

Received  
on

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

APR 04 2013

by  
State Corporation Commission  
of Kansas

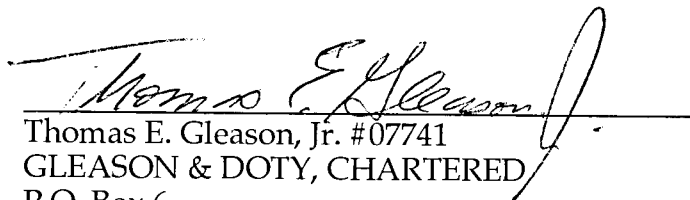
In the Matter of Staff's Motion Requesting )  
The Commission Order Zenda Telephone )  
Company, Inc. to Submit to an Audit for ) Docket No. 13-ZENT-065-AUD  
Purposes of Determining Its Cost-Based )  
Kansas Universal Service Fund Support, )  
Pursuant to K.S.A. 66-2008. )

ZENDA TELEPHONE COMPANY ERRATA

COMES NOW Zenda Telephone Company ("Zenda" or "company") and, submits the accompanying Errata. The company, on continuing review of documentation herein, has identified minor errors in its prior original filing and submits corrections thereto. The attached correction sheets to Page 8 of the direct testimony of John Ludenia, to Section 3(i) (Rate of Return) and to Section 7(i) (Allocated Parent Debt) in the company's initial filing should replace the corresponding pages of the company's original filing.

To the extent the originally filed Section 7(i) (Allocated Parent Debt) hereby corrected was submitted subject to claim of confidentiality, such claim applies to the correction(s) equally.

Respectfully submitted,

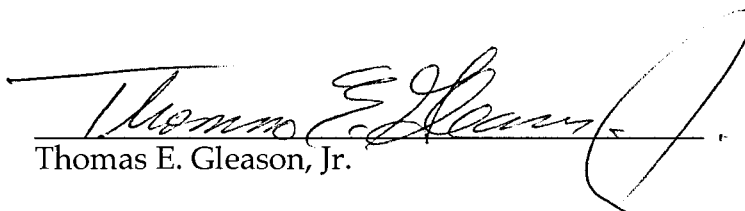


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Attorney for Zenda Telephone Company

VERIFICATION

STATE OF KANSAS, DOUGLAS COUNTY, ss:

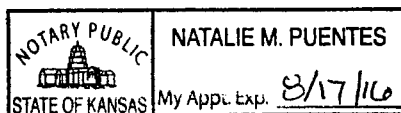
Thomas E. Gleason, Jr., of lawful age, being first duly sworn, on his oath states: he is the attorney for Zenda Telephone Company, Inc.; that he has read the above and foregoing pleading with accompanying correction sheets, and that the statements, allegations and matters contained therein are true and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

  
Thomas E. Gleason, Jr.

Subscribed and sworn to before me this 4<sup>th</sup> day of April 2013.

  
Notary Public

My Appointment Expires:



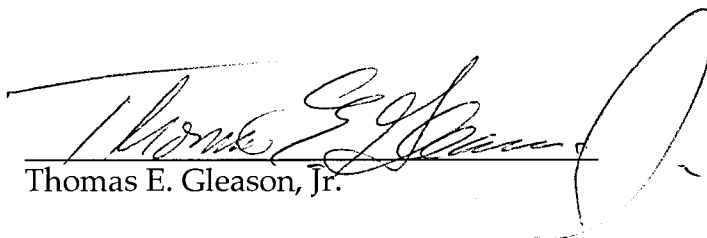
CERTIFICATE OF SERVICE

Thomas E. Gleason, Jr., attorney for Zenda Telephone Company herein, certifies that he served a copy of this document and accompanying correction sheets on the following by electronic service this 4<sup>th</sup> day of April, 2013:

Robert A Fox, Senior litigation counsel  
<b.fox@kcc.ks.gov>

Jay Van Blaricum, Advisory Counsel  
<j.vanblaricum@kcc.ks.gov>

Amber Smith, Litigation counsel  
<a.smith@kcc.ks.gov>

  
Thomas E. Gleason, Jr.

