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October 18, 2023

Lynn M. Retz, Secretary  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604-4027

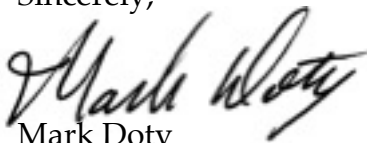
RE: Totah Communications, Inc. Request  
for Additional KUSF Support  
24-TTHT- 343 -KSF

Dear Ms. Retz:

Attached for filing please find the application of Totah Communications, Inc. application for additional KUSF support. The company has chosen to designate the entirety of Sections 12, 13, 15 and 16 as confidential pursuant to K.S.A. 66-1220(a). Sections 1-11 are public.

If you have any questions please contact me.

Sincerely,



Mark Doty  
Attorney for Totah Communications, Inc.

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application Totah )  
Communications, Inc. )  
for Additional Kansas Universal )  
Service Fund Support Pursuant to K.S.A. 66-2008 ) Docket No. 24-TTHT- 343 -KSF

**APPLICATION**

COMES NOW Totah Communications, Inc. (“Totah” or “Applicant”), an Oklahoma corporation authorized to transact business in the State of Kansas (“Totah” or “Applicant”) and requests that the State Corporation Commission of the State of Kansas (“Commission” or “KCC”) issue an Order pursuant to K.S.A. 66-2008 directing the Administrator of the Kansas Universal Service Fund (“KUSF” or “Fund”) to pay to the Applicant additional sums monthly from the Fund pursuant to K.S.A. 66-2008. In support thereof, Totah states:

1. Totah is an Oklahoma corporation authorized to transact business in the State of Kansas and 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(1).

2. Totah’s principal place of business is at 101 S. Ochelata Street, P.O. Box 300, Ochelata, Oklahoma 74051. Communications regarding this application should be directed to the following:

Mark M. Gailey, President  
Totah Communications Inc.  
P.O. Box 300  
Ochelata, OK 76051

Jeremiah Raya  
Senior Director, JSI  
Prominent Pointe One  
8310 N. Capital of Texas Hwy  
Suite 190  
Austin, TX 78731

Mark Doty  
Gleason & Doty, Chartered  
401 S. Main, Suite 102  
Ottawa, KS 66067

3. Totah Telephone Company was designated an Eligible Telecommunications Carrier by this Commission by Order dated December 5, 1997, in its Docket No. Docket No. 98-GIMT-241-GIT. Subsequently this Commission approved, by Order dated January 26, 2005, the change of name from Totah Telephone Company to Totah Telecommunications, Inc.

4. Totah Telephone Company elected in 1997 to operate under traditional rate of return regulation pursuant to K.S.A. 66-2005. Its successor, the Applicant herein, continues to serve under traditional rate of return regulation as the incumbent local exchange carrier, and as carrier of last resort for telecommunications customers within its designated service area pursuant to K.S.A. 66-2009.

5. Totah's intrastate access and local exchange service rates, set pursuant to Kansas statute (K.S.A. 66- 2005 (c) and (e)(1)(C) respectively and approved by the Commission, together with the KUSF support presently authorized, are insufficient taken together to afford the Applicant a reasonable opportunity to recover its

reasonable and necessary costs and investments, and to earn a reasonable return on such investments. Such insufficiency is contrary to the public's interest in reliable, affordable, sufficient and efficient telecommunications public utility service; such insufficiency is further contrary to the Applicant's rights under traditional rate of return regulation.

6. The proposed receipt of additional KUSF support based on Totah's embedded costs, revenue requirements, investments and expenses pursuant to K.S.A. 66-2008(e) is necessary to allow the Applicant to continue the provision of sufficient and efficient telecommunications service in the public interest, which provision of service is mandated by the State of Kansas.

7. The test year to be used in evaluation of this application is the 2022 calendar year.

8. Totah submits separately and concurrently the following materials for use in evaluating this Application:

- Section 1 Letter of Transmittal, Application and Prefiled direct testimony of Mark M. Gailey, President, Totah Communications Inc. and Prefiled direct testimony of Jeremiah Raya, Senior Director, JSI
- Section 2 Not Applicable
- Section 3 Summary of Rate Base, Operating Income, and Rate of Return
- Section 4 Plant investments
- Section 5 Accumulated depreciation and amortization
- Section 6 Working capital
- Section 7 Capital and cost of money
- Section 8 Financial and Operating Date
- Section 9 Proforma income statements and adjustments
- Section 10 Depreciation expense

- Section 11 Taxes
- Section 12 Cost Allocation Manual (Redacted)
- Section 13 Annual Report to Shareholders (Redacted)
- Section 14 Not Applicable
- Section 15 Additional Evidence-NECA Cost Study and Allocation Ratios (Redacted)
- Section 16 Financial Statements-included in Section 13 (Redacted)
- Section 17 Not Applicable
- Section 18 Not Applicable

9. The Applicant requests that the following components of this filing be deemed confidential and made subject to appropriate protective order:

- Section 12 Cost Allocation Manual
- Section 13 Annual Report to Shareholders
- Section 15 Additional Evidence-NECA Cost Study and Allocation Ratios
- Section 16 Audited Financial Statements

Pursuant to K.S.A. 66-1220(a) and K.A.R. 82-1-221 we submit the above- designated portions of the Applicant’s submitted information as proprietary and confidential under seal. Portions of the application and supporting data as specified in Paragraph 8, above, are of such competitive sensitivity that their disclosure to any person other than the carrier, the Commission, and Staff is prohibited by K.S.A. 66-1220(a). Disclosure of other portions would violate the rights of others not parties to this proceeding. Further, disclosure would provide a governmentally-created anticompetitive bias in favor of other providers of comparable services that are not required to be disclosed to the Applicant, thereby reducing or eliminating the presumed public benefit of even-handed, market-based competition. Disclosure of such trade secrets and confidential information to any person, including parties to this proceeding, is prohibited unless the

Commission finds the disclosure is warranted, after considering all of the factors in the above-referenced statute and regulation.

WHEREFORE Totah requests the Order of the Commission authorizing payment of additional KUSF support necessary to permit the Applicant reasonable opportunity for recovery of its costs and investments together with a reasonable return on investment, thereby enabling the Applicant to continue provision of its authorized and state-mandated telecommunications public utility service reliably and at affordable rates in the public interest

Respectfully submitted,



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Ottawa, KS 66067  
(785) 242-3775 Fax: (785) 242-3855  
Attorney for Totah Communications Inc.

VERIFICATION

The undersigned hereby certifies under penalty of perjury pursuant to K.S.A. 53-601 that he is the attorney for the Applicant, and that the foregoing is true and correct.

Executed on October 17, 2023.



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Mark Doty

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

2 A. My name is Mark M. Gailey. My business address is Total Communications,  
3 Inc. (Total), 101 S. Ochelata Street, P.O. Box 300, Ochelata, Oklahoma 74051  
4

5 **Q. Please identify your employer and your position with the company.**

6 A. I am employed as President and CEO of the Total Communications, Inc.  
7 (“Total” or “the Company”).  
8

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

10 A. I graduated from Oklahoma State University in May 1987 with a Bachelor of  
11 Science Degree in Business Administration, Majoring in Marketing and  
12 Management. Total Telephone Company, Inc. employed me on a part time  
13 basis from the age of 16 until graduating from college. I held various  
14 positions including, custodial, construction, installation and repair, and  
15 splicing. I was also contracted out from time to time to Images Cablevision  
16 as an installer and repairman. Upon graduating college, Contel of Arkansas  
17 employed me in June of 1987 as an Analyst Forecaster. I transferred to  
18 Supervisor Customer Services Construction in 1989. Contel of Arkansas was  
19 purchased by GTE and I remained employed by GTE as the Construction  
20 Supervisor in the Engineering Department until June 1996. In my capacity as  
21 a Forecaster and Construction Supervisor, I was directly involved in the  
22 Construction Budgets and the Budgeting processes. I was responsible for  
23 meeting the budgets and or explaining why a budget was not met. I was also  
24 responsible for overseeing activities necessary to provide initial customer  
25 service within a 30-day period of a customer requesting service. Also a part

1 of my duties were to oversee the construction, splicing, cutover, and removal  
2 phases for the three-year planned one party upgrade of over 60 exchanges  
3 for the western half of the state of Arkansas for GTE. At the time of my  
4 departure, over 30 of the exchanges I was responsible for had been  
5 upgraded. I supervised over 20 employees and a large crew of placement,  
6 splicing, cutover, and removal contractors. Upon returning to Totah  
7 Telephone Company, Inc. in July of 1996 I was made General Manager. In  
8 this capacity, I was and have been directly involved in the day-to-day  
9 management of the business including customer service, OSP and COE  
10 Engineering and construction. In Exhibit 1 you will find a bio of my various  
11 memberships to boards as well as social memberships. Presently, I am  
12 President and CEO and report directly to the Board of Directors of Totah  
13 Communications, Inc. as well as serving as its President.

14  
15 **Q. Please begin with a discussion of Totah corporate structure and operations.**

16 A. Totah provides local exchange telecommunication service, as the carrier of  
17 last resort, serving approximately 472 access lines in southeastern Kansas in  
18 the following local exchange areas as of 9/30/2023: Elgin, KS, Elk City, KS,  
19 Havana, KS, Hewins, KS, Liberty, KS, and Tyro, KS. Totah Communications,  
20 Inc. is incorporated as a C Corporation. As President and CEO, I have 3 direct  
21 report employees: The Vice President/CFO, The General Manager, The  
22 Supervisor IT/COE report directly to me. Reporting to the Vice  
23 President/CFO are the Controller and a Lead Accountant, and the Supervisor  
24 Customer Services. Reporting to the General Manager are 6 Service  
25 individuals, a placement contractor with 4 crews of 5 individuals each. There



1 is also a contract service individual and 3 contract fiber splicers. Reporting to  
2 the Supervisor IT/CEO are 3 COE/IT individuals. Reporting to the  
3 Supervisor CSR are 2 individuals. Total owns Total Customer Services, Inc.,  
4 TotalCom of Kansas, and BartNet IP, LLC. Total Customer Services, Inc (Total  
5 CSI) was created at the time of divestiture for the purposes of maintaining  
6 non-regulated equipment for the consumer in the states of KS and OK. It  
7 specifically deals with telephone instruments, providing internet services to  
8 customers within and outside of the traditional Total Communications  
9 service areas. Total CSI also purchases certain joint use equipment such as  
10 computers and vehicles. It leases back to Total this equipment at a market  
11 rate. TotalCom of Kansas was created as an investment company to provide  
12 for ownership and certain management activities for Total. Specifically,  
13 TotalCom of Kansas maintains brokerage investments. BartNet IP, LLC was  
14 created after the acquisition of an Oklahoma wireless internet provider in  
15 2013. Its primary function is to provide wireless internet services in Nowata,  
16 Osage, Rogers, and Washington Counties in Oklahoma. It does not provide  
17 services in the state of KS. Total has a cost allocation manual for purposes of  
18 allocating support costs between the owned entities and the parent company.  
19 Direct costs are assigned to the individual companies.  
20 The pending application seeks cost recovery only for the Total universal  
21 service and Carrier of Last Resort costs, investments and return on  
22 investment.

