

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application and Request)
Of The S&T Telephone Cooperative, Inc. for)
An Increase in its Cost-Based Kansas) Docket No. 14-S&TT-525-KSF
Universal Service Fund Support.)

DIRECT TESTIMONY

OF

ANN DIGGS

ON BEHALF OF

KANSAS CORPORATION COMMISSION STAFF

SEPTEMBER 30, 2014

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

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

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

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

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

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

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

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

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

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

3 A: My responsibilities in this docket were to review and analyze S & T Telephone
4 Coop Association, Inc.'s (S & T or Company) filing, and sponsor adjustments and
5 recommendations to the Commission. I reviewed the Company's filing,
6 schedules, and responses to Staff data requests. I participated in phone
7 conferences with Staff, and reviewed other Commission dockets and materials
8 relevant to the issues I am addressing.

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

10 A: I address affiliate transactions between the Company and its non-regulated
11 affiliate. I sponsor Staff's adjusted allocation factors and the Rate Base (RB) and
12 Income Statement (IS) adjustments shown below along with the adjustments'
13 effect on the Company's total-company and intrastate revenue requirement:

ADJ #	DESCRIPTION	TOTAL COMPANY ADJUSTMENT	INTRASTATE ADJUSTMENT
RB-4	Reverse Company's Allocations of GSF Assets and Accumulated Depreciation Between the Company and its Non-Regulated Affiliate	\$ 19,869	\$ 13,902
RB-5	Staff's Allocation of GSF Assets and Accumulated Depreciation Between the Company and its Non-Regulated Affiliate	\$ 665,841	\$ 450,522
RB-6	Allocate Non-Regulated Lease of Company's Circuit Equipment	\$ 28,491	\$ 25,542
IS-9	Reverse Company's Allocations and Charges of GSF and Other Shared Expenses Between the Company and its Non-Regulated Affiliate	\$ (334,957)	\$ (210,243)

ADJ #	DESCRIPTION	TOTAL COMPANY ADJUSTMENT	INTRASTATE ADJUSTMENT
IS-10	Staff's Allocation of GSF and Other Shared Expenses Between the Company and its Non-Regulated Affiliate	\$ 115,242	\$ 78,646
IS-11	Reverse Company's Payroll and Health Care Adjustment	\$ (92,775)	\$ (60,067)
IS-12	Staff's Payroll Expense and Distribution Adjustment	\$ 76,092	\$ 50,924
IS-13	Staff's Employee Benefit and Payroll Tax Expense Adjustment	\$ 46,360	\$ 29,279
IS-14	Board of Directors Allocation Adjustment	\$ (15,314)	\$ (9,968)
IS-15	Terminating Access Revenue Adjustment	\$ (2,577)	\$ (2,577)
IS-16	Billing & Collection Expense	\$ (29,777)	\$ (19,272)
IS-17	Non-Regulated Lease of Company's Circuit Equipment	\$ (13,019)	\$ (15,200)
IS-18	Travel Expense Adjustment	\$ (5,826)	\$ (3,540)
IS-19	Switch Lease Revenue Adjustment	\$ (157,398)	\$ (157,398)

1

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

3 A: Attachment AD-2 provides Staff's allocation factors used to apportion shared
4 costs between the Company's regulated and non-regulated operations. AD-3
5 summarizes Staff's fully distributed cost (FDC) analysis for affiliate transactions.
6 AD-4 contains work papers supporting my sponsored Rate Base and Income
7 Statement adjustments, identified by adjustment number. These work papers
8 should be considered an integral part of my testimony and provide details which
9 may not be specifically addressed in my general discussion. AD-5 contains data
10 requests (DR) that are referenced in my testimony.

II. CORPORATE STRUCTURE AND AFFILIATED ENTITIES

Q: Please provide a brief description of the Company and its affiliated entities.

A: S&T is organized as a member-owned cooperative with headquarters in Brewster, Kansas. The Company is certified as an Independent Local Exchange Carrier (ILEC), and provides regulated telephone service to customers in several Northwest Kansas counties, as well as to 21 residential and business customers in Colorado. The Company has two wholly-owned, non-regulated subsidiaries: S&T Communications, LLC (Communications), and S&T Wireless, LLC (Wireless). Wireless has had no activity since its formation in 2006 and the Company reported there are currently no plans for future activity. Communications is certificated as a Competitive Local Exchange Carrier (CLEC) providing competitive telephone services in areas adjacent to S&T's ILEC service areas. The following non-regulated or price deregulated services are provided in the ILEC and CLEC service territories:

- Cable television (CATV)
- Dial-up and high-speed internet
- Caregard (medical alert service)
- Security systems including video monitoring
- Long distance
- Computer sales, repair, service and support
- Web design and development
- Inside wire maintenance

- Media sales
- Resell Nex-Tech cellular service in surrounding territories

III. EXECUTIVE SUMMARY OF FINDINGS

Q: Please summarize Staff's findings and adjustments presented in your testimony.

A: My testimony addresses findings, adjustments, and recommendations in the following areas:

(1) Findings, adjustments, and Staff recommendations relating to affiliate transactions and allocations between the Company and its non-regulated affiliate, Communications.

(2) Adjustments to normalize and allocate labor expenses.

(3) Adjustments to non-labor test year revenues and expenses.

Q: Please summarize Staff's findings regarding affiliate transactions.

A: Staff found certain transactions between the Company and Communications were not in compliance with applicable FCC rules regarding affiliate transactions.

Resources and services provided by the Company to its non-regulated affiliate¹ should be recorded at no less than the higher of fair market value (FMV) and fully distributed cost (FDC). Staff found that general support facility resources and

¹ Resources and services provided by the Company to its non-regulated affiliate: Labor resources including executive, management, general, technical and operational support; general support facility resources including building and warehouse space, furniture, office and communications equipment; and billing and collection services.

1 expenses provided by the Company to Communications were presented in the
2 filing at a cost less than FDC.

3 Communications provides resources and services² to the Company which
4 should be recorded at no greater than the lower of FMV and FDC. Staff found
5 that Vehicles, Other Work Equipment, General Purpose Computers and Servers
6 provided by the non-regulated affiliate to the Company were presented in the
7 filing at a cost higher than FDC. Staff has prepared an analysis which calculates
8 the FDC for the various resources and services provided between the Company
9 and Communications, and compares the FDC to costs included in the Company's
10 filing (Staff Workpaper AD-3, Affiliate Services FDC). The results of Staff's
11 FDC analysis are summarized in the following tables:
12

13 **Non-Regulated Services Provided by S&T to Communications**

Description	Cost Recorded Per Company's Filing	FDC Per Staff	Cost for Services Provided To Affiliate Recorded Higher / (Lower) Than FDC
GSF Assets –Brewster/Dighton	\$ 134,887	\$ 164,508	\$ (29,620)
Billing & Collection Services	\$ 60,545	\$ 54,555	\$ 5,990
Total Non-Regulated Services	\$ 195,432	\$ 219,063	\$ (23,631)

14
15
16

² Resources and services provided by the non-regulated affiliate to the Company: Colby, Goodland, and Oakley building and warehouse space; vehicles and other work equipment; computer and server equipment.

1 **Regulated Services Provided by Communications to S&T**

Description	Cost Recorded Per Company's Filing	FDC Per Staff	Cost for Services Received From Affiliate Recorded Higher / (Lower) Than FDC
Regulated GSF Assets – Colby/Goodland/Oakley	\$ 132,457	\$ 136,065	\$ (3,608)
Vehicles & Other Work Equip	\$ 144,396	\$ 71,417	\$ 72,979
Gen. Purpose Computers/Svrs	\$ 251,301	\$ 128,198	\$ 123,103
Total Regulated Services	\$ 528,154	\$ 335,681	\$ 192,473

2

3 **Q: Please summarize Staff's adjustments relating to affiliate transactions and**
4 **non-regulated allocations.**

5 A: Staff made adjustments to reverse the Company's affiliate transactions and
6 non-regulated allocations reflected in its filing.³ Staff then made adjustments to
7 allocate GSF assets and expenses, common Billing and Collection expenses, and
8 common Board of Directors' expenses between the Company and its non-
9 regulated affiliate.⁴ Staff's adjustments to affiliate transactions and non-regulated
10 allocations are necessary to ensure the regulated services the Company receives
11 from its affiliate and the non-regulated services it provides to its affiliate are

³ Staff Adjustment RB-4 – Reverse Co's GSF Assets and A/D Cost Study Adjustments
Staff Adjustment IS-9 – Reverse Co's GSF and B&C Cost Study Adjustments and test year
charges

⁴ Staff Adjustment RB-5 – Staff's allocation of GSF Assets and A/D
Staff Adjustment IS-10 – Staff's allocation of GSF/G&A expenses
Staff Adjustment IS-14 – Staff's allocation of BOD expenses
Staff Adjustment IS-16 – Staff's allocation of billing and collection expenses

1 recorded in accordance with applicable cost allocation and affiliate transaction
2 regulations and do not result in the Company's regulated operations subsidizing
3 affiliated non-regulated operations.