1 **Q. What other information is being provided with this application?**

2 A. Zenda is providing the following additional information with this application as  
3 ordered by the Commission in its order of August 14, 2012<sup>1</sup>.

4 -The Company's cost study as submitted to NECA for the test year 2011,  
5 included in section 15 above;

6 -A structural organization chart for the Company, including affiliates, parents and  
7 subsidiaries, included in section 14 above;

8 -All allocation information used in the allocation of costs in the Company's cost  
9 study;

10 -Consolidated capital structure and cost of debt of the parent, included in section  
11 7 above;

12 -A CONFIDENTIAL paper copy of the 2011 detail General Ledger for the  
13 Company in Exhibit 1 to my testimony.

14 **Q. Has the Company provided information on its capital structure?**

15 A. Yes, in Section 7, the Company shows its actual capital structure as of the end of  
16 the test period, which includes no debt. The Company has not had any long term  
17 debt for several years.

18  
19 **Q. Please explain the capital structure changes that you are proposing.**

20 A. The Company starts with the Zenda 100% equity capital structure in the  
21 calculation of the return on rate-base. The Company then imputes a prorated  
22 portion of the debt carried on the parent company books to arrive at a return on  
23 rate base of 10.75%. The Company believes that this capital structure more  
24 reasonably reflects the cost of capital of Zenda. The debt on the parent books  
25 was allocated between all of the subsidiaries on the basis of total assets in each  
26 entity.

27  
28 **Q. What cost of equity has the Company proposed in its filing?**

29 A. The Company has calculated a return on rate base using a 12% cost of equity  
30 component. Zenda believes this ROE is supported by increasing levels of risk  
31 inherent in the telecommunications market today and particularly applicable to  
32 small carriers—driven not only by increased competition but also from increased  
33 regulatory uncertainty caused by recent FCC actions, as well as actions at the  
34 state level.

35 The increasing number of competitive Eligible Telecommunications Carriers  
36 (ETCs) being authorized by the Commission to provide service, as well as the  
37

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<sup>1</sup> Commission order of August 14, 2012, page 4, ¶13.

ZENDA TELEPHONE COMPANY, INC.

Docket Number 13-ZENT-065-AUD

In the Matter of the Staff's Motion Requesting the Commission Order Zenda Telephone Company, Inc. to Submit to an Audit for Purposes of Determining its Cost-Based Kansas Universal Service Support, Pursuant to K.S.A. 66-2008 For the Test Year of Twelve Months Ending December 31, 2011

REVISED 03/22/2013

**Section 3: Summary of Rate Base, Operating Income and Rate of Return**

Section 3(i): Summary of Revenue Requirement

(A)	(B)	(C)	(D)	(E)	
Line	Description	Total Regulated Company	Total Regulated Interstate	Total Regulated INTRASTATE	Reference: sch[clmn, ln]
1					
2	Proforma Rate Base	\$ 2,692,252	\$ 905,711	\$ 1,786,541	4 (i) [H 40]
3					
4	Rate of Return	10.92%	11.25%	10.75%	7 (i) [I 23]
5					
6	Operating Income Required	\$ 293,921	\$ 101,892	\$ 192,029	
7					
8	Proforma Operating Income	\$ (146,107)	\$ 33,565	\$ (179,672)	9 (i) [H 46]
9					
10	Net Pro Forma Revenue Increase / (Decrease)	\$ 440,028	\$ 68,328	\$ 371,700	
11					
12	Net to Gross Multiplier			1.2371537	11(i) [C 15]
13					
14	Gross Pro Forma Revenue Increase / (Decrease)			\$ 459,850	

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ZENDA TELEPHONE COMPANY ERRATA

CONFIDENTIAL DATA

Section 7(i), Allocated Parent Debt

April 4, 2013

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