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

1 A. I am providing this direct testimony in support of Total's application and  
2 request for increased support from the Kansas Universal Service Fund  
3 ("KUSF"). While Total has retained the consulting firm of JSI, Inc. to  
4 calculate its KUSF shortfall – which is supported by the direct testimony of  
5 Jeremiah Raya - I understand that the Commission also requires an official  
6 company representative to file direct testimony and to be available as a  
7 witness at the evidentiary hearing during KUSF proceedings. Specifically, the  
8 Commission typically requires that the company representative be authorized  
9 to speak on behalf of the company and be able to discuss the company's  
10 corporate structure, cost allocation procedures, affiliate practices and  
11 transactions, and specific company operations and policies. As the President  
12 and CEO of Total, I will offer the testimony the Commission desires, and I  
13 will be available at the evidentiary hearing, if the parties feel my participation  
14 is necessary.

15

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

17 A. Yes, it does.

VERIFICATION

I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am the President and CEO for Total Communications Inc. and that the foregoing is true and correct. Executed on October 17, 2024.

/s/ Mark Gailey  
Mark Gailey

1 **Introduction**

2

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

4 A. My full name is Jeremiah Raya.

5

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

7 A. I am employed by John Staurulakis, LLC (“JSI”) as Senior Director. JSI is a  
8 telecommunications consulting firm headquartered in Greenbelt, Maryland. My office is  
9 located at Prominent Pointe One, 8310 N. Capital of Texas Highway, Suite 190, Austin,  
10 Texas. JSI is a full-service consulting firm, providing operational, financial, management,  
11 regulatory, marketing and strategic assistance to independent community-based  
12 communications providers. JSI has provided telecommunications consulting services to  
13 communications providers since 1963.

14

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

16 A. As the Senior Director at JSI, I lead JSI’s regional Austin office, which serves clients  
17 throughout the southwestern United States. I assist clients with federal and state  
18 regulatory compliance. I have been employed by JSI since 2000.

19 During my tenure at JSI, I have worked on clients’ cost studies and cost allocation manuals  
20 and have assisted them with their required federal and state filings. I have also worked with  
21 clients on forecasting and budgeting, cost recovery analysis, strategic planning and process  
22 improvement, affiliate transactions, federal and state reforms, and monitoring of their  
23 overall financial performance.

1 I have a Bachelor of Science degree in Finance and Marketing with a minor in  
2 Economics from Trinity University.

3

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

5 A. I am testifying on behalf of Total Communications, Inc. (“Total”), supporting its  
6 application for additional funding from the Kansas Universal Service Fund (“KUSF”).  
7 On July 21, 2023, Total filed notice with the Commission indicating it would be filing an  
8 application requesting a review of its embedded costs, revenue requirement, investments  
9 and expenses to allow the Commission to determine the increase necessary in its cost  
10 based KUSF support to enable Total to continue to provide sufficient and efficient  
11 service to its end user customers.

12

13 **Summary**

14

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

16 A. The purpose of my testimony is to explain the schedules filed by Total as required by  
17 K.A.R. 82-1-231. I will also explain the adjustments Total made to the test year results of  
18 operations. Finally, I will address Total’s cost allocation procedures and cost of capital  
19 issues.

20

21 **Q. Were the Schedules and Workpapers contained in the application prepared either**  
22 **by you or by someone under your supervision?**

23 A. Yes.

1 **Q. How much additional support from the KUSF is Total requesting in this**  
2 **application?**

3 A. The schedules in Total's application reflect an intrastate revenue deficiency of \$627,462.  
4 Total requests the Commission issue an order increasing its KUSF draw by this amount.

5  
6 **Q. Please briefly explain the process used to generate the total company and**  
7 **jurisdictional amounts reflected in the Schedules contained in Total's application.**

8 A. Total is a rate-of-return (RoR) regulated local exchange carrier (LEC) in both the Federal  
9 and State jurisdictions. As such, Total follows FCC rules guiding the measurement,  
10 gathering, and allocation of the costs necessary to provide regulated telecommunications  
11 services. Specifically, Total follows rules contained in FCC Part 32 (Uniform System of  
12 Accounts for Telecommunications Companies), Part 64 (Miscellaneous Rules Relating to  
13 Common Carriers-Subpart 1 Allocation of Costs), Part 36 (Jurisdictional Separations  
14 Procedures) and Part 69 (Access Charges). The Commission has historically and  
15 uniformly required its jurisdictional LECs to follow these FCC rules.

16  
17 **Q. Please describe the Part 36 jurisdictional separations study process Total used in**  
18 **this application.**

19 A. FCC Part 36 separations rules are used to allocate regulated investment and expenses  
20 between the interstate and intrastate jurisdictions. Total files an interstate cost study on  
21 an annual basis. These studies determine its revenue requirement recovery attributable to  
22 regulated investment and expenses allocated to the interstate jurisdiction. The company's  
23 study is then adjusted to include end-of-period balances to better correspond with the

1 Commission's eligibility for KUSF determinates. This version of the cost study is  
2 included in Section 15 and is the basis for the jurisdictional allocation factors used  
3 throughout the filing.  
4

5 **Q. Do you propose to reflect updated separations factors once Staff's review is**  
6 **complete?**

7 A. No, I do not.  
8

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

10 A. The amounts shown throughout Total's application as "test year unadjusted" or "cost  
11 study" amounts are 2022 book amounts applied to the 2022 Part 36 study included in the  
12 application. Already embedded in these numbers are adjustments made in compliance  
13 with Part 32 and Part 64 rules, and other National Exchange Carrier Association  
14 ("NECA") guidelines. As a result, Total has presented Schedules that begin with book  
15 amounts, and then add or subtract 2022 cost study adjustments to arrive at the cost study  
16 balance.  
17

18 **Q. Please describe the remaining steps to determine Total's adjusted intrastate revenue**  
19 **requirement.**

20 A. Next, Total identified and quantified normalizing adjustments, which are discussed later  
21 in my testimony. These normalized balances were then allocated to the intrastate  
22 jurisdiction using the allocation ratios from the KUSF version of the study.  
23

1 **Q. Does Totah receive Alternative Connect America Model (“A-CAM”) support?**

2 A. Yes, Totah (KS) elected A-CAM I support, effective January 1, 2017.

3

4 **Q. Please provide a brief overview of ACAM support.**

5 A. Rural incumbent local exchange carriers (“ILECs”) operating in Kansas traditionally  
6 received federal high-cost universal service support through a variety of mechanisms, one  
7 of which is entitled federal High Cost Loop Support (“HCLS”). HCLS is calculated  
8 through a specific process or algorithm pursuant to 47 CFR Part 54 Subpart M. Carriers  
9 then apply this support amount as an offset to the expenses and taxes apportioned to  
10 intrastate in accordance with 47 CFR Part 36 Subpart D, pursuant to 47 CFR 54.1301.  
11 Several Kansas rural ILECS elected to forego HCLS and other traditional federal high-  
12 cost support programs and instead receive support from the Alternative Connect America  
13 Cost Model (“ACAM”). ACAM support is a fixed amount of support that is provided  
14 over a 12-year funding period, from 2017 through 2028, and includes specific  
15 broadband deployment obligations. Inasmuch as there is no federal guidance on how to  
16 assign ACAM support between interstate and intrastate jurisdictions, rural ILECS need to  
17 identify a portion of their ACAM support to the intrastate jurisdiction, in lieu of the  
18 HCLS previously received. Since HCLS was only one of multiple mechanisms used by  
19 federal regulators to support high-cost local loops, it is not appropriate, just, or reasonable  
20 to assign all of ACAM support to the intrastate jurisdiction. Other federal high-cost  
21 programs that have been replaced by the ACAM are specifically designed to recover  
22 interstate costs and as such this support remains interstate in nature.

23



1 **Q. Please describe the methodology Totah used to identify the portion of ACAM**  
2 **support assigned to the Intrastate jurisdiction.**

3 A. There are three methodologies of which the Kansas Rural LECs are aware that other  
4 states have utilized, or have considered, to determine the allocation of A-CAM support  
5 between High Cost Loop Support (Intrastate) and Connect America Fund Broadband  
6 Loop Support (Interstate) for purposes of determining the rate design in an intrastate  
7 ratemaking proceeding. While each Kansas Rural LECs situation may vary, the  
8 methodology used by Totah to calculate their HCLS portion of ACAM support is to  
9 impute the HCLF support amount based on current FCC rules, models, and data. The  
10 imputed results calculate a represented amount as if Totah had received their HCLF from  
11 USAC. This methodology is further described below:

12 1. High Cost Loop Support (“HCLS”) Calculation: Many A-CAM carriers continue to  
13 perform costs studies and HCLS data submissions based on actual costs incurred for  
14 interstate ratemaking and reporting purposes. This data submission allows for the  
15 determination of the amount of HCLS that the reporting company would have  
16 received had it not elected A-CAM support. The result is that the calculated HCLS is  
17 reported as intrastate revenue in the intrastate rate design, and the remainder of the A-  
18 CAM support is reported as interstate revenue. This is the amount of federal USF  
19 support that would have been included in the intrastate rate design absent the A-CAM  
20 election and is consistent with the determination of federal USF support that is  
21 reported for Legacy Rate of Return carriers that continue to receive federal USF  
22 support based on actual costs. Support assigned to the intrastate rate design will

1 change over time under this methodology as the utilization of the network and  
2 jurisdictional allocation of costs changes.

3

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

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

8

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

10 A. Section 4 contains information required by K.A.R. 82-1-231 relating to plant  
11 investments. Schedule 1 is the summary of rate base, and Schedule 2 shows total  
12 company plant investment by primary account for the years 2019-2022. Schedule 2(a) is  
13 described further below in my testimony.

14

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

16 A. Section 5 consists of a single schedule that shows test year unadjusted and adjusted  
17 jurisdictionally allocated accumulated depreciation and amortization.

18

19 **Q. Please explain Section 6 of the application.**

20 A. According to K.A.R. 82-1-231, Section 6 is to contain information pertaining to Total's  
21 cash working capital. The calculation of cash working capital that is included in Total's  
22 adjusted test year rate base is shown in this section.

23

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

2 A. K.A.R. 82-1-231 requires that Section 7 contain information relating to capital and the  
3 cost of money. Accordingly, Section 7 reflects Total's actual capital structure, actual cost  
4 of debt and requested rate of return.

5  
6 **Q. Please describe the schedules contained in Section 8.**

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

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

11 A. Section 9 contains the test year and normalized income statement and related  
12 information. Schedule 1 contains the summary information, and Schedule 2 contains a  
13 summary of the test year revenue and expense adjustments.

14  
15 **Q. Does the information contained in Section 10 comply with K.A.R. 82-1-231(c)(4)(J)?**

16 A. Yes. Total's test year and normalized depreciation expense is reflected by primary plant  
17 account classification.