4 **Q: Please summarize Staff's recommendations relating to affiliate transactions**
5 **and non-regulated allocations.**

6 A: Staff recommends that the Company be required to update and document studies
7 used to develop all charges and allocations between affiliates on at least an annual
8 basis.

9 **Q: Please summarize Staff's adjustments to normalize and allocate labor costs.**

10 A: Staff updated test year payroll expense by using current employee and salary
11 levels and by using current labor distributions between regulated and non-
12 regulated operations. Staff also updated employee benefits, reflecting increases in
13 group insurance premiums and payroll taxes. Staff's labor adjustments include
14 changes in employees not included in the Company's filing, and reflect the most
15 current on-going level of labor costs⁵.

16 **Q: Please summarize Staff's remaining adjustments to the Company's non-**
17 **labor revenues and expenses.**

18 A: Allocate third party use of circuit equipment. Staff Adjustments RB-6
19 and IS-17 amortize the effects of Rural Telephone's lease of the Company's
20 circuit equipment over a 10 year lease period.

⁵ Staff Adjustment IS-11 – Reverse the Company's pro forma payroll and healthcare adjustment.
Staff Adjustment IS-12 – Staff's pro forma payroll expense and distribution adjustment.
Staff Adjustment IS-13 – Staff's pro forma benefit and payroll tax expense adjustment.

1 Adjust test year terminating access revenues. Staff Adjustment IS-15

2 increases the Company's test year terminating access revenues to reflect the level
3 of intrastate terminating access revenues for the 12 months ended June 30, 2013.
4 Staff's adjustment is necessary to prevent recovery of the Company's reduction in
5 intrastate terminating access revenues from the KUSF pursuant to the
6 Commission's May 29, 2013, Order in Docket No. 12-GIMT-170-GIT (Docket
7 12-170).⁶

8 Disallow non-business, non-recurring, and non-regulated expenses. Staff

9 Adjustment IS-18 disallows various travel expenses that were not recurring or not
10 necessary for the provision of regulated telephone service.

11 Switch lease revenue. Staff Adjustment IS-19 increases Miscellaneous

12 Revenue to annualize lease payments received from Communications for the use
13 of the Company's switch on a going forward basis

14
15 **IV. AFFILIATE TRANSACTIONS**

16 **Q: Please identify the shared services, costs, and resources between the**
17 **Company and Communications.**

18 **A: The Company provides the following services and resources to Communications**
19 **under the Management Agreement dated November 19, 2012:**

⁶ See also Docket No. 13-GIMT-004-GIT (Docket 13-004). The Washington County District Court affirmed the Commission's Orders in Dockets 12-170 and 13-004, Case No. 2013 CV 07, Dated July 31, 2014.

- 1 • Management and operational personnel and services including
- 2 Billing and Collection services.
- 3 • Office management, financial, secretarial and operating personnel.
- 4 • General personnel matters.
- 5 • Building space including offices and warehouses in Brewster and
- 6 Dighton, and other General Support Facility (GSF) assets and
- 7 expenses including furniture, office equipment, and company
- 8 communications equipment.
- 9 • Cable facilities. The Company provides Communications access
- 10 to interoffice cable facilities and interexchange facilities owned by
- 11 the Company.
- 12 • Network services. The Company provides various network
- 13 services including wholesale DSL to Communications at tariffed
- 14 rates.

15 Communications provides the following services and resources to the Company
16 under the same Management Agreement dated November 19, 2012:

- 17 • Building space including offices and warehouses in Goodland,
- 18 Colby, and Oakley, and other GSF assets and expenses which
- 19 support the operations of both S&T and Communications including
- 20 furniture, office equipment, company communications equipment.

- 1 • Vehicles and other work equipment. Communications owns
- 2 vehicles and other work equipment which support the operations of
- 3 both the Company and Communications.
- 4 • General purpose computers and servers. Communications owns
- 5 general purpose computers and servers which support the
- 6 operations of both the Company and Communications.

7 **Q: Please describe how the Company accounts for affiliate transactions.**

8 A: Exhibit A to the Management Agreement sets out the terms for cost assignments
9 and charges for services provided by the Company to Communications as
10 follows:

11 1. Labor costs for the provision of management, operational, and executive
12 services shall be assigned to regulated and non-regulated accounts based on
13 individual time sheets.

14 2. Building space and associated general support equipment and expenses
15 shall be charged to Communications based on fees calculated yearly.

16 Although not specifically addressed in the Exhibits to the Management
17 Agreement, billing and collection costs incurred by the Company for billing non-
18 regulated services are charged monthly to Communications at a calculated rate
19 per customer.

20 Exhibit B to the Management Agreement sets out the terms for buildings
21 and office equipment, vehicles and other work equipment, and computer
22 equipment owned by Communications and leased under the Management

1 Agreement to the Company. Fees for Communications buildings and office
2 equipment shall be calculated yearly, and fees for the other leased assets shall be
3 calculated quarterly.

4 Exhibit C to the Management Agreement sets out the terms for the use of
5 the Company's cable facilities by Communications to be charged on a monthly
6 basis based on a fee schedule to be calculated annually.

7 **Q: Please describe how the Company accounted for these affiliate transactions**
8 **in its filing.**

9 A: The Company utilized time reporting to directly assign labor and overhead costs
10 between the Company and Communications. The Company also calculated lease
11 costs to charge building and other general support asset costs and associated
12 expenses between affiliates, and recorded these costs through monthly
13 intercompany journal entries. In addition, the Company made various Cost Study
14 Adjustments to allocate additional general support costs between the affiliates.
15 Details of the assignments and allocations of regulated and non-regulated costs to
16 the Company and Communications in the test year, along with the Company's
17 basis of the allocations, are set out in Staff Workpapers RB-4.1 and IS-9.1, and
18 included in my discussion of those adjustments.

19 **Q: Are these transactions for goods and services between the Company and**
20 **Communications subject to the FCC's affiliate transaction rules?**

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

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

13
14 In addition, pursuant to K.S.A. 66-1401(2), affiliated interests include "[e]very
15 corporation which has one or more officers or one or more directors in common
16 with such utility corporation" and include "[e]very person who is an officer or
17 director of such utility corporation ..."

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

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

21 1. Services sold or transferred from the Company to its affiliates. Unless
22 services are provided at a tariff rate or qualify for prevailing price valuation, the
23 FCC requires services sold or transferred from a carrier and its affiliate to be
24 recorded at no less than the higher of fair market value (FMV) and fully
25 distributed cost (FDC)⁷.

⁷ 47 C.F.R. §32.27(c)

1 2. Services sold or transferred to the Company from its affiliates. Unless
2 services are provided at a tariff rate or qualify for prevailing price valuation,
3 services sold or transferred to a carrier from its affiliate are required to be
4 recorded at no greater than the lower of FMV and FDC⁸.

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

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

15 The support a telephone company receives from the KUSF should be used
16 only for its intended purpose of ensuring all customers in rural high-cost areas of
17 the state have access to affordable telephone service. In order to protect KUSF
18 funds from being used to subsidize a telephone company's non-regulated affiliate,
19 it is necessary to ensure affiliate transactions are properly recorded and comply
20 with the FCC's affiliate transaction rules.

