pamela Griffeth
Administrative Specialist

CERTIFICATE OF SERVICE

15-TWVT-213-AUD

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony was served by electronic service on this 4th day of September, 2015, to the following:

THOMAS E. GLEASON, JR., ATTORNEY
GLEASON & DOTY CHTD
PO BOX 6
LAWRENCE, KS 66049-0006
Fax: 785-856-6800
gleason@sunflower.com

MICHAEL DUENES, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
m.duenes@kcc.ks.gov

DUSTIN KIRK, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
d.kirk@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

BENJAMIN FOSTER, PRESIDENT & CEO
TWIN VALLEY TELEPHONE, INC.
22 SPRUCE
PO BOX 395
MILTONVALE, KS 67466
Fax: 785-427-2216
ben.foster@tvttinc.net

Pamela Griffeth

Pamela Griffeth
Administrative Specialist