18  
19 **Q. Does Total provide information required by K.A.R. 82-1-231(c)(4)(K)?**

20 A. Yes. Section 11 contains the required information regarding taxes chargeable to  
21 operations.

22

23

1 **Q. Please describe the information Total has included in Section 12.**

2 A. K.A.R. 82-1-231(c)(4)(L) asks for information regarding the ratios used for the  
3 allocations of amounts between jurisdictions and areas of operations. K.A.R. 82-1-  
4 231(c)(4)(L) “Section 12: allocation ratios” states in full: This section shall contain  
5 complete detail for all ratios used in the allocations between jurisdictions, areas of  
6 operations, departments, classes of customers and other allocable items. In addition, this  
7 section shall include a narrative description of the rationale for the allocation ratio, the  
8 components included in the calculation of the ratio and their source, the allocation  
9 percentages applicable to jurisdictions or departments and what is being allocated by the  
10 ratio. Total has provided its cost allocation procedures in Section 12, addressing the  
11 issues brought up in K.A.R. 82-1-231(c)(4)(L).

12

13 **Q. What information is contained in Section 13 of the application?**

14 A. As required by K.A.R. 82-1-231(c)(4)(M) Section 13 contains a copy of the independent  
15 auditor’s report and consolidated financial statements that relate to the test year.

16

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

18 A. Section 15 contains a summary of Total’s Part 36 jurisdictional allocation ratios for the  
19 2022 interstate cost study.

20

21

22

23

1 **Q. Has Totah made any adjustments to Rate Base?**

2 A. Yes. Totah's Rate Base includes estimated work order closures that are expected to be in  
3 service prior to Staff's on-site visit. These adjustments are detailed in Schedule 4(ii)a as  
4 TPA #1 and TPA #2.

5  
6 **Q. Please explain Totah's Adjustments TPA #3 and TPA #4.**

7 A. TPA #3 and TPA #4 recognizes the retirement of assets that are occurring in 2023.

8

9 **Income Statement Adjustments**

10

11 **Q., Please explain Totah's Income Statement adjustment #1 in Schedule 9 (ii).**

12 A. Totah's adjustment #1 recognizes the change in Interstate Access revenue related to the  
13 capex additions and retirements in 2023.

14

15 **Q. Please continue with a discussion of Adjustment #2.**

16 A. Adjustment #2 increases test year expenses to reflect an estimated amount of expense  
17 Totah will incur as a result of this proceeding. The total estimated expense is amortized  
18 over a 5-year period, consistent with what the Commission has granted in prior KUSF  
19 rate cases. As usual, this amount must be updated and adjusted as this proceeding nears  
20 completion. Some significant adjustments of this estimated amount may become  
21 necessary when it is determined whether this application is resolved by agreement or  
22 pursuant to contested evidentiary hearing. Also, Totah has not included in this estimate

1 the cost of a return on equity rebuttal witness, which, if necessary, could add substantially  
2 to Totah's total cost related to this proceeding.

3

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

5 A. Totah's Adjustment #3 normalizes depreciation expense based on adjusted plant balances.  
6 This adjustment is necessary in order to reflect the level of depreciation expense Totah  
7 can expect to incur on a going-forward basis. The net change to depreciation expense also  
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, Totah accordingly  
10 reduced the test year pro forma depreciation expense.

11

12 **Q. Please continue with a discussion of Adjustment #4 and #5.**

13 A. Totah's Adjustment #4 and #5 normalizes federal and state income taxes, as well as  
14 property taxes, based on adjusted net income and adjusted plant balances.

15

16 **Cost of Capital**

17

18 **Q. What authorized RoR has Totah proposed in its KUSF filing?**

19 A. Totah has used the federal authorized RoR effective July 1, 2021 of 9.75% in calculating  
20 its Kansas jurisdictional revenue requirement.

21

22 **Q. Has Totah provided any additional information related to its capital structure?**

23 A. No.

1 **Q. Is the Federal RoR appropriate to use in the State Jurisdiction?**

2 A. Yes, many states have chosen to use the RoR authorized by the FCC in state high-cost  
3 fund proceedings. For example, the Nebraska, Utah and Wyoming commissions have  
4 used the FCC's authorized RoR for years.

5

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

7 A. Yes.

VERIFICATION

I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am a consultant for Total Communications, Inc. and that the foregoing is true and correct. Executed on October 17, 2023.

/s/Jeremiah Raya

Jeremiah Raya



**Index of Filing Schedules**

K.A.R. 82-1-231(c)(4)(A)

<u>Section No.</u>	<u>Description</u>
Section 1	Letter of Transmittal, Service List, Confidentiality statement and Testimonies of Mark Gailey and Jeremiah Raya
Section 2	Not Applicable
Section 3	Summary of Rate Base, Operating Income, and Rate of Return
Section 4	Plant Investments-Adjusted Rate base and Supplemental Schedules
Section 5	Accumulated Provision for Depreciation and Amortization
Section 6	Working Capital
Section 7	Capital and Cost of Money
Section 8	Financial and Operating Data
Section 9	Test Year and Pro Forma Income Statements
Section 10	Depreciation and Amortization
Section 11	Calculation of Taxes
Section 12 (Redacted)	Cost Allocation Manual
Section 13 (Redacted)	Annual Report to Shareholders
Section 14	Not Applicable
Section 15 (Redacted)	Additional Evidence-NECA Cost Study and Allocation Ratios
Section 16 (Redacted)	Financial Statements (Included in Section 13)
Section 17	Not Applicable
Section 18	Not Applicable

## Section 3

### Summary of Rate Base, Operating Income, and Rate of Return

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

**Section 3(i): Summary of Revenue Requirement**

Line	Description	(A)		(B)		Reference: sch[clmn, ln]
		Total Regulated Company		Total Regulated INTRASTATE		
1	Rate Base	\$ 9,353,825		\$ 5,535,006		4 (i) [H 40]
2	Rate of Return	9.75%		9.75%		7 (i)
3	Allowable Return	\$ 911,998		\$ 539,663		(1) x (2)
4	Operating Income	\$ 647,057		\$ 86,858		9 (i) [H 44]
5	Revenue Deficiency (Excess)	\$ 264,941		\$ 452,805		(3) - (4)
6	Net to Gross Multiplier			1.3857229		11(i) [C 15]
7	Revenue Deficiency (Excess)			\$ 627,462		(5) x (6)
	Realized Retrun on Rate Base	6.92%		1.57%		(4) / (1)

## Section 4

Plant Investments-Adjusted Rate base and Supplemental Schedules

**Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules**

**Section 4(i): Rate Base / Plant Investments**

		A	B	C	D	E	F	G	H
Line No	Acct Description	Book Balance	Cost Study Adjustments	Cost Study Balance	Normalizing Adjustments	Normalized Balance	Interstate	Intrastate	Intrastate Rate Base
1	2111 Land	11,688	(168)	11,520	0	11,520	0.448912	0.551088132	6,349
2	2112 Motor Vehicles	0	0	0	0	0	0.448912	0.551088132	0
3	2115 Garage Work Equipment	0	0	0	0	0	0.448912	0.551088132	0
4	2116 Other Work Equipment	52,668	0	52,668	0	52,668	0.448912	0.551088132	29,025
5	2121 Buildings	228,911	(3,289)	225,622	0	225,622	0.448912	0.551088132	124,338
6	2122 Furniture	0	0	0	0	0	0.448912	0.551088132	0
7	2123 Office Equipment	21,780	0	21,780	0	21,780	0.448912	0.551088132	12,003
8	2124 General Purpose Computers	0	0	0	0	0	0.448912	0.551088132	0
9	Total Land & Support Assets	315,047	(3,457)	311,590	0	311,590			171,714
10	2210 Digital Electric Switching Equip.	728,006	(165,069)	562,937	0	562,937	0.849999	0.150000799	84,441
11									
12	2232 Circuit Equipment	2,124,170	162,735	2,286,905	32,000	2,318,905	0.618590	0.381410247	884,454
13	Total Central Office Equip.	2,852,176	(2,334)	2,849,842	32,000	2,881,842			968,895
14	2311 Station apparatus	0	0	0	0	0			0
15	2321 Customer premises wiring	0	0	0	0	0			0
16	2341 Large PBX	0	0	0	0	0			0
17	2351 Public Telephone Terminal Equipment	0	0	0	0	0			0
18	2362 Other Terminal Equipment	0	0	0	0	0			0
	Total I.O.T.	0	0	0	0	0			0
19	2411 Poles	0	0	0	0	0	0.411014	0.588985989	0
20	2421 Aerial Cable	0	0	0	0	0	0.411014	0.588985989	0
21	2423 Buried Cable	16,276,209	(120,416)	16,155,793	1,181,000	17,336,793	0.411014	0.588985989	10,211,128
22	2431 Aerial Wire	0	0	0	0	0	0.411014	0.588985989	0
23	2441 Conduit Systems	42,229	0	42,229	0	42,229	0.411014	0.588985989	24,872
24	Total Cable and Wire Facilities	16,318,438	(120,416)	16,198,022	1,181,000	17,379,022			10,236,000
25	2682 Leasehold Improvements	0	0	0	0	0	0.000000	1.000000	0
26	Gross Telephone Plant	19,485,661	(126,207)	19,359,454	1,213,000	20,572,454			11,376,609
27	3100 Accumulated Depreciation	(11,089,402)	65,905	(11,023,497)	1,874,489	(9,149,008)	0.468864	0.531136354	(4,859,371)
28	3600 Misc Accum. Depr and Amort	0	0	0	0	0	0.448909	0.551091	0
29	Net Telephone Plant	8,396,259	(60,302)	8,335,957	3,087,489	11,423,446			6,517,238
30	1220 Materials and Supplies	0	0	0	0	0	0.411014	0.588985989	0
31	1410 Prepaid Retirement Prefund	21,753	3,432	25,185	0	25,185	0.536129	0.463871	11,683
32	2003 TPUC - Short Term	133,058	0	133,058	0	133,058	0.448909	0.551091	73,327
33	2005 Telecommunications Plant Adj	0	0	0	0	0	0.448909	0.551091	0
34	2007 Goodwill	0	0	0	0	0	0.000000	1.000000	0
35	4340 Deferred Income Taxes	269,686	(683,432)	(413,746)	0	(413,746)	0.448905	0.551095	(228,014)
36	4040 Customer Deposits	0	0	0	0	0	0.448909	0.551090519	0
37	4310 Accumulated Post Retirement	(2,428,150)	544,207	(1,883,943)	0	(1,883,943)	0.536129	0.463871	(873,906)
38	Net Investment	6,392,606	(196,095)	6,196,511	3,087,489	9,284,000			5,500,328
39	Cash Working Capital	69,825	0	69,825	0	69,825	0.503366	0.496634327	34,678
40	<b>Total Rate Base</b>	<b>\$ 6,462,431</b>	<b>\$ (196,095)</b>	<b>\$ 6,266,336</b>	<b>\$ 3,087,489</b>	<b>\$ 9,353,825</b>			<b>\$ 5,535,006</b>

**Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules**

**Section 4(ii): Unadjusted Year-End Plant Investment Balances, for the test year and the three preceding calendar years.**

clmn:	(A) Acct. #	(B) Description	(C) through (F) Balances per Books			
			(C) Test Year End 12/31/2022	(D) Year End 12/31/2021	(E) Year End 12/31/2020	(F) Year End 12/31/2019
1		<u>Other Regulated Plant</u>				
2	2002	Property Held for Future Use	0	0	0	0
3	2003	Telecommunications Plant Under Const.	133,058	1,446,435	459,091	10,682
4	2005	Telecommunications Plant Adjustment	0	0	0	0
5	2006	Non-operating Plant	110,908	110,908	110,908	762
6	2007	Goodwill	0	0	0	0
7		Total Other Regulated Plant	243,966	1,557,343	569,999	11,444
8						
9		<u>Telecommunications Plant in Service</u>				
10	2111	Land	11,688	11,688	11,688	11,688
11	2112	Motor Vehicles	0	26,182	26,182	26,182
12	2113	Aircraft	0	0	0	0
13	2114	Special Purpose Vehicles	0	0	0	0
14	2115	Garage Work Equipment	0	0	0	0
15	2116	Other Work Equipment	52,668	52,668	47,215	51,732
16	2121	Buildings	228,911	228,911	228,911	228,911
17	2122	Furniture	0	0	0	0
18	2123	Office Equipment	21,780	17,945	17,945	19,787
19	2124	General Purpose Computers	0	0	0	0
20	2110	Total Land & Support Assets	315,047	337,394	331,941	338,300
21						
22	2211	Analog electronic switching	0	0	0	0
23	2212	Digital electronic switching	728,006	728,007	728,007	921,911
24	2215	Electromechanical switching	0	0	0	0
25	2210	Total Central Office Switching	728,006	728,007	728,007	921,911
26						
27	2220	Operator Systems	0	0	0	0
28						
29	2231	Radio Systems	0	0	0	0
30	2232	Circuit Equipment	2,124,170	2,203,965	2,136,588	2,521,742
31	2230	Total Circuit Equipment	2,124,170	2,203,965	2,136,588	2,521,742
32						
33		Total Central Office Equipment	2,852,176	2,931,972	2,864,595	3,443,653
34						
35	2311	Station apparatus	0	0	0	0
36	2321	Customer premises wiring	0	0	0	0
37	2341	Large PBX	0	0	0	0
38	2351	Public Telephone Terminal Equipment	0	0	0	0
39	2362	Other Terminal Equipment	0	0	0	0
40	2310	Total I.O.T.	0	0	0	0
41						
42	2411	Poles	0	0	0	7,291
43	2421	Aerial Cable	0	0	0	0
44	2422	Underground Cable	0	0	0	0
45	2423	Buried Cable	16,276,209	10,804,222	10,578,627	10,776,700
46	2424	Submarine Cable	0	0	0	0
47	2425	Deep Sea Cable	0	0	0	0
48	2426	Intrabuilding network cable	0	0	0	0
49	2431	Aerial Wire	0	0	0	0
50	2441	Conduit Systems	42,229	42,229	42,229	42,229
51	2410	Total Cable & Wire Facilities	16,318,438	10,846,451	10,620,856	10,826,220
52						
53	2681	Capital leases	0	0	0	0
54	2682	Leasehold Improvements	0	0	0	0
55	2680	Total Amortizable Tangible Assets	0	0	0	0
56						
57	2690	Intangibles	0	0	0	0
58						
59	2001	Total Telecommunications Plant in Svc.	19,485,661	14,115,817	13,817,392	14,608,173

**Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules**

**Section 4(ii)a: Normalizing Telephone Plant Adjustments**

Line	TPA#	Account	Description	DB	CR
1	1	2232	Circuit Equipment	\$ 137,000	
2		2423	Buried Cable	\$ 3,138,000	
3				<u>\$ 3,275,000</u>	
4			- To record estimated regulated telecommunications infrastructure investment in 2023		
5			source: Schedule 4 (ii) (b)		
6					
7	2	3100-2232	Accum Dep - Circuit Equipment		\$ 15,235
8		3100-2423	Accum Dep - Buried Cable		\$ 172,276
9					<u>\$ 187,511</u>
10			- To record the normalization of depreciation and effects of the estimated		
11			regulated telecommunications infrastructure in 2023		
12			source: Schedule 9 (ii) (a)		
13					
14	3	2232	Circuit Equipment		\$ 105,000
15		2423	Buried Cable		\$ 1,957,000
16					<u>\$ 2,062,000</u>
17			- To record estimated regulated telecommunications retirements in 2023		
18					
19					
20	4	3100-2232	Accum Dep - Circuit Equipment	\$ 105,000	
21		3100-2423	Accum Dep - Buried Cable	\$ 1,957,000	
22				<u>\$ 2,062,000</u>	
23			- To record estimated regulated telecommunications retirements in 2023		
24					
25					
26	5		Cash Working Capital		\$ (600)
27					<u>\$ (600)</u>
28			- To record the effects of the normalizing adjustments on working capital		
29			source: Schedule 6(i)		

**Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules**

**Section 4(ii): Normalizing Telephone Plant Addition. Depreciation and Property Taxes**

	(A)	(B)	(C)	(D)	(E)	(F) F = (D - E)	(G) G = (C * D)	(H)	(I)	(J)	(K) K = (I * J)	(L) L = (H - I)	(M) M = (J * L)
In#	Account #	Description	Depr Rates	Estimated Capital Expenditures - 2023	Accd Deprn Balances per Books 12/31/2022	Net Asset Balances per Books 12/31/2022	Annual Depreciation Expense	Actual Annual Depr Exp Based on Net Asset Balances	Depr Exp for Test Year 2022	Intrastate Allocation	Intrastate Depr Exp for Test Year	Total Company Normalizing Adjustment	Intrastate Normalizing Depr Exp Adj
1													
2													
3													
4	2232	Circuit Equipment	11.12%	\$ 137,000	\$ -	\$ 137,000	\$ 15,235	\$ 15,235	\$ -	0.381410247	\$ -	\$ 15,235	\$ 5,811
5	2423	Buried Cable	5.49%	\$ 3,138,000	\$ -	\$ 3,138,000	\$ 172,276	\$ 172,276	\$ -	0.588985989	\$ -	\$ 172,276	\$ 101,468
6													
7		Total Plant Additions		\$ 3,275,000									
8													
9													
10													
11													
12													
13													
14		Total Other Regulated Plant		\$243,966	4(ii) [C 7]								
15		Total Plant in Service		\$19,485,661	4(ii) [C 59]								
16		Total Property		\$19,729,627									
17		Property Taxes		\$ 123,930	11(i) [E 4]								
18													
19		% Property Taxes / Property		0.6281%									
20													
21													
22													
23													
24													
25													
26		Total Property		\$19,729,627	\$ 3,275,000	\$ (2,062,000)	\$20,942,627						
27													
28													
29													
30													
31													
32													
33													



## Section 5

Accumulated Provision for Depreciation and Amortization

**Section 5: Accumulated Provision for Depreciation and Amortization**

**Section 5(i): Unadjusted Year-End Balances, Adjustments and Allocation to State Jurisdiction**

clmn:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
				Cost Study Adjustments		Regulated Balance	Normalizing Adjustments		Normalized Balance	State Jurisdiction	
ln #	Acct. #	Description	Balance per Books	Debits	Credits		Debits	Credits		Allocation Factors	Intrastate Balances
1		<u>Investment Offsets</u>									
2	3100	Accum. Depr. - TPIS									
3	3100-2110	Accum. Depr. - Land and Support Assets	(249,155)	1,516	0	(247,639)	0	0	(247,639)	0.551088	(136,471)
4	3100-2210	Accum. Depr. - C.O.E. Switching	(728,006)	172,802	0	(555,204)	0	0	(555,204)	0.150001	(83,281)
5	3100-2220	Accum. Depr. - C.O.E. Operator Systems	0	0	0	0	0	0	0	0.000000	0
6	3100-2230	Accum. Depr. - C.O.E. Transmission	(1,682,320)	0	(170,468)	(1,852,788)	105,000	15,235	(1,763,023)	0.381410	(672,435)
7	3100-2310	Accum. Depr. - I.O.T. Equipment	0	0	0	0	0	0	0	0.000000	0
8	3100-2410	Accum. Depr. - Cable and Wire Facilities	(8,429,921)	62,054	0	(8,367,867)	1,957,000	172,276	(6,583,143)	0.588986	(3,877,379)
9	3100	Total Accum. Depr. - TPIS	(11,089,402)	236,372	(170,468)	(11,023,498)	2,062,000	187,511	(9,149,009)		(4,769,566)
10											
11	3200	Accum. Depr. - PHFU	0	0	0	0	0	0	0	0.000000	0
12	3300	Accum. Depr. - Nonoperating	0	0	0	0	0	0	0	0.000000	0
13	3410	Accum. Amort - Capitalized Leases	0	0	0	0	0	0	0	0.000000	0
14	3420	Accum. Amort - Leasehold Improvements	0	0	0	0	0	0	0	0.000000	0
15	3500	Accum. Amort - Intangible	0	0	0	0	0	0	0	1.000000	0
16	3600	Accum. Amort - Other	0	0	0	0	0	0	0	0.000000	0
17											
18		Total Investment Offsets	(11,089,402)	236,372	(170,468)	(11,023,498)	2,062,000	187,511	(9,149,009)		(4,769,566)

## Section 6

### Working Capital

**Section 6: Working Capital**

**Section 6(i): Calculation of Cash Working Capital and Allocation to State Jurisdiction**

clmn:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
ln #	Acct. #	Description	Book Balance	Cost Study Adjustments	Cost Study Balance	Normalizing Adjustments	Adjustment Balance	Reference: sch(clmn, ln)
1								
2	6110 - 6410	Plant Specific Expense	615,652	(2,631)	613,021	0	613,021	9 (E, 17)
3	6510 - 6560	Plant Non-Specific Expense	727,171	(3,104)	724,067	184,019	908,086	9 (E, 23)
4	6560	less: Depreciation Expense	(624,583)	3,046	(621,537)	(184,019)	(805,556)	9 (E, 21)
5	6610 - 6620	Customer Operations Expense	74,073	(14,912)	59,161	0	59,161	9 (E, 28)
6	6710 - 6720	Corporate Operations Expense	718,956	(57,585)	661,371	30,000	691,371	9 (E, 32)
7	7370	Other Expense - Contributions	2,894	(2,894)	0	0	0	9 (E, 39)
8	7510	Operating Fixed Charges	180,167	(102,768)	77,399	0	77,399	9 (E, 41)
9	7200 less 7250	Operating Taxes	313,993	(128,397)	185,596	(15,401)	170,195	9 (E33 + E 34 + E 35 + E 36)
10	7540	Interest on Customer Deposits	0	0	0	0	0	
11		Annual Cash Operating Expense Base	2,008,323	\$ (309,245)	\$ 1,699,078	\$ 14,599	\$ 1,713,677	
12								
13		Standard Allowance Factor			4.1096%		4.1096%	FCC
14								
15		Cash Working Capital			\$ 69,825	\$ 600	70,425	
16		Intrastate Allocation Factor					49.6634%	15 (p. 43)
17								
18		Cash Working Capital - State					<u>\$ 34,976</u>	