⁸ 47 C.F.R. §32.27(c)

1 **Q: How did Staff determine if the Company is in compliance with the FCC's**
2 **affiliate transaction rules?**

3 A: Staff calculated the FDC for resources and services provided between the
4 affiliates⁹ to determine if the various affiliate transactions and non-regulated
5 allocations contained in the Company's filing were in compliance with the FCC's
6 affiliate transaction rules. Staff's FDC calculations used allocation factors based
7 on current payroll distribution and other current data summarized in Staff's
8 Allocation Factor Summary¹⁰, as well as Staff's rate of return in this docket to
9 calculate an allowable return on GSF assets.

10 **Q: What are Staff's findings regarding the Company's charges and allocations**
11 **of costs between affiliates and compliance with the FCC's affiliate**
12 **transaction rules?**

13 A: Staff found that the Company did not properly record the following affiliate
14 transactions in compliance with the FCC's rules:

15 1. Non-regulated assets and costs provided by the Company to
16 Communications. The Company recorded a monthly building rent charge to
17 Communications for the non-regulated use of the Brewster and Dighton buildings
18 and tower, and also made cost study adjustments in the filing to allocate non-
19 regulated GSF assets and expenses. Staff found that the total amount charged and

⁹ Staff Attachment AD-3.

¹⁰ Staff Attachment AD-2.

1 allocated to Communications for these GSF assets and expenses was less than the
2 Company's FDC.

3 2. Regulated assets and costs provided by Communications to the
4 Company. Communications charged the Company monthly lease expense for
5 vehicles, other work equipment, general purpose computers and internet servers
6 owned by Communications. Staff found that the test year lease expenses charged
7 by Communications to the Company were greater than the FDC of these assets.

8 **Q: Please describe the adjustments Staff proposes to properly reflect affiliate**
9 **transactions and non-regulated allocations.**

10 **A:** In order to properly reflect affiliate transactions and non-regulated allocations
11 between the Company and Communications, Staff reversed the Company's
12 intercompany charges and cost study allocations relating to affiliate transactions
13 contained in its filing, and made the following adjustments:

14 (1) Staff included all shared assets owned by the Company and
15 Communications in the Company's rate base and allocated the shared assets
16 between regulated and non-regulated operations based on Staff's calculated
17 allocation factors¹¹. This treatment allows the Company to earn a return on the
18 regulated portion of those assets used to provide both regulated and non-regulated
19 services based on Staff's rate of return proposed in this filing. Additionally, Staff
20 allocated all costs related to the shared assets (i.e. depreciation expense, building

¹¹ Reference Staff Workpaper AD-2 – Summary of Allocation Factors

1 support expense, and property taxes) between regulated and non-regulated
2 operations based on Staff's calculated allocation factors.

3 (2) Staff allocated non-labor costs related to billing and collection
4 services the Company provides to Communications.

5 (3) Staff used updated time studies to allocate common Board Member
6 Expense to non-regulated operations.

7 The result of Staff's adjustments to affiliate transactions is to reflect the
8 regulated services it receives from its affiliate and the non-regulated services it
9 provides to its affiliate at the Company's current FDC.

10 **Q: Does Staff have recommendations regarding affiliate transactions.**

11 A: Yes. Staff recommends that the Company be required to update and document all
12 studies used to develop charges and allocations between affiliates at least annually
13 in order to determine FDC and compliance with applicable FCC affiliate
14 transaction rules.

15 **Q: Please explain why Staff's recommendation is needed.**

16 A: Staff found that the Company used some out of date information to calculate
17 charges and allocations between its non-regulated affiliate in this filing. Staff
18 notes that in the Stipulated Settlement Agreement in the Company's prior
19 docket,¹² the Company agreed to "update and maintain all studies which are used
20 to develop charges and allocations between affiliates in order to determine the

¹² In the Matter of Staff's Motion Requesting the Commission Order S&T Telephone Coop Association, Inc. to Submit to an Audit for Purposes of Determining its Cost-Based Kansas Universal Service Fund Support, Pursuant to K.S.A. 66-2008, Docket No. 12-S&TT-234-KSF

1 current FDC for affiliate transactions in compliance with applicable FCC affiliate
2 transaction rules”. However, in the present docket, Staff found the Company had
3 not updated the following allocation factors used in the 2013 test year:

4 1. The Company reported that labor allocations for DSL installs/troubles
5 were “based on a time study from 3 years or so back”. (DR 10(a), attached.)

6 2. Allocations of Board member expenses in the test year used a 17%
7 non-regulated factor. Although the Company provided Board allocation studies
8 from 2008 to 2014, the only study supporting a 17% non-regulated factor was
9 performed in 2008.

10 3. Allocations of test year travel and other general expenses used 42%
11 regulated and 58% non-regulated factors. These factors had not been updated
12 from the Company’s prior docket, and were based on a 2008 time study of all
13 employees’ direct time reported during 2006 or 2007.

14 4. The Company used out of date Plant and Accumulated Depreciation
15 balances to calculate the lease charges for buildings Communications leased to
16 S&T.

17
18 **V. RATE BASE ADJUSTMENTS**

19 **Q: Please discuss Staff's Adjustment RB-4 to reverse the Company’s non-**
20 **regulated allocation of General Support Facility (GSF) assets and**
21 **accumulated depreciation.**

1 A: Staff reversed the Company's charges and non-regulated allocations to S&T in
2 the current filing in order to more clearly present Staff's allocations of GSF assets
3 and accumulated depreciation in Staff Adjustment RB-5.

4 The total effect of Staff's reversal of the Company's non-regulated
5 allocation of GSF assets and accumulated depreciation increases Rate Base by
6 \$19,869 on a total-company basis, and by \$13,902 on an intrastate basis.

7 **Q: Please discuss Staff's Adjustment RB-5 to allocate non-regulated GSF assets**
8 **and accumulated depreciation.**

9 A: Staff allocated the following general support facility assets owned by the
10 Company and provided for Communications' non-regulated operations: land,
11 buildings, furniture, office equipment, and company communications equipment
12 located at Brewster and Dighton. Staff based its allocations on a building study
13 that incorporated employees' current payroll distributions.

14 Staff also allocated the following general support facility assets owned by
15 Communications and provided for the Company's regulated operations: land,
16 buildings, furniture, office and company communications equipment located at
17 Colby, Goodland, and Oakley, vehicles, other work equipment, general purpose
18 computers, and servers.

19 Staff's adjustment included the allocation of accumulated depreciation
20 associated with the general support facility assets. Depreciation expense for the
21 general support facility assets is included in Staff's Adjustment IS-10.

1 **Q: Please summarize the effects of Staff's Adjustment RB-5 to allocate non-**
2 **regulated GSF assets and accumulated depreciation.**

3 A: Staff's adjustment to allocate GSF assets owned by the Company to
4 Communications, net of accumulated depreciation, decreases rate base by
5 \$222,554. Staff's allocation of GSF assets owned by Communications to the
6 Company, net of accumulated depreciation, increases rate base by \$888,394. The
7 overall effect of Staff's adjustment is an increase of \$665,841 on a total company
8 basis, and an increase of \$450,522 on an intrastate basis.

9 **Q: Please discuss Staff's Adjustment RB-6 to allocate Rural Telephone's lease of**
10 **the Company's Circuit Equipment.**

11 A: In 2007, the Company entered into a 10 year lease with Rural Telephone for the
12 use of a portion of the Company's circuit equipment and received an upfront
13 payment of the total lease in 2007. The Company made a cost study adjustment
14 to remove a portion of the prepayment from the Company's fiber optic cable
15 assets, along with associated accumulated depreciation and to remove
16 depreciation expense based on the 5.68% approved depreciation rate for cable and
17 wire assets. To properly reflect the upfront lease payment, Staff reversed the
18 Company's cost study adjustments to rate base and depreciation expense and
19 amortized the advance payment over the 10 year lease period. Staff's removal of
20 the Company's associated depreciation expense and amortization of the lease
21 payment are presented in Staff's Adjustment IS-17.

22 **Q: Please summarize the effects of Staff's Adjustment RB-6.**

1 A: Staff's adjustment, net of accumulated depreciation, decreases Rate Base by
2 \$28,491 on a total-company basis, and by \$25,542 on an intrastate basis.

3

4 **VI. INCOME STATEMENT ADJUSTMENTS**

5 **Q: Please discuss Staff's Adjustment IS-9 to reverse the Company's charges and**
6 **allocations of GSF and Billing & Collection expense between the Company**
7 **and Communications.**

8 A: Staff reversed the charges and allocations between the Company and
9 Communications in the current filing in order to more clearly present the effects
10 of Staff's allocations of GSF expenses in Staff Adjustment IS-10 and Staff's
11 allocations of Billing and Collection expenses in Staff Adjustment IS-16.

12 **Q: Please summarize the effects of Staff's Adjustment IS-9.**

13 A: The total effect of Staff's adjustment IS-9 decreases the Company's total
14 regulated expenses by \$334,957 and decreases the Company's regulated intrastate
15 expenses by \$210,243.

16 **Q: Please discuss Staff's Adjustment IS-10 to allocate GSF expenses between**
17 **regulated and non-regulated operations.**

18 A: Staff allocated the following general support facility expenses provided by the
19 Company for Communications' non-regulated operations: land and building
20 expense, furniture and office equipment expense, communications equipment
21 expense, and general purpose computer expense incurred at Brewster and
22 Dighton. Staff's allocation of depreciation expense and property tax expense

1 related to the Company's GSF assets is also included in this adjustment. Staff's
2 allocations were based on its pro forma payroll distribution for employees located
3 at the Brewster and Dighton offices.

4 Similarly, Staff allocated shared expenses provided by Communications
5 for the Company's regulated operations at its offices in Colby, Goodland, and
6 Oakley. Support of the allocation factors used by Staff to allocate these expenses
7 is presented in Attachment AD-2 -- Allocation Factor Summary.

8 **Q: Please summarize Staff's Adjustment IS-10.**

9 A: Staff's adjustment to allocate the shared costs provided by the Company to
10 Communications' non-regulated operations decreases expenses by \$145,813.
11 Staff's allocation of shared costs provided by Communications to the Company's
12 regulated operations increases expenses by \$261,054. The overall effect of
13 Staff's adjustment is an increase to the Company's regulated expenses of
14 \$115,242 on a total company basis, and an increase of \$78,646 on an intrastate
15 basis.

16 **Q: Please discuss Staff's Adjustment IS-11 to reverse the Company's payroll
17 and health care normalization adjustment.**

18 A: The Company proposed a pro forma adjustment to normalize payroll and group
19 health insurance expenses. However, since Staff is proposing adjustments to
20 update payroll and benefit expense based on the most current salaries, employee
21 levels, group insurance billings, and payroll distribution data, Staff is reversing
22 the Company's adjustment to clarify the results of Staff's pro forma payroll and

1 benefit adjustments. Staff presents adjustments to payroll and employee benefits
2 and payroll taxes in Adjustments IS-12 and IS-13.

3 **Q: Please summarize the effects of Staff's Adjustment IS-11.**

4 A: Staff Adjustment IS-11 to reverse the Company's payroll and health care
5 normalization adjustment decreases the Company's regulated expenses by
6 \$92,775 on a total-company basis, and decreases the Company's intrastate
7 expenses by \$60,067.

8 **Q: Please discuss Staff's Payroll Expense Normalization Adjustment IS-12.**

9 A: Staff updated test year payroll expense using current 2014 salary levels and
10 accounting for employee terminations, replacements, and new hires subsequent to
11 the test year. Staff's adjustment also reflects the current labor distributions from
12 the first quarter of 2014. Staff's total payroll adjustment was then calculated from
13 the difference between its distributed pro forma wages and the distributed wages
14 recorded in the test year.

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

16 A: Staff's adjustment increases the Company's total regulated expenses by \$76,092
17 and increases the Company's intrastate expenses by \$50,924.

18 **Q: Please discuss Staff's Employee Benefit and Payroll Tax Adjustment IS-13.**

19 A: Staff updated employee benefits to normalize increases the Company experienced
20 in group insurance premiums, and adjusted the Company's payroll tax expense to
21 reflect current salary levels. Staff calculated the Company's current level of
22 employer-paid insurance premiums based on the most current applicable quarterly

1 or monthly billings available, annualized for a twelve-month period. Staff's
2 adjustment is the difference between the current annualized level of premiums
3 and test year expense.

4 Staff's adjustment to payroll tax is the difference between the 7.65%
5 employer's share of FICA and Medicare taxes applied to its pro forma payroll
6 expense and applied to the Company's test year payroll expense. Staff also took
7 into account the current FICA tax limitation in its calculation.

8 **Q: Please summarize the effects of the above individual adjustments to Staff's**
9 **total Employee Benefit and Payroll Tax Adjustment IS-13.**

10 A: After distribution of the total benefit and payroll tax adjustments to regulated and
11 non-regulated accounts, Staff's adjustment increases the Company's regulated
12 expenses by \$46,360 and increases the Company's intrastate expenses by
13 \$29,279.

14 **Q: Please discuss Staff's Board of Directors Allocation Adjustment, IS-14.**

15 A: Staff allocated test year non-labor Board of Directors expense to
16 Communications using current allocation factors based on a time study of Board
17 meetings conducted in 2014. The Company had allocated non-regulated Board of
18 Directors expense during the test year using outdated allocation factors, and had
19 not allocated all common Board of Directors expenses.

20 **Q: Please summarize the effects of Staff's Adjustment IS-14.**

21 A: Staff's adjustment decreases the Company's regulated expenses by \$15,314 and
22 decreases the Company's intrastate expenses by \$9,968.

1 **Q: Please discuss Staff's Terminating Access Revenue Adjustment, IS-15.**

2 A: Staff Adjustment IS-15 increases the Company's test year terminating access
3 revenues by \$2,577 to reflect the level of revenues for the 12 months ended June
4 30, 2013. The Kansas Telecommunications Act (KTA), including K.S.A. 66-
5 2005, was amended, effective July 1, 2013. The Commission determined in
6 Docket 12-170, that pursuant to the FCC's Inter-carrier Compensation reforms
7 contained in its November 18, 2011, Order and the KTA, as amended, RLECs
8 cannot recover any loss of intrastate terminating access revenue from the KUSF.
9 Staff's adjustment is necessary to prevent recovery of the Company's reduction in
10 intrastate terminating access revenues from the KUSF pursuant to the
11 Commission's Order in Docket 12-170, which states at Paragraph B of Page 16,
12 "The Commission finds consistent with the FCC Order, RLECs are not entitled to
13 KUSF support as a supplement for any revenue shortfall resulting from a
14 reduction of its intrastate terminating access revenue".

15 **Q: Please discuss Staff's Billing and Collection Expense Adjustment IS-16.**

16 A: The Company provides billing and collection services for Communications non-
17 regulated customers. Labor costs associated with B&C services are allocated
18 using direct timesheet reporting. Non-labor costs are charged to Communications
19 based on the Company's calculated rate per customer. The Company additionally
20 allocated B&C costs it provided to Communications in a cost study adjustment.
21 Staff removed the amount of the B&C adjustment that was included in the
22 Company's filed schedules in its adjustment IS-3, and is proposing this

1 adjustment to allocate the Company's common B&C costs provided to
2 Communications.

3 To determine the amount of non-labor B&C expenses, Staff reviewed the
4 Company's MACC invoices. MACC is used by the Company to prepare its
5 combined billings for regulated and non-regulated services, and its invoices
6 include costs specific to regulated telephone services as well as costs which are
7 common to both regulated and non-regulated services, such as processing fees,
8 software maintenance and training, and postage. Staff allocated common charges
9 to non-regulated operations based on the Company's current regulated and non-
10 regulated customers.

11 **Q: Please summarize Staff's Billing and Collection Expense Adjustment, IS-16.**

12 A: Staff's adjustment decreases the Company's regulated expenses by \$29,777 on a
13 total-company basis, and decreases the Company's intrastate expenses by
14 \$19,272.