## Section 7

### Capital and Cost of Money

## Section 7: Capital and Cost of Money

Section 7(i): Capital structure and Weighted Cost of Capital

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clmn:	(A)	(B)	(C)	(D)
			Year End December 31, 2022	
ln #	Description	Amount	Allocation	Average Cost
1	Total Long Term Debt	\$7,440,494	44.13%	3.47%
2	Total Equity	\$9,419,205	55.87%	
3	Total Capital	\$16,859,699	100%	
4	Requested Cost of Capital			9.75%

## Section 7: Capital and Cost of Money

### Section 7(ii): Weighted Cost of Debt

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clmn:

In #	Issuer	Balance	Rate	Maturity Date	Annual Interest
1	BANCFIRST	\$ 6,140,393	3.59%	7/31/2033	\$ 201,497
2	RUS -ARRA	\$ 1,247,942	2.75%	7/26/2036	\$ 33,521
3	WLF Note	\$ 52,159	6.00%	9/1/2025	\$ 3,135
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26	Total Long Term Debt	<u>\$ 7,440,494</u>			<u>\$ 238,153</u>

## Section 8

### Financial and Operating Data



**SECTION 8: Financial and Operating Data**  
Section 8(i): Balance sheet by Primary Accounts (unadjusted)

Ln	Acct #	Description	TEST YEAR	Three Preceding Calendar Years		
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1		<u>Current Assets</u>				
2	1120	Total Cash & Equivalents	\$557	\$1,031	\$6,331	\$491
3	1170	Telecommunication A/R	\$192,968	\$195,260	\$202,230	\$202,838
4	1171	Reserve for Uncollectibles	(\$367)	(\$453)	(\$719)	(\$689)
5	1180	Access Account Receivable	\$0	\$0	\$0	\$0
6	1180	Accounts Receivable Affiliates	\$0	\$0	\$0	\$0
7	1280	Prepayments	\$134,141	\$196,529	\$192,651	\$72,358
8	1350	Other Current Assets	\$0	\$0	\$0	\$45,401
9		Total Current Assets	\$327,299	\$392,367	\$400,493	\$320,399
10						
11						
12		<u>NONCURRENT ASSETS</u>				
13	1401	Investments in Affiliated Companies	\$4,659,354	\$4,656,190	\$4,659,142	\$4,659,050
14	1402	Investments in Nonaffiliated Companies	\$5,849,708	\$6,459,165	\$5,581,805	\$4,837,578
15	1410	Other Noncurrent Assets	\$978,557	\$944,971	\$1,286,980	\$1,865,940
16			\$0	\$0	\$0	\$0
17			\$0	\$0	\$0	\$0
18		TOTAL NONCURRENT ASSETS	\$11,487,619	\$12,060,326	\$11,527,927	\$11,362,568
19						
20		<u>PLANT, PROPERTY, AND EQUIPMENT</u>				
21	2111	Land	\$11,688	\$11,688	\$11,688	\$11,688
22	2112	Vehicle	\$0	\$26,182	\$26,182	\$26,182
23	2116	Other Work Equipment	\$52,668	\$52,668	\$47,215	\$51,732
24	2121	Building and Grounds	\$228,911	\$228,911	\$228,911	\$228,911
25	2122	Furniture	\$0	\$0	\$0	\$0
26	2123	Office Equipment	\$21,780	\$17,945	\$17,945	\$19,787
27	2124	Computer	\$0	\$0	\$0	\$0
28	2212	Digital Switch	\$728,006	\$728,007	\$728,007	\$921,911
29	2232	Circuit Equipment	\$2,124,170	\$2,203,965	\$2,136,588	\$2,521,742
30	2411	Poles	\$0	\$0	\$0	\$7,291
31	2423	Buried Cable	\$16,276,209	\$10,804,222	\$10,578,627	\$10,776,700
32	2441	Conduit Systems	\$42,229	\$42,229	\$42,229	\$42,229
33		Total Plant in Service	\$19,485,661	\$14,115,817	\$13,817,392	\$14,608,173
34						
35		<u>Property Held for Future Use</u>				
36	2003	Telecommunications Plant Under Construction	\$133,058	\$1,446,435	\$459,091	\$10,682
37	2006	Non-Operating Plant	\$110,908	\$110,908	\$110,908	\$762
38		Total Plant Adjustment	\$243,966	\$1,557,343	\$569,999	\$11,444
39						
40						

**SECTION 8: Financial and Operating Data**

**Section 8(i): Balance sheet by Primary Accounts (unadjusted)**

Ln	Acct #	Description	TEST YEAR	Three Preceding Calendar Years		
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1		Less: Accumulated Depreciation				
2						
3	3300	Depreciation Non-Operating	(\$13,359)	(\$7,312)	(\$1,265)	(\$762)
4	3100-2112	Depreciation Vehicle	\$0	(\$26,182)	(\$26,182)	(\$26,182)
5	3100-2116	Depreciation Work Equipment	(\$52,668)	(\$49,176)	(\$47,215)	(\$47,625)
6	3100-2121	Depreciation Building-Grounds	(\$178,463)	(\$174,064)	(\$169,665)	(\$164,709)
7	3100-2122	Depreciation Furniture	\$0	\$0	\$0	\$0
8	3100-2123	Depreciation Office Equipment	(\$18,024)	(\$17,945)	(\$15,743)	(\$15,205)
9	3100-2124	Depreciation Computer	\$0	\$0	\$0	\$0
10	3100-2212	Depreciation Digital Switch	(\$728,006)	(\$728,006)	(\$728,006)	(\$921,911)
11	3100-2232	Depreciation Circuit	(\$1,682,320)	(\$1,549,229)	(\$1,498,553)	(\$2,111,004)
12	3100-2411	Depreciation Poles	\$0	\$0	\$0	(\$7,291)
13	3100-2423	Depreciation Buried Cable	(\$8,387,692)	(\$8,147,450)	(\$7,842,523)	(\$7,993,456)
14	3100-2441	Depreciation Conduit Systems	(\$42,229)	(\$42,229)	(\$42,229)	(\$42,229)
15		Total Less: Accum. Depre.	(\$11,102,761)	(\$10,741,593)	(\$10,371,381)	(\$11,330,374)
16						
17		NET PLANT	\$8,626,866	\$4,931,567	\$4,016,010	\$3,289,243
18						
19		TOTAL ASSETS	\$20,441,784	\$17,384,260	\$15,944,430	\$14,972,210
20		<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>				
21		<u>Current Liabilities</u>				
22	4000	Accounts Payable	\$783,028	\$541,283	\$510,179	\$612,319
23	4070	Income Taxes Accrued	(\$37,498)	(\$8,176)	(\$131,546)	(\$334,438)
24	4080	Other Taxes Accrued	\$63,666	\$77,167	\$68,938	\$57,015
25						
26		Total Current Liabilities	\$809,196	\$610,274	\$447,571	\$334,896
27						
28		<u>Long Term Debt</u>				
29	4210	Long Term Debt & Funded Debt	\$6,949,837	\$4,746,650	\$3,348,458	\$2,503,794
30						
31						
32		<u>OTHER LIABILITIES AND DEFERRED CREDITS</u>				
33	4310	Other Long Term Liabilities	\$2,531,504	\$3,321,996	\$2,724,166	\$2,339,161
34	4330	Unamortized Non-Operating Inv. Tax Credits-Net	(\$246,514)	(\$1,094,276)	(\$458,127)	(\$866,599)
35	4360	Other Deferred Credits	\$978,556	\$944,971	\$1,286,980	\$1,865,940
36		Total Other Liabilities	\$3,263,546	\$3,172,691	\$3,553,019	\$3,338,502
37						
38		<u>STOCKHOLDERS EQUITY</u>				
39	4510	Capital Stock	\$56,156	\$56,156	\$56,156	\$56,156
40	4520	Additional Paid In Capital	\$194,931	\$194,931	\$194,931	\$194,931
41	4530	Treasury Stock	(\$833,514)	(\$778,239)	(\$706,577)	(\$628,959)
42	4540	Other Capital	(\$103,354)	(\$744,514)	(\$478,218)	(\$341,698)
43	4550	Retained Earnings	\$10,104,986	\$10,126,311	\$9,529,090	\$9,514,588
44		Total Equity	\$9,419,205	\$8,854,645	\$8,595,382	\$8,795,018
45						
46		TOTAL LIABILITIES AND EQUITY	\$20,441,784	\$17,384,260	\$15,944,430	\$14,972,210

**SECTION 8: Financial and Operating Data**

Section 8(ii): Comparative Income and Retained Earnings Statements (unadjusted)

Ln	Acct #	Description	TEST YEAR	Three Preceding Calendar Years		
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1		<u>INCOME</u>				
2		<u>Telephone Operating Income</u>				
3	5000	Operating Revenue	\$2,838,787	\$2,898,018	\$3,003,962	\$2,996,418
4	6000	Operating Expenses	\$2,135,852	\$2,255,219	\$2,169,609	\$1,830,427
5	7220	Federal Income Taxes	243,336	184,382	98,774	(146,929)
6	7230	State and Local Income Taxes	20,002	108,660	(96,510)	89,610
7	7240	Other operating Taxes-Property	123,952	150,378	133,459	109,733
8	7250	Provision for Deferred Operating Inc. Tax	(37,388)	(769,698)	13,065	(33,870)
9		Operating Income	353,033	969,077	685,565	1,147,447
10						
11						
12		<u>Non Operating Income/Expense</u>				
13	7320	Interest Income	(1,886)	9,057	9,199	13,376
14	7340	Allowance for Funds Used During Const	299,388	5,851	4,477	75,327
15	7350	Gain or Loss from Disposition of Property	12,094	0	0	0
16	7360	Other Non-Operating Income	41,329	40,992	40,879	41,901
17	7370	Special Charges	(2,893)	(5,109)	(4,954)	(5,035)
18	7400	Total Non-Operating Taxes	48,334	14,744	13,987	34,556
19						
20		Non-operating Income/expense-Net	299,698	36,047	35,614	91,013
21						
22		Income Available for Fixed Charges	652,731	1,005,124	721,179	1,238,460
23						
24		<u>Total Interst &amp; Related Items</u>				
25	7510	Interest Expense	35,699	38,520	41,186	43,768
26	7540	Interest Expense	143,430	73,074	55,902	95,462
27	7540	Other Interest Deduction	1,037	27	706	519
28						
29		Deregulated Income - Net	(6,855)	(6,879)	(2,199)	(2,342)
30						
31		Total Net Income	465,710	886,624	621,186	1,096,369
32						