15 **Q: Please discuss Staff Adjustment IS-17 for Rural Telephone's lease of a**
16 **portion of the Company's circuit equipment.**

17 A: The 10 year lease of a portion of the Company's circuit equipment to Rural
18 Telephone was discussed in Staff Adjustment RB-4. This income statement
19 adjustment reverses the Company's cost study adjustment to remove depreciation
20 expense relating to the leased portion of the Company's circuit equipment, and
21 increases revenue to reflect Staff's 10 year amortization of Rural Telephone's
22 advance lease payment. Staff's adjustment decreases the Company's regulated

1 expenses by \$13,019 on a total-company basis, and decreases the Company's
2 intrastate expenses by \$15,200.

3 **Q: Please discuss Staff Adjustment IS-18 to disallow non-business and non-**
4 **regulated expenses.**

5 A: Staff disallowed the following types of test year travel expenses: spouse travel,
6 travel for non-regulated purposes including lobbying and legislative events, and
7 non-recurring moving expenses. Staff's adjustment decreases the Company's
8 regulated expenses by \$5,826 on a total-company basis, and decreases the
9 Company's intrastate expenses by \$3,540.

10 **Q: Please discuss Staff Adjustment IS-19 to adjust switch lease revenue.**

11 A: The Company and Communications entered into a Switch Agreement dated
12 October 25, 2012 for Communication's use of the Company's soft switch. The
13 Company reported that since the actual cut-over of the Company's switch took
14 place in 2014, no lease revenues were reported in the test year. Prior to the cut-
15 over of the Company's switch, Communications had its own switch. Staff's
16 adjustment is necessary to include Communications lease payments for the use of
17 the Company's switch on a going forward basis, and is based on the Company's
18 carrying charge calculation for the switch. Staff's adjustment increases the
19 Company's miscellaneous revenues by \$157,398.

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

21 A: Yes.

ANN DIGGS

Regulatory Experience and Employment Summary

2003 - Present

Ann Diggs, CPA

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

2001 -2003

Accountant, BHI, Ltd., North Carolina

Performed corporate accounting responsibilities for resort, property management and development company.

1998 - 2000

Controller, Regulatory Action Division (RAD) Trust/

Financial Examiner, North Carolina Department of Insurance

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

1991 - 1998

Senior Utility Regulatory Auditor, Managing Auditor,

Chief of Accounting & Financial Analysis, Kansas Corporation Commission

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

1986 - 1991

Accountant, Topeka Public Schools

Performed accounting, reporting, grant and budget functions.

1984 - 1986

Senior Utility Regulatory Auditor,

Kansas Corporation Commission

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

Direct Testimony of Ann Diggs
Docket No. 12-S&TT-234-KSF
August 15, 2012

ATTACHMENT AD-1

1983 - 1984

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

Audited vouchers and inventory records for accuracy and compliance.

1982 - 1983

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

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

Act	Common Assets & Expenses	Ref	Basis	Reg %	Nonreg %
S&T Assets & Expenses - Allocate to NR					
<u>General Support Assets / Depr Exp</u>					
2111	Land	(1)	Land & Bldg Allocation Study With Pro Forma PR by Location	82.06%	17.94%
2116	Other Work Equipment	(2)	Pro Forma PR - Plant Empl - Brewster & Dighton	57.51%	42.49%
2121	Buildings, Associated A/D, and Depr Exp	(1)	Land & Bldg Allocation Study With Pro Forma PR by Location	71.33%	28.67%
2122	Furniture, Associated A/D, and Depr Exp	(2)	Pro Forma PR - Office Empl - Brewster & Dighton	68.11%	31.89%
2123	Office Equip, Associated A/D, and Depr Exp	(2)	Pro Forma PR - Office Empl - Brewster & Dighton	68.11%	31.89%
2123	Company Comm Equip, Assoc A/D, and Depr Exp	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
<u>General Support Expense</u>					
6121	Land and Building Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
6122	Furniture/Office Equipment Expense	(2)	Pro Forma PR - Office Empl - Brewster & Dighton	68.11%	31.89%
6123	Company Communications Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
6124	General Purpose Computer Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
<u>Services Expense</u>					
6623.4	Billing & Collection Expense	(4)	Subscriber Count	58.83%	41.17%
<u>Executive and G&A Expense</u>					
6711	Executive/Mgr Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
6711	Board of Directors Expense	(5)	Based on Time Study of Board Meetings	78.10%	21.90%
6722	External Relations Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
6723	HR Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
6728	Other G&A Expense	(2)	Pro Forma PR - All Empl - Brewster & Dighton	62.98%	37.02%
<u>Other Taxes</u>					
7240	Property Tax on GSF Assets	(6)	Non-Regulated Allocation of Total GSF Assets	71.06%	28.94%
Communications Assets & Expenses - Allocate to Reg					
<u>General Support Assets / Depr Exp</u>					
2111	Land	(1)	Land & Bldg Allocation Study With Pro Forma PR by Location	29.62%	70.38%
2121	Buildings, Associated A/D, and Depr Exp	(1)	Land & Bldg Allocation Study With Pro Forma PR by Location	29.21%	70.79%
2112	Vehicles, Associated A/D, and Depr Exp	(2) (3)	Pro Forma PR - All Empl - All Locations	44.49%	55.51%
2116	Other Work Equip, Assoc A/D, and Depr Exp	(2) (3)	Pro Forma PR - Plant Empl - All Locations	46.78%	53.22%
2122	Furniture, Associated A/D, and Depr Exp	(2)	Pro Forma PR - Office Empl - Colby, Goodland, Oakley	28.14%	71.86%
2123	Office Equip, Associated A/D, and Depr Exp	(2)	Pro Forma PR - Office Empl - Colby, Goodland, Oakley	28.14%	71.86%
2123	Company Comm Equip, Assoc A/D, and Depr Exp	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
2124	Gen Purp Comp/Servers, Assoc A/D, and Depr Exp	(2) (3)	Pro Forma PR - All Empl - All Locations	44.49%	55.51%
<u>General Support Expense</u>					
6121	Land and Building Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
6122	Furniture/Office Equipment Expense	(2)	Pro Forma PR - Office Empl - Colby, Goodland, Oakley	28.14%	71.86%
6123	Company Communications Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
6124	General Purpose Computer Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
<u>Executive and G&A Expense</u>					
6711	Executive/Mgr Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
6711	Board of Directors Expense	(5)	Based on Time Study of Board Meetings	78.10%	21.90%
6722	External Relations Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
6723	HR Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
6728	Other G&A Expense	(2)	Pro Forma PR - All Empl - Colby, Goodland, Oakley	29.25%	70.75%
<u>Other Taxes</u>					
7240	Property Tax on GSF Assets	(6)	Regulated Allocation of Total GSF Assets	37.76%	62.24%

(1) Reference Staff Workpaper AD-2.1 - S&T and Communications Land and Building Allocation Study

(2) Reference Staff Workpaper AD-2.2 - Pro Forma PR Allocation by Location

(3) Communications owns computers, servers, vehicles, and other work equipment and leases to S&T

(4) Reference Staff Workpaper AD-2.3 - Subscriber Count Calculation

(5) Company records time Board members spend on regulated and non-regulated issues

(6) Reference Staff Workpaper RB.5.1-GSF Rate Base Allocation Calculation

Location	Description	Reg	Alloc Factor	Basis	Land			Buildings				Alloc to Reg	Alloc to Non-Reg
					Act 2111	Alloc to Reg	Alloc to Non-Reg	Act 2121.000 (Pre 2001)	Act 2121.001 (2001-06)	Act 2121.010 (Post 7/06)	Tot Buildings Act 2121		
S&T Land and Buildings:													
GSF Land and Buildings:													
Brewster	Brewster Office	63.66%	PR - Brewster Office	6,297	4,009	2,288	925,216	11,067	28,806	965,090	614,424	350,666	
Brewster	Brewster Warehouse	59.27%	PR - Brewster Plant	659	390	268	7,049	-	-	7,049	4,178	2,871	
Brewster	Brewster North Garage	59.27%	PR - Brewster Plant	2,000	1,185	815	-	352,825	23,650	376,705	223,258	153,447	
Brewster	Land - Brewster Tower	60.00%	Per Co. CSA RB-2	10,000	8,000	2,000	-	-	-	-	-	-	
Winona	Winona Garage	75.58%	PR - Winona Plant	-	-	-	-	75,794	-	75,794	57,263	18,506	
Dighton	Dighton Office	68.19%	PR - Dighton Office	32,173	28,373	3,800	68,434	697,253	5,721	971,408	656,668	114,740	
Dighton	Dighton CATV Warehouse, Garage	53.42%	PR - Dighton Plant	-	-	-	260,875	-	-	260,875	139,368	121,507	
Total S&T GSF Land and Buildings				51,129	41,958	9,171	1,261,574	1,336,940	58,407	2,656,921	1,895,184	761,737	
				62.06%						71.33%			28.67%
Non-GSF Land and Buildings:													
Brewster	Brewster CO	100.00%	Regulated	1,312	1,312	-	59,460	-	-	59,460	-	-	
Dighton	Dighton CO	100.00%	Regulated	-	-	-	76,768	-	-	76,768	-	-	
Dighton	Dighton CATV Headend Room	0.60%	NR	-	-	-	68,552	-	-	68,552	-	-	
Grinnell	Grinnell CO, Generator Storage & Garage	100.00%	Regulated	1,007	1,007	-	76,489	-	-	76,489	-	-	
Healy	Healy CO & Generator Storage	100.00%	Regulated	916	916	-	59,778	-	-	59,778	-	-	
Kanorado	Kanorado CO & Generator Storage	100.00%	Regulated	212	212	-	54,783	485	-	55,268	-	-	
Levant	Levant CO & Generator Storage	100.00%	Regulated	511	511	-	93,606	-	-	93,606	-	-	
Menlo	Menlo CO & Generator Storage	100.00%	Regulated	385	385	-	98,677	2,500	-	101,177	-	-	
Russell Springs	Russell Springs CO & Generator Storage	100.00%	Regulated	150	150	-	77,177	-	-	77,177	-	-	
Winona	Winona CO, Generator Storage	100.00%	Regulated	2,945	2,945	-	98,132	2,500	-	100,632	-	-	
Total - S&T All Land Buildings				58,567	49,398	9,171	2,014,955	1,342,425	58,407	3,415,827	-	-	
				84.34%						15.66%			
S&T Accumulated Depreciation - All Buildings							(1,938,535)	(724,487)	(16,754)	(2,679,836)			
% Depreciated							94.80%	53.97%	28.69%	77.77%			
Communications Land and Buildings:													
GSF Land and Buildings:													
Coby	Office	30.41%	PR - Coby Office	104,469	31,772	72,697	-	1,241,457	72,135	1,313,593	399,500	914,092	
Goodland	Office	28.70%	PR - Goodland Office	90,013	25,833	64,180	-	1,097,953	10,620	1,108,572	318,150	790,423	
Goodland	Warehouse	29.56%	PR - Goodland Plant	-	-	-	72,687	3,908	3,908	76,795	22,668	54,097	
Oakley	Office	12.63%	PR - Oakley	-	-	-	-	44,751	19,431	64,182	8,274	55,908	
Total Communications GSF Land and Buildings				194,482	57,605	136,877	-	2,457,048	106,095	2,563,142	748,622	1,814,521	
				29.62%						70.38%			
Non-GSF Land and Buildings:													
Various	CATV Buildings	0.00%	NR	-	-	-	-	-	-	58,742	-	-	
Total - All Communications Land Buildings				194,482	57,605	136,878	-	2,457,048	106,095	2,619,634	-	-	
				29.62%						70.38%			

Source: Continuing Property Record Balances 12/31/13
Communications Trial Balance 12/31/13

EMPL #	EMPL NAME	POSITION	LOCATION	PLANT/ OFFICE	REG	NON-REG	% REG	% NR
1	STEVEN G RICHARDS	CEO	Brewster	Office			69.23%	33.71%
7	COLLEEN M ALLEN	PR Admin	Brewster	Office			58.27%	43.73%
8	CAROLYN R. SOVERS	CFO	Brewster	Office			70.22%	29.78%
17	FRITZ M DOKE	Systems Mgr	Brewster	Office			60.15%	39.85%
24	DONITA J BAIRD	Billing Supervisor	Brewster	Office			57.96%	42.04%
71	BONNIE L HOLM	Acctg Super	Brewster	Office			66.67%	33.33%
97	HEATHER J MCDONALD	Exec Asst/HR Mgr	Brewster	Office			54.85%	45.15%
98	DARLA A RICE	Acctg Asst	Brewster	Office			61.03%	38.97%
104	CATHY L CRAVER	CSR	Brewster	Office			78.91%	21.09%
109	SONJA R ELLING	CSR	Brewster	Office			62.35%	37.65%
117	CAROL A HORNEK	Acctg Asst	Brewster	Office			58.27%	41.73%
TOTAL BREWSTER - OFFICE							63.66%	36.34%
4	EUGENE A SCHOENBERG	CO Tech	Brewster	Plant			88.69%	11.31%
10	TYLER G STRAVEL	Combination Tech	Brewster/Warena	Plant			75.58%	24.42%
14	DENNIS B STAEHNKE	Cable Locator	Brewster	Plant			44.70%	55.30%
31	CLINTON M FELZEN	CATV Mgr	Brewster	Plant			62.84%	47.16%
49	FREDRICK A BRITT	Construction Super	Brewster	Plant			59.63%	40.37%
78	JEFFERY D JAY	CATV System Tech	Brewster	Plant			38.19%	61.81%
133	LEONARD J BARNES	Machinery Operator	Brewster	Plant			48.20%	51.80%
136	MARSHALL D S/RUTA	Machinery Operator	Brewster	Plant			48.42%	51.58%
144	BRET M JARRVN	Machinery Operator	Brewster	Plant			59.65%	40.35%
150	SEAN C MCDONALD	Combination Tech	Brewster	Plant			68.32%	31.68%
151	LAWRENCE J VON LINTEL	Machinery Operator	Brewster	Plant			63.20%	36.80%
TOTAL BREWSTER - PLANT							59.27%	40.73%
TOTAL BREWSTER - OFFICE & PLANT							61.71%	38.29%
55	PATRICK R MALLORY	Branch Mgr	Colby	Office			35.66%	64.34%
101	ANDREA N CARPENTER	Accounting Asst	Colby	Office			16.24%	83.76%
103	ALICIA M MOORE	Marketing Mgr	Colby	Office			56.25%	43.75%
105	AARON E POWELL	IT Mgr	Colby	Office			41.48%	58.52%
112	RUSS A KAHLE	IT Specialist	Colby	Office			39.09%	60.91%
113	KEVIN R STOLTZ	IT Specialist	Colby	Office			19.77%	80.23%
124	CHAD M WOLF	Sales Assoc	Colby	Office			24.15%	75.85%
129	VALERIE C DIBLE	CSR	Colby	Office			3.40%	96.60%
135	AMEE M APPLEBURY	CSR	Colby	Office			6.84%	93.16%
TOTAL COLBY - OFFICE							30.41%	69.59%
30	DAVID M MUDLOFF	CO Equipment Mgr	Colby	Plant			59.08%	40.92%
57	BRADLEY J FRANK	CO Tech	Colby	Plant			55.48%	44.52%
115	KYLE W VOGLER	Combination Tech	Colby	Plant			17.25%	82.75%
137	THOMAS J SCHROCK	Inventory Controller	Colby	Plant			43.68%	56.32%
147	MARK D HILL	Combination Tech	Colby	Plant			9.89%	90.11%
149	JOHN R FABRIZIUS	Combination Tech	Colby	Plant			9.13%	90.87%
TOTAL COLBY - PLANT							39.27%	60.73%
TOTAL COLBY - OFFICE & PLANT							31.64%	68.36%
11	NANCY R PRATT	CSR	Dighton	Office			95.03%	4.97%
26	MALINDA K BRADSTREET	Branch Mgr	Dighton	Office			85.42%	14.58%
162	KELLY BOSLEY	CSR	Dighton	Office			82.98%	17.02%
TOTAL DIGHTON - OFFICE							88.19%	11.81%
15	BRADLEY D MANN	Combination Tech	Dighton	Plant			91.60%	8.40%
22	KENNETH L SCHROLLER	CATV Tech	Dighton	Plant			51.03%	48.97%
27	ERN E CARTER	Combination Tech	Dighton	Plant			60.38%	39.62%
93	KENNETH J ZEGLER	CATV Tech	Dighton	Plant			13.45%	86.55%
TOTAL DIGHTON - PLANT							53.42%	46.58%
TOTAL DIGHTON - OFFICE & PLANT							67.01%	32.99%
3	KAREN J DUELL	CSR	Goodland	Office			25.77%	74.23%
25	BRENDA K CRESS	Lead CSR	Goodland	Office			24.28%	75.72%
44	GARY R. SLOUGH	Branches Sales & Mktg Dir	Goodland	Office			59.28%	40.72%
52	DONALD L NEWELL	Branch Sales Mgr	Goodland	Office			39.28%	60.72%
53	KIMBERLY J NEWELL	Production Media Svcs Super	Goodland	Office			11.17%	88.83%
70	MATTHEW J WELLBROCK	Producer/Editor	Goodland	Office			10.19%	89.81%
74	DENEYCE L BAHE	Data Coordinator	Goodland	Office			4.70%	95.30%
80	TRACEY E PURVIS	Computer Svcs Mgr	Goodland	Office			21.05%	78.91%
83	MOLLY K HILLMER	CSR	Goodland	Office			20.16%	79.84%
105	MICHAEL D BAHE	Help Desk/Computer Tech	Goodland	Office			17.16%	82.84%
128	JOSHUA J CECH	Chief Technical Officer	Goodland	Office			41.79%	58.21%
153	DONALD SEEGER	IT Specialist	Goodland	Office			23.98%	76.02%
TOTAL GOODLAND - OFFICE							28.70%	71.30%
61	ABEL L ONTIVEROZ JR	Cable Locator	Goodland	Plant			62.65%	37.35%
87	SEAN C DAVIS	CATV Tech	Goodland	Plant			30.29%	69.71%
127	BRIAN J SEIGFRED	CO Tech	Goodland	Plant			20.45%	79.55%
132	JACOB M MEIER	Combination Tech	Goodland	Plant			10.57%	89.43%
TOTAL GOODLAND - PLANT							29.58%	70.44%
TOTAL GOODLAND - OFFICE & PLANT							28.87%	71.13%
110	BRENDA BECKMAN	CSR	Oakley	Office			11.96%	88.04%
142	JUDY A BEARLEY	CSR	Oakley	Office			3.76%	96.22%
143	BRENT E MARMAN	IT Specialist	Oakley	Office			21.66%	78.14%
TOTAL OAKLEY - OFFICE							12.89%	87.11%
TOTAL OAKLEY - PLANT								
TOTAL OAKLEY - OFFICE ONLY							12.89%	87.11%
TOTAL - ALL EMPLOYEES							44.49%	55.51%
ALL LOCATIONS								
OFFICE EMPLOYEES							43.11%	56.89%
PLANT EMPLOYEES							45.78%	53.22%
ALL EMPLOYEES							44.49%	55.51%
S&T LOCATIONS - BREWSTER & DIGHTON								
OFFICE EMPLOYEES							68.11%	31.89%
PLANT EMPLOYEES							57.51%	42.49%
ALL EMPLOYEES							62.89%	37.02%
COMMUNICATIONS LOCATIONS - COLBY, GOODLAND & OAKLEY								
OFFICE EMPLOYEES							28.14%	71.86%
PLANT EMPLOYEES							31.99%	68.01%
ALL EMPLOYEES							29.25%	70.75%