**SECTION 8: Financial and Operating Data**

Section 8(iii): Operating Revenue and Expense by Primary Accounts

Ln	Acct #	Description	TEST YEAR			
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1		<u>Local Revenue</u>				
2	5001102	Basic Area	\$118,314	\$125,568	\$125,731	\$131,369
3	5060102	Other Local Service	\$10,138	\$10,974	\$11,473	\$12,284
4	5060202	PIC Change	\$60	\$60	\$68	\$85
5	5060302	KUSF Additive	\$14,720	\$14,571	\$12,383	\$10,142
6	5060402	Service Order Charges	\$1,278	\$1,032	\$1,112	\$1,339
7	5060502	Contigent KS Tax Liability	(\$15,401)	(\$15,401)	(\$15,401)	(\$15,401)
8		Total Local Revenue	\$129,109	\$136,803	\$135,366	\$139,818
9						
10		<u>Access Service Revenue</u>				
11	5081102	INTERST TL SL EU	\$36,600	\$38,909	\$40,014	\$42,039
12	5081122	INTERST TL SL EU-BU	\$2,294	\$2,644	\$2,722	\$2,821
13	5081202	INTERST TL ML EU	\$2,562	\$2,731	\$3,376	\$3,525
14	5081212	PIC Change-Interstate	\$19	\$19	\$22	\$28
15	5081302	Federal Universal Service Charge	\$32,099	\$46,165	\$38,625	\$38,748
16	5082002	CAF-ICC (USAC)	\$136,938	\$144,546	\$149,055	\$155,762
17	5082112	Access Recovery Charge-Res	\$16,628	\$17,692	\$18,177	\$19,091
18	5082122	Access Recovery Charge-SLB	\$994	\$1,170	\$1,202	\$1,267
19	5082132	Access Recovery Charge-MLB	\$871	\$948	\$1,122	\$1,149
20	5082142	CBOL Fee	\$47,124	\$34,440	\$27,762	\$16,674
21	5082152	ACAM Model Support (USAC)	\$1,904,925	\$1,904,925	\$1,904,925	\$1,904,925
22	5082202	Local Switching	\$2,590	\$3,852	\$4,787	\$5,129
23	5082302	Directory Assistance Surcharge	\$34	\$60	\$84	\$118
24	5082352	COMM TRANS	\$2,385	\$3,320	\$4,090	\$3,942
25	5082422	QUERY CHG LDI REV	\$62	\$89	\$106	\$88
26	5082442	QUERY CHG LDI EXP	(\$450)	(\$480)	(\$430)	(\$468)
27	5082492	CNAM DATABASE CHARGES / KS	(\$1,011)	(\$1,014)	(\$1,056)	(\$984)
28	5082702	Local Switching	\$3,591	\$4,937	\$5,619	\$5,964
29	5082802	Directory Assistance Surcharge	\$63	\$88	\$98	\$73
30	5082852	COMM TRANS	\$3,318	\$3,822	\$4,726	\$4,199
31	5082922	QUERY CHG LDS REV	\$7	\$12	\$13	\$10
32	5082942	QUERY CHG LDS EXP	(\$36)	(\$38)	(\$34)	(\$47)
33	5082992	CNAM Database Charges	(\$80)	(\$81)	(\$84)	(\$78)
34	5083152	Connections	\$112,952	\$142,589	\$250,206	\$251,477
35	5083192	Connections Non-Tariff	\$55,573	\$56,593	\$36,676	\$20,428
36	5083252	DSL Line Charge	\$143,580	\$144,273	\$141,446	\$143,129
37	5083652	Connections	\$1,800	\$1,800	\$1,800	\$1,800
38		Total Network Access Revenue	\$2,505,433	\$2,554,012	\$2,635,048	\$2,620,808
39						
40		<u>Network Service Revenue</u>				
41	5100102	Message Tolls	(\$45)	(\$67)	\$159	\$3
42	5100112	Directory Assistance-Inter	\$2	\$0	\$0	\$1
43	5100122	Directory Assistance-Intra	\$2	\$0	\$2	\$4
44	5100222	KS Universal Service Fund	\$199,589	\$202,396	\$228,941	\$231,868
45		Total Private Line	\$199,547	\$202,329	\$229,101	\$231,875
46						
47		<u>Miscellaneous Revenue</u>				
48	5230102	Advertising	\$329	\$372	\$444	\$499
49	5230152	Advertising-Mast	\$79	\$96	\$79	\$154
50	5250102	General Service	\$900	\$900	\$150	\$10
51	5260202	Other Operating Revenue	\$1,151	\$1,158	\$995	\$906
52	5270252	Ins/ATT Interstate B&C	\$46	\$32	\$55	\$63
53	5270302	B&C Fees for IXC	\$25	\$49	\$40	\$45
54	5270602	Billing Service	\$1,691	\$2,098	\$2,386	\$2,393
55	5270652	Ins/ATT Intrastate B&C	\$89	\$97	\$237	\$221
56	5301102	Uncollectible Revenue	\$308	\$59	\$105	(\$60)
57	5301152	Uncollectible Revenue	\$37	\$7	(\$38)	(\$198)
58	5301202	Uncollectible Revenue	\$4	\$3	\$2	(\$25)
59	5301252	Uncollectible Revenue	\$40	\$2	(\$9)	(\$92)
60		Total Miscellaneous Revenue	\$4,699	\$4,873	\$4,447	\$3,917
61						
62						
63		NET OPERATING REVENUE	\$2,838,787	\$2,898,018	\$3,003,962	\$2,996,418

**SECTION 8: Financial and Operating Data**

Section 8(iii): Operating Revenue and Expense by Primary Accounts

Ln	Acct #	Description	TEST YEAR			
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1		<u>Plant Specific Expenses</u>				
2	6110	Network Support Expense	\$5,195	\$2,959	\$3,254	\$4,129
3	6121	Land & Buildings Expense	\$49,115	\$33,594	\$41,662	\$45,464
4	6123	Office Equipment Expense	\$7,858	\$5,736	\$5,812	\$5,477
5	6124	Computers Expense	\$19,208	\$15,194	\$14,646	\$14,450
6	6212	Digital COE expense	\$12,078	\$4,999	\$3,573	\$1,977
7	6232	Circuit Expense	\$314,066	\$345,983	\$303,702	\$265,595
8	6411	Poles Expense	\$66	\$66	\$724	\$32
9	6421	Aerial Cable Expense	\$408	\$0	\$1,029	\$159
10	6423	Buried Cable Expense	\$207,658	\$349,027	\$355,919	\$298,560
11		Total Plant Specific Expenses	\$615,652	\$757,558	\$730,321	\$635,843
12						
13		<u>Plant Non-Specific Expenses</u>				
14	6510	Other Plant Expense	\$1,794	\$18,778	\$14,495	\$3,364
15	6531	Power Expense	\$14,764	\$14,949	\$14,788	\$13,359
16	6532	Network Administration Expense	\$5,451	\$3,799	\$4,292	\$4,351
17	6533	Testing Expense	\$8,477	\$17,350	\$8,120	\$8,370
18	6534	Plant Administration	\$17,435	\$57,469	\$80,917	\$91,511
19	6535	Engineering	\$26,601	\$46,006	\$36,101	\$9,361
20	6540	Transport Expense	\$28,066	\$40,918	\$31,874	\$17,600
21		Total Plant Non-Specific Expense	\$102,588	\$199,269	\$190,587	\$147,916
22						
23		<u>Depreciation &amp; Amortization</u>				
24	6561	Depreciation Expense	\$624,583	\$571,500	\$481,921	\$348,623
25	6563	Amortization Expense	\$0	\$0	\$0	\$0
26		Total Depr. & Amort.	\$624,583	\$571,500	\$481,921	\$348,623
27						
28		<u>Customer Operations Expense</u>				
29	6621	Call Completion	\$0	\$4,269	\$4,666	\$6,174
30	6622	Directory Expense	\$3,683	\$3,932	\$3,991	\$4,835
31	6623	Customer Service Expense	\$24,201	\$26,372	\$29,924	\$77,073
32	6627	Customer Billing Expense	\$46,189	\$49,754	\$47,991	\$0
33		Total Customer Operations Expense	\$74,073	\$84,327	\$86,572	\$88,082
34						
35		<u>Corporate Operations Expense</u>				
36	6711	Executive Expense	\$158,550	\$165,806	\$159,231	\$145,676
37	6712	Corporate Operations Expense	\$0	\$0	\$0	\$24
38	6720	G&A Managements Fees	\$0	\$0	\$0	\$0
39	6721	Accounting & Finance Expense	\$404,621	\$349,266	\$375,811	\$330,977
40	6722	External Relations & Cost Study Expense	\$43,433	\$37,265	\$31,141	\$35,882
41	6723	Human Resources Expense	\$9,639	\$12,496	\$6,841	\$3,914
42	6724	Information Management Expense	\$0	\$0	\$0	\$0
43	6725	Legal Expense	\$24,849	\$17,639	\$44,170	\$23,182
44	6726	Procurement	\$95	\$363	\$371	\$430
45	6728	Other G&A Expense	\$77,769	\$59,730	\$62,643	\$69,878
46						
47		Total Corporate Operating Expense	\$718,956	\$642,565	\$680,208	\$609,963
48						
49		Total Operating Expenses	\$2,135,852	\$2,255,219	\$2,169,609	\$1,830,427
50						

**SECTION 8: Financial and Operating Data**

**Section 8(iv): Operating Statistics - Monthly Access Minutes**

Year	Month	Total Access MOU# (Wireline)	Interstate	Intrastate	
				Interlata	Intralata
2022	January	111,186	52,405	31,326	27,455
2022	February	113,656	51,854	30,863	30,939
2022	March	107,470	48,221	27,803	31,446
2022	April	101,621	44,617	28,111	28,893
2022	May	107,626	45,138	31,155	31,333
2022	June	98,662	41,938	28,510	28,214
2022	July	101,070	43,617	27,302	30,151
2022	August	95,337	42,242	25,275	27,820
2022	September	99,133	43,222	27,565	28,346
2022	October	93,455	37,953	26,873	28,629
2022	November	89,352	35,304	26,561	27,487
2022	December	94,872	39,676	27,013	28,183
2021	January	141,167	62,426	35,350	43,391
2021	February	143,162	63,778	36,363	43,021
2021	March	148,062	64,763	22,743	60,556
2021	April	129,242	56,316	17,439	55,487
2021	May	125,611	57,902	16,699	51,010
2021	June	113,412	51,870	13,232	48,310
2021	July	114,122	54,016	17,347	42,759
2021	August	111,284	50,603	26,563	34,118
2021	September	114,662	52,965	19,105	42,592
2021	October	103,061	50,125	15,314	37,622
2021	November	97,377	47,949	15,280	34,148
2021	December	118,033	54,027	30,222	33,784
2020	January	124,592	57,825	11,064	55,703
2020	February	125,029	62,068	9,537	53,424
2020	March	126,390	57,411	9,778	59,201
2020	April	137,668	64,655	10,140	62,873
2020	May	183,888	82,701	14,822	86,365
2020	June	156,997	70,634	12,710	73,653
2020	July	150,351	69,132	12,808	68,411
2020	August	141,796	64,129	12,310	65,357
2020	September	145,594	64,757	13,756	67,081
2020	October	134,144	56,908	29,014	48,222
2020	November	139,889	59,459	36,714	43,716
2020	December	144,883	62,814	35,443	46,626
2019	January	145,898	73,114	12,255	60,529
2019	February	143,864	70,062	12,548	61,254
2019	March	154,009	73,249	12,642	68,118
2019	April	132,585	61,991	11,095	59,499
2019	May	137,516	61,800	12,871	62,845
2019	June	133,898	60,521	11,554	61,823
2019	July	135,775	64,319	10,404	61,052
2019	August	119,958	56,349	8,943	54,666
2019	September	128,873	60,086	10,073	58,714
2019	October	122,239	55,978	8,328	57,933
2019	November	120,501	56,453	9,025	55,023
2019	December	136,322	62,252	11,652	62,418