REDACTED

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Calculate Non-reg Subscriber Count

Attachment AD-2.3

DATE	REG	NON-REGULATED					TOT SUBSCRIB REG + NON-REG
	KS PHONE	CATV	DSL	DAIL UP	CAREGD & SEC SYS	TOT NONREG	
4/30/2014 (1)							
SUBSCRIBER % (2)	58.83%					41.17%	

(1) Number of Statements Per 4/30/14 MACC Inv 90967 (Co 24) and Inv 90955 (Co 06)

(2) Use most current subscriber counts. Best represents trends in regulated and non-regulated services

		PER CO		PER STAFF		VARIANCE
ACT #	ACT	REF	NR ALLOC IN FILING	REF	FDC NR ALLOC	TO STAFF'S FDC
NR Services Provided By S&T to Communications:						
GSF Non-Reg Costs - Brewster/Dighton:						
Return on NR GSF Assets						
2111	Land		-	RB-5.1	9,171	
2121	Buildings	2013 CSA, RB-2	89,382	RB-5.1	761,737	
2122	Furniture		-	RB-5.1	72,964	
2123	Office Equipment		-	RB-5.1	17,985	
2123.2	Other Comm Equip		-	RB-5.1	20,102	
3100	Accum Depr	2013 CSA, RB-2	(69,513)	RB-5.1	(659,405)	
	Total NR GSF Assets - Net of A/D		19,869		222,554	
	Total Company ROR	Sec. 3, Sch 1	11.25%	Sch REV REQ	8.4002%	2.85%
	Return on NR GSF Assets		2,235		18,695	
NR GSF Expenses						
6560	Depr Exp	2013 CSA, EXP-6	4,688	RB-5.1	40,370	
5240	Bldg Rent Rev.	TY JE'S	19,456			
6120	General Supp Exp	2013 CSA, EXP-3	108,508	IS-10.1	96,654	
7240	GSF Assets - Property Taxes		-	IS-10.1	8,789	
	Total GSF Non-Reg Costs - Brewster/Dighton		134,887		164,508	(29,620)
6620	B&C	2013 CSA, EXP-3	35,767	IS-16.1	29,777	
		TY GL, Act 5270.400 & 5270.500				
5270	Add Revenue - \$1 per subscriber		24,778		24,778	
	Total NR B&C Expenses		60,545		54,555	5,990
Total NR Services Provided By S&T to Communications:			195,432		219,063	(23,631)
REG Services Provided By Communications to S&T:						
GSF Reg Costs - Colby/Goodland/Oakley						
2121	Land & Bldgs Net of A/D - Colby			RB-5.1	343,414	
2121	Land & Bldgs Net of A/D - Goodland			RB-5.1	257,821	
2121	Land & Bldgs Net of A/D - Oakley			RB-5.1	15,373	
2122	Furniture - Net of A/D			RB-5.1	7,597	
2123	Office/ Comm. Equip - Net of A/D			RB-5.1	1,244	
	Total Reg GSF Assets - Net of A/D				625,449	
	Total Company ROR			Sch REV REQ	8.4002%	
	Return on NR GSF Assets				52,539	
6560	GSF Assets - Depr Exp			RB-5.1	40,469	
	GSF Assets - Property Tax			IS-10.1	6,654	
6121	Bldgs - Colby/Goodland/Oakley			IS-10.1	36,403	
6121	Bldgs - Colby Office/Warehouse	FJE28	125,954			
6121	Bldgs - Goodland Office	FJE28	6,503			
	Tot GSF Reg Costs - Colby/Goodland/Oakley		132,457		136,065	(3,608)
Vehicles & OWE Reg Costs						
2112	Vehicles - Net of A/D			RB-5.1	7,082	
2116	Other Work Equip - Net of A/D			RB-5.1	71,466	
	Tot Vehicles & OWE Reg Costs - Net of A/D				78,548	
	Total Company ROR			Sch REV REQ	8.4002%	
	Return on Reg Vehicles & OWE				6,598	
	Vehicles & OWE - Depr Exp			RB-5.1	60,001	
	Vehicles & OWE - Property Tax			IS-10.1	4,818	
6112	Vehicles	FJE35	124,146			
6116	Other Work Equip	FJE35	20,250			
	Total Vehicles & OWE Reg Costs		144,396		71,417	72,979
General Purpose Computers & Servers Reg Costs						
2124	Computers & Servers - Net of A/D			RB-5.1	184,397	
	Total Company ROR			Sch REV REQ	8.4002%	
	Return on Reg Computers & Servers				15,490	
	Computers & Servers - Depr Exp			RB-5.1	105,095	
	Computers & Servers - Property Tax			RB-4.1	7,614	
6124	Gen Purp Computers & Servers	FJE35	251,301			
	Total Gen Purpose Computers & Servers Reg Costs		251,301		128,198	123,103
Total REG Services Provided By Communications to S&T:			528,154		335,681	192,473