	Total	Interstate	State-Interlata	State-Intralata
2022	1,213,440	526,187	338,357	348,896
2021	1,459,195	666,740	265,657	526,798
2020	1,711,221	772,493	208,096	730,632
2019	1,611,438	756,174	131,390	723,874

**SECTION 8: Financial and Operating Data**

**Section 8(v): Annual Payrolls by Primary Accounts**

Ln	Acct #	Description	TEST YEAR	Three Preceding Calendar Years		
			12/31/2022	12/31/2021	12/31/2020	12/31/2019
1	2003	Short Term Construction	\$54,146.33	\$31,699.10	\$29,574.54	\$41,778.40
2	6121	Expense-Land/Building	\$2,799.47	1,246.99	1,797.71	1,576.76
3	6124	Expense-Computers	\$2,086.16	947.06	585.67	356.10
4	6212	Expense-COE	\$46.40	710.02	562.40	80.00
5	6232	Expense-Circuit	\$71,589.56	74,545.72	65,975.27	\$58,266.70
6	6411	Expense-Poles	\$0.00	\$0.00	\$250.31	\$0.00
7	6421	Expense-Aerial Cable	\$0.00	\$0.00	\$369.41	\$0.00
8	6423	Expense-Buried Cable	\$64,851.67	99,764.13	97,310.58	75,727.47
9	6431	Expense-Aerial Wire	\$0.00	\$0.00	\$0.00	53.15
10	6512	Expense-Provisioning	\$5,717.35	8,060.23	8,156.20	7,366.40
11	6532	Expense-Network Administration	\$2,127.76	1,392.34	1,519.89	1,612.27
12	6533	Expense-Exchange Testing	\$3,415.73	5,750.42	3,143.39	3,402.33
13	6534	Expense-Plant Operations	\$17,059.99	26,167.77	26,070.51	26,898.98
14	6535	Expense-Engineering	\$4,606.18	7,467.82	9,167.34	8,443.52
15	6622	Expense-Directory	\$1,020.24	928.15	887.27	1,253.52
16	6623	Expense-Customer Service	\$13,340.04	13,542.82	14,681.95	14,943.45
17	6627	Expense-Billing	\$11,632.76	11,917.55	11,521.01	11,773.32
18	6711	Expense-Executive	\$48,045.93	55,304.32	50,648.13	49,400.18
19	6721	Expense-Accounting	\$92,975.26	93,946.26	97,661.56	62,535.86
20	6722	Expense-External Relations	\$4,306.17	3,205.76	551.20	2,081.27
21	6723	Expense-External Relations	\$3,433.89	3,545.70	2,025.51	1,557.54
22	6726	Expense-Office Supplies & Procurement	\$37.35	132.79	123.00	172.88
23	6728	Expense-Other Gen & Admin	\$899.44	1,342.00	774.20	646.40

## Section 9

### Test Year and Pro Forma Income Statements



**Section 9: Test Year and Pro Forma Income Statement**

**Section 9(i): Income Statement**

Line No.	Acct. No.	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			Book Balance	Cost Study Adjustments	Cost Study Balance	Normalizing Adjustments	Normalized Balance	Interstate	Allocation /--- Allocation ---/	Intrastate
<u>Operating Revenues</u>										
1	5001	Basic Area Revenues	128,452	0	128,452	0	128,452	0.000000	1.000000	128,452
2	5060	Other Local Service Revenues	656	0	656	0	656	0.000000	1.000000	656
3	5082	ACAM Model Support	1,904,925	0	1,904,925	0	1,904,925	0.595892	0.404108	769,796
4	5100	Kansas Universal Service Support	199,589	0	199,589	0	199,589	0.000000	1.000000	199,589
5	5080	Network Access Revenue	600,508	0	600,508	31,851	632,359	Direct Assign		8,663
6	5100	Long Distance Network Service Rev	(42)	0	(42)	0	(42)	0.000000	1.000000	(42)
7	5230	Misc Revenue	4,310	(3,683)	627	0	627	0.000000	1.000000	627
8	5300	Uncollectible Revenues	389	0	389	0	389	0.000000	1.000000	389
9										
10		Total Revenues	2,838,787	(3,683)	2,835,104	31,851	2,866,955			1,108,131
<u>Plant Specific Operations Expenses</u>										
11	6110	Network Support Expense	5,195	0	5,195	0	5,195	0.448912	0.551088	2,863
12	6120	General Support Expense	76,181	(1,095)	75,086	0	75,086	0.448912	0.551088	41,379
13	6210	Central Office Switching Expense	12,078	0	12,078	0	12,078	0.664301	0.335699	4,055
14	6230	Central Office Transmission Expense	314,066	0	314,066	0	314,066	0.664301	0.335699	105,432
15	6310	Information Orig/Term Expense	0	0	0	0	0	0.000000	1.000000	0
16	6410	Cable and Wire Facilities Exp	208,132	(1,536)	206,596	0	206,596	0.411014	0.588986	121,682
17		Total Plant Specific Operations Exp.	615,652	(2,631)	613,021	0	613,021			275,410
<u>Plant Non-Specific Operations Expense</u>										
18	6510	Other Plant Expense	1,794	0	1,794	0	1,794	0.448909	0.551091	989
19	6530	Network Operations Expense	72,728	(58)	72,670	0	72,670	0.448909	0.551091	40,048
20	6540	USF	28,066	0	28,066	0	28,066	1.000000	0.000000	0
21	6560	Depreciation & Amortization	624,583	(3,046)	621,537	184,019	805,556	0.490180	0.509820	410,689
22	6565	Amort of Tangible Assets	0	0	0	0	0	0.448909	0.551091	0
23		Total Non-Specific Op Exp.	727,171	(3,104)	724,067	184,019	908,086			451,725
<u>Customer Operations Expense</u>										
24	6610	Marketing Expense	0	0	0	0	0	0.294679	0.705321	0
25	6621	Operator Services	0	0	0	0	0	0.000000	0.000000	0
26	6622	Directory Expense	3,683	(3,683)	0	0	0	0.000000	0.000000	0
27	6623	Customer Services Expense	70,390	(11,229)	59,161	0	59,161	0.267357	0.732643	43,344
28		Total Customer Operations Expense	74,073	(14,912)	59,161	0	59,161			43,344
29	6710	Executive and Planning Exp	158,550	(4,683)	153,867	0	153,867	0.536129	0.463871	71,374
30	6720	General and Administrative Exp	560,406	(52,902)	507,504	0	507,504	0.554808	0.445192	225,937
31	6720	General and Administrative Exp-Rate Case	0	0	0	30,000	30,000	0.000000	1.000000	30,000
32		Total Corporate Operations Expense	718,956	(57,585)	661,371	30,000	691,371			327,311
<u>Operating Taxes &amp; Other Operating Expenses</u>										
33	7210	Amortization of ITC	0	0	0	0	0	0.448909	0.551091	0
34	7220	Operating Federal Income Taxes	190,764	(145,369)	45,395	(16,239)	29,156			(66,295)
35	7230	Operating State Income Taxes	(723)	16,994	16,271	(6,781)	9,490			(21,579)
36	7240	Other Operating Taxes	123,952	(22)	123,930	7,619	131,549	0.000000	1.000000	131,549
37	7250	Deferred Income Taxes	(60,560)	60,560	0	0	0			0
38	7340	Allow. For Funds Used During Const.	(299,388)	53	(299,335)	0	(299,335)	0.448909	0.551091	(164,961)
39	7370	Contributions and Fees	2,894	(2,894)	0	0	0	0.550462	0.449538	0
40	7300	Non-Operating Income	0	0	0	0	0	0.000000	1.000000	0
41	7500	Interest and Related Items	180,167	(102,768)	77,399	0	77,399	0.421603	0.578397	44,767
42		Total Oper. Taxes & Other Oper. Exp.	137,106	(173,446)	(36,340)	(15,401)	(51,741)			(76,518)
43		Total Operating Expenses	2,272,958	(251,678)	2,021,280	198,618	2,219,898			1,021,272
44		Net Operating Income	565,829	247,995	813,824	(166,767)	647,057			86,858

**Section 9: Test Year and Pro Forma Income Statement**

**Section 9(i): Adjustments for known or determinable changes in revenues and expenses**

Line	TPA#	Account	Description	KUSF Audit	
				DB	CR
1	1	5080	Network Access Revenue		\$ 31,851
2					
3					<u>\$ 31,851</u>
4			- Normalizing adjustment for estimated changes in Interstate revenue requirement		
5			due to 2023 Capex Additions		
6					
7	3	6720	General and Administrative - KUSF Audit	\$ 30,000	
8					
9				<u>\$ 30,000</u>	
10			- To record one year amortization expense of KUSF audit expense		
11			Projected cost of KUSF audit fees \$150,000 amortized over 5 years		
12					
13	4	6561	Depreciation Expense	\$ 184,019	
14					
15				<u>\$ 184,019</u>	
16			- To record the normalization of depreciation and the pro forma effects of the		
17			estimated regulated telecommunications infrastructure in 2023		
18			source: Schedule 9 (ii) (a) [L 25]		
19					
20	5	7220	Operating Federal Income Taxes		\$ 39,855
21		7230	Operating State and Local Income Taxes		\$ 12,973
22					<u>\$ 52,828</u>
23			- Pro Forma adjustment for income tax calculations		
24			source: Schedule 11(ii) [D27-29]		
25					
26	6	7240	Other Operating Taxes	\$ 7,619	
27				<u>\$ 7,619</u>	
28			- To record increase in property taxes due to Normalizing Telephone Plant		
29			Additions in 2023		
30			source: Schedule 4(ii)(b)		

**Section 9: Test Year and Pro Forma Income Statement**

**Section 9(ii)(a) Depreciation and Amortization - Adjustments for known or determinable changes in revenues and expenses**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
		Asset Balances		Accum Depreciation		Capital Adds		Normalizing		Intrastate		Total Company	
Line	Description	Depreciation Rates	per Books 12/31/2022	Normalizing Capital Adds	Balances per Books 12/31/2022	Net Asset Bal Test Year	Depreciation Expense	Based on Net Asset Balances	Depr Expense for Test Year 2022	Deprec Exp for Test Year 2022	Normalizing Adjustment	Intrastate Deprec Exp Adj	Intrastate Adjusted Deprec Exp for Test Year
General Support Facilities													
1	2112 Motor Vehicles	25.31%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.55109	\$ -	\$ -	0
2	2115 Garage Work Equipment	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.55109	\$ -	\$ -	0
3	2116 Other Work Equipment	22.34%	\$ 52,668	\$ (52,668)	\$ -	\$ -	\$ -	\$ 3,492	\$ 3,492	0.55109	\$ 1,924	\$ (3,492)	\$ (1,924)
4	2121 Buildings	4.70%	\$ 228,911	\$ (178,463)	\$ 50,448	\$ 50,448	\$ 4,399	\$ 4,399	\$ 4,399	0.55109	\$ 2,424	\$ -	\$ 2,424
5	2122 Furniture	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.55109	\$ -	\$ -	\$ -
6	2123 Office Equipment	17.07%	\$ 21,780	\$ (18,024)	\$ 3,756	\$ 3,756	\$ 1,239	\$ 1,239	\$ 1,239	0.55109	\$ 683	\$ -	\$ 683
7	2124 General Purpose Computers	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.55109	\$ -	\$ -	\$ -
8													
9	Central Office Assets												
10	2210 Digital Electric Switching Equip.	10.84%	\$ 728,006	\$ (728,006)	\$ -	\$ -	\$ -	\$ -	\$ -	0.15000	\$ -	\$ -	\$ -
11													
12	2232 Circuit Equipment	11.12%	\$ 2,124,170	\$ (1,682,320)	\$ 441,850	\$ 441,850	\$ 230,897	\$ 230,897	\$ 230,897	0.38141	\$ 88,066	\$ -	\$ 88,066
13	Circuit Equipment Adds-2023	11.12%	\$ 137,000	\$ -	\$ 137,000	\$ 137,000	\$ 15,235	\$ 15,235	\$ 15,235	0.38141	\$ -	\$ 15,235	\$ 5,811
14													
15	Cable & Wire Facilities Assets												
16	2411 Poles	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.58899	\$ -	\$ -	\$ -
17	2421 Aerial Cable	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.58899	\$ -	\$ -	\$ -
18	2423 Buried Cable	5.49%	\$ 16,276,209	\$ (8,387,692)	\$ 7,888,517	\$ 7,888,517	\$ 390,602	\$ 390,602	\$ 390,602	0.58899	\$ 230,059	\$ -	\$ 230,059
19	Buried Cable Additions-2023	5.49%	\$ 3,138,000	\$ -	\$ 3,138,000	\$ 3,138,000	\$ 172,276	\$ 172,276	\$ 172,276	0.58899	\$ 172,276	\$ 101,468	\$ 101,468
20	2431 Aerial Wire	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.58899	\$ -	\$ -	\$ -
21	2441 Conduit Systems	6.25%	\$ 42,229	\$ (42,229)	\$ -	\$ -	\$ -	\$ -	\$ -	0.58899	\$ -	\$ -	\$ -
22													
23	2682 Leasehold Improvements		\$ -	\$ -	\$ -	\$ -				1.000000			
24													
25	TOTALS		\$ 19,473,973	\$ 3,275,000	(11,089,402)	\$ 11,659,571	187,511	\$ 814,648	\$ 630,629	\$ 323,157	\$ 184,019	\$ 105,355	\$ 428,512
26													

\$ 184,019

## Section 10

### Depreciation and Amortization

**Section 10: Depreciation and Amortization**  
**Section 10: Depreciation and Amortization expense for the test period**

clmn:	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Account #	Description	Depreciation Rates	Balance per Books 12/31/2022	Amounts Charged to:		
In#					Operations	Clearing Accounts	Construction
1							
2	6561	Depreciation Expense - TPIS					
3	S6561.1	Depr. Exp. - General Support Facilities					
4		Motor Vehicles	25.31%	\$0	\$0	\$0	\$0
5		Tools and Other Work Equipment	22.34%	\$3,492	\$3,492	\$0	\$0
6		Buildings	4.70%	\$4,399	\$4,399	\$0	\$0
7		Furniture	0.00%	\$0	\$0	\$0	\$0
8		Office Equipment	17.07%	\$1,239	\$1,239	\$0	\$0
9		General Purpose Computers	0.00%	\$0	\$0	\$0	\$0
10							
11		Depr. Exp. - Central Office Assets					
12	S6561.2	Depr. Exp. - C.O. Switching	10.84%	\$0	\$0	\$0	\$0
13							
14	S6561.5	Depr. Exp. - C.O. Circuit Equipment	11.12%	\$230,897	\$230,897	\$0	\$0
15							
16		Depr. Exp. - Information Orig./Term. Assets					
17		Depr. Exp. - Public Tele. Terminal Equipment	0.00%	\$0	\$0	\$0	\$0
18	S6561.6	Depr. Exp. - IOT	0.00%	\$0	\$0	\$0	\$0
19							
20		Depr. Exp. - Cable & Wire Facilities Assets					
21	S6561.7	Depr. Exp. - Poles	0.00%	\$0	\$0	\$0	\$0
22		Depr. Exp. - Aerial Cable	0.00%	\$0	\$0	\$0	\$0
23		Depr. Exp. - Underground Cable	0.00%	\$0	\$0	\$0	\$0
24		Depr. Exp. - Buried Cable	5.49%	\$390,602	\$390,602	\$0	\$0
25		Depr. Exp. Aerial Wire	0.00%	\$0	\$0	\$0	\$0
26		Depr. Exp. - Conduit	6.25%	\$0	\$0	\$0	\$0
27							
28	6563	Amortization Expense - Leasehold Improvements		\$0	\$0	\$0	\$0
29							
30	6560	Total Depr. & Amort. Expense		\$630,629	\$630,629	\$0	\$0

## Section 11

### Calculation of Taxes

**Section 11: Calculation of Taxes**

**Section 11(i): Taxes chargeable to operations**

clmn:	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
In#	Account#	Description	Balance per Books 12/31/2022	Study Adjustments	Test Year Adjusted Regulated Balance	Test Year Other Adj	Test Year Adjusted Normalized Regulated Balance	Intrastate Allocation %	Intrastate Jurisdictional Allocations
1	7210	Operating investment tax credits - net	\$ -	\$ -	\$ -	\$ -	\$ -	0.551091	\$ -
2	7220	Operating Federal Income Taxes	\$ 190,764	\$ (145,369)	\$ 45,395	\$ (16,239)	\$ 29,156		\$ (66,295)
3	7230	Operating State and Local Income Taxes	\$ (723)	\$ 16,994	\$ 16,271	\$ (6,781)	\$ 9,490		\$ (21,579)
4	7240.1	Other Operating Taxes	\$ 123,952	\$ (22)	\$ 123,930	\$ 7,619	\$ 131,549	1.000000	\$ 131,549
5	7240.2	Interstate Regulatory Fees	\$ -	\$ -	\$ -	\$ -	\$ -	1.000000	\$ -
6	7240.3	Intrastate Regulatory Fees	\$ -	\$ -	\$ -	\$ -	\$ -	1.000000	\$ -
7	7250	Provisions for Deferred Operating Income Taxes	\$ (60,560)	\$ 60,560	\$ -	\$ -	\$ -	0.000000	\$ -
8	7200	Total Operating Taxes	\$ 253,433	\$ (67,837)	\$ 185,596	\$ (15,401)	\$ 170,195		\$ 43,675
9									
10									
11	<b>NET TO GROSS MULTIPLIER</b>								
12		Federal Income Tax Rate	21.0000%						
13		State Income Tax Rate	6.8355%						
14		Combined Tax Rate	27.8355%						
15		Net to Gross Multiplier	1.385722897						

Totah Communications, KS  
Dkt No. 24-TTHT-\_\_\_-KSF  
YE 12/31/22

## Section 11: Calculation of Taxes

Section 11(i)a: Taxes chargeable to operations

	TOTAL COMPANY
1. Average Net Investment (Cost Study)	9,353,825
2. Authorized Rate of Return	9.750%
3. Return (Ln 1 X Ln 2)	911,998
4. Taxable Income (Ln 3)	911,998
5. SIT on 0 to 50,000 @ .04	2,000
6. SIT on over 50,000 @.07	60,340
7. Total SIT (Ln 5 + Ln 6)	62,340
8. Realized Tax Rate (Ln 7 / Ln 4)	6.835500%
9. Effective Tax Rate [Ln 7 / (Ln 4 - Ln 7)]	7.337022%



**Section 11: Calculation of Taxes**  
Section 11(i): Taxes chargeable to operations

TAXABLE INCOME RECONCILIATION		(A)	(B)	(C)	(D)	(E)	(F)	(G)
In#	Description	Per Books	Cost Study Adjustments	Cost Study Balance	Normalizing Adjustments	Normalized Balance	Intrastate Percentages	Intrastate Balance
1	Regulated Operating Revenues	\$ 2,838,787	\$ (3,683)	\$ 2,835,104	\$ 31,851	\$ 2,866,955		\$ 1,108,131
2				\$ -		\$ -		
3	Less: Operating Expenses	\$ 2,135,852	\$ (78,232)	\$ 2,057,620	\$ 214,019	\$ 2,271,639		\$ 1,097,790
4				\$ -		\$ -		
5	Less: AFUDC (Acct. 7340)	\$ 299,388	\$ (53)	\$ 299,335		\$ 299,335	0.551091	\$ 164,961
6	Less: Other Taxes and Expense	\$ 123,952	\$ (22)	\$ 123,930	\$ 7,619	\$ 131,549	1	\$ 131,560
7								
8	Net Operating Income	\$ 279,595	\$ 74,624	\$ 354,219	\$ (189,788)	\$ 164,432		\$ (286,180)
9								
10	Less: Fixed Chrgs	\$ 180,167		\$ 180,167	\$ -	\$ 180,167	0.578397	\$ 104,208
11								
12								
13	Net Income (Loss) per Books	\$ 99,428	\$ 74,624	\$ 174,052	\$ (189,788)	\$ (15,735)		\$ (390,388)
14								
15	Permanent Tax Difference	\$ 2,930	\$ -	\$ 2,930	\$ -	\$ 2,930	0.483259	\$ 1,416
16	Temporary Tax Difference	\$ 151,955	\$ (314)	\$ 151,641	\$ -	\$ 151,641	0.483259	\$ 73,282
17								
18								
19								
20	Taxable Income - Federal	<u>\$ 254,313</u>	<u>\$ 74,310</u>	<u>\$ 328,623</u>	<u>\$ (189,788)</u>	<u>\$ 138,836</u>		<u>\$ (315,690)</u>
21								
22								
23	Taxable Income - State	<u>\$ 254,313</u>	<u>\$ 74,310</u>	<u>\$ 328,623</u>	<u>\$ (189,788)</u>	<u>\$ 138,836</u>		<u>\$ (315,690)</u>
24								
25								
26	<b>Total Income Taxes:</b>							
27	State	6.84%	\$ 17,384	\$ 5,079	\$ 22,463	\$ (12,973)	\$ 9,490	\$ (21,579)
28	Federal	21.00%	\$ 53,406	\$ 15,605	\$ 69,011	\$ (39,855)	\$ 29,156	\$ (66,295)
29	Total		<u>\$ 70,789</u>	<u>\$ 20,685</u>	<u>\$ 91,474</u>	<u>\$ (52,828)</u>	<u>\$ 38,646</u>	<u>\$ (87,874)</u>

Section 12 (REDACTED)

Cost Allocation Manual

Section 13 (REDACTED)

Annual Report to Shareholders

Section 15 (REDACTED)

Additional Evidence-NECA Cost Study and Allocation Ratios

Section 16 (REDACTED)

Financial Statements (Included in Section 13)