Staff Workpaper RB-4
Reverse Company's Test Year GSF Affiliate Transactions and Allocations - Rate Base

ACCOUNT	DESCRIPTION	STAFF ADJ	INTRAST FACTOR	INTRAST ADJ
	<u>Increase (Decrease) to GSF/NR Plant</u>			
2111	Land	\$ -	0.669151	\$ -
2112	Vehicles	\$ -	0.669151	\$ -
2116	Other Work Equipment	\$ -	0.669151	\$ -
2121	Buildings	\$ 89,382	0.669151	\$ 59,810
2122	Furniture	\$ -	0.669151	\$ -
2123	Office Equipment	\$ -	0.669151	\$ -
2123.2	Other Communication Equipment	\$ -	0.669151	\$ -
2124	General Purpose Computers	\$ -	0.669151	\$ -
2423.2	Buried Cable-Fiber	\$ 4,389	0.719434	\$ 3,158
	Total GSF/NR Plant	<u>\$ 93,771</u>		<u>\$ 62,968</u>
	<u>(Increase) Decrease to GSF/NR A/D</u>			
3100	Total A/D - GSF/NR	<u>\$ (73,902)</u>	0.663927	\$ (49,066)
	TOTAL STAFF ADJ	<u><u>\$ 19,869</u></u>		<u><u>\$ 13,902</u></u>

Source: Company's Cost Study Adjustment RB-2

Asset/Expense	Ref	Bas/s of Allocation	Reg %	NR %	Rate Base Amt. Alloc To or (Removed From) Reg. in Filing	Income St Amt. Alloc To or (Removed From) Reg. in Filing	Act
NR Allocated from S&T to Communications							
Brewster Building	Monthly FJE17	(1)	% NR sq. ft to total sq. ft	93.4% & 93.9%	6.6% & 6.1%	(12,040)	5240 Rent Revenue
Brewster Building	2013 CSA - RB-2	(2)	% NR sq. ft to total sq. ft	93.40%	6.60%	(63,334)	2121 Buildings
Brewster Building - A/D	2013 CSA - RB-2	(2)	% NR sq. ft to total sq. ft	93.40%	6.60%	49,255	3100 A/D
Brewster Building - Depr Exp	2013 CSA - EXP-6	(2)	% NR sq. ft to total sq. ft	93.40%	6.60%		6560 Depr Exp
Dighton Building	Monthly FJE17	(3)	% NR sq. ft to total sq. ft	97.30%	2.70%	(8,216)	5240 Rent Revenue
Dighton Building	2013 CSA - RB-2	(2)	% NR sq. ft to total sq. ft	97.30%	2.70%	(26,048)	2121 Buildings
Dighton Building - A/D	2013 CSA - RB-2	(2)	% NR sq. ft to total sq. ft	97.30%	2.70%	20,258	3100 A/D
Dighton Building - Depr Exp	2013 CSA - EXP-6	(2)	% NR sq. ft to total sq. ft	97.30%	2.70%		6560 Depr Exp
Brewster Tower	Monthly FJE27			80.00%	20.00%	(1,200)	5240 Rent Revenue
Brewster Tower	2013 CSA - RB-2	(2)		80.00%	20.00%	(4,389)	2423.2 Buried Cable-Fiber
Brewster Tower - A/D	2013 CSA - RB-2	(2)		80.00%	20.00%	4,389	3100 A/D
Brewster Tower - Depr Exp	2013 CSA - EXP-6	(2)		80.00%	20.00%		6560 Depr Exp
General Support Exp	2013 CSA - EXP-3	(5), (6)	Combined Labor/Plant	83.18%	16.82%	(108,508)	6120 General Supp Exp
B&C	2013 CSA - EXP-3	(7)	Subscribers	73.01%	26.99%	(35,767)	6620 Services Exp
B&C - Internet Customers	Monthly Invoice to Comm		\$1/per NR customer			(16,004)	5270.4 B&C Internet
B&C - CATV Customers	Monthly Invoice to Comm		\$1/per NR customer			(8,774)	5270.5 B&C CATV
B&C - Security System Customers	Monthly Invoice to Comm		\$1/per NR customer			-	5270.56 B&C Security
B&C - Caregard Customers	Monthly Invoice to Comm		\$1/per NR customer			-	5270.591 B&C Caregard
Total Allocated from S&T to Communications Per Filing					(19,869)	(193,197)	
REG Allocated from Communications to S&T							
Coby Office/Warehouse	Monthly FJE28	(8)	% NR sq. ft to total sq. ft	36.10%	63.90%	125,854	6121.1 Building Exp
Goodland Office	Monthly FJE28	(8)	% NR sq. ft to total sq. ft	2.20%	97.80%	6,503	6121.1 Building Exp
Oakley Office	Not Allocated to Reg			0.00%	100.00%	-	
Vehicles	Monthly FJE35	(9)	2008 time study	42.00%	58.00%	124,146	6120 Gen Support Exp
Other Work Equipment	Monthly FJE35	(9)	2008 time study	42.00%	58.00%	20,250	6120 OWE Clearing
Computers	Monthly FJE35	(9)	2008 time study	42.00%	58.00%	41,589	6124 Computer Exp
Internet Servers	Monthly FJE35	(9)	Server usage study	48.00%	52.00%	209,712	6124 Computer Exp
Total Allocated from Communications to S&T Per Filing					-	528,154	
Total Allocations from/to S&T and Communications Per Filing					(19,869)	334,957	

- (1) Per Co's Brewster Office Rent Development, DR's 12(d) and 85, includes allocation of the return on investment of Buildings, Communications & Office Equipment and allocation of Property Tax, Insurance, General Support & Depr Exp
- (2) Per Company's 2013 Cost Study Adjustment supporting workpapers, RB-2 - Remove NR Investment Associated to Rent Revenue (DR 56)
- (3) Per Co's Dighton Office Rent Development, DR's 12(d) and 85, includes allocation of the return on investment of Buildings, Communications & Office Equipment and allocation of Property Tax, Insurance, General Support & Depr Exp
- (4) N/A
- (5) Per Company's 2013 Cost Study Adjustment supporting workpapers, RB-1 and EXP-3 (DR 56)
- (6) Company allocated some GSF RB & Exp based on following allocation factors:
Labor - 0% NR
Plant - 33.84% NR - % of NR Plant to Total S&T + Comm. Plant
Combined - 16.82% NR - Average of Labor & Plant factors
- (7) Company allocated B&C Exp using 12/31/13 Reg and NonReg (DSL & Wireless) subscribers
- (8) Per Co's 2006 Coby and Goodland Office Rent Development, DR 85, includes allocation of the return on investment of Buildings, Communications & Office Equipment and allocation of Property Tax, Insurance, General Support & Depr Exp
Balances not updated to calculate lease exp in test year. Calculation included gross up for taxes (which are not applicable to S&T) and a ROR of 11.25%.
- (9) Assets owned by Communications and leased to S&T, DR 85, includes allocation of the return on investment plus taxes plus depreciation expense.
S&T Use Percentage based on outdated time studies.

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Attachment AD-4

[illegible]

Staff Workpaper RB-5
GSF Plant and Depreciation Reserve Adjustment

ACCOUNT	DESCRIPTION	STAFF ADJ	INTRAST FACTOR	INTRAST ADJ
	<u>Increase (Decrease) to GSF/NR Plant</u>			
2111	Land	\$ 48,434	0.669151	\$ 32,409
2112	Vehicles	\$ 395,870	0.669151	\$ 264,897
2116	Other Work Equipment	\$ 235,222	0.669151	\$ 157,399
2121	Buildings	\$ (13,115)	0.669151	\$ (8,776)
2122	Furniture	\$ (28,385)	0.669151	\$ (18,994)
2123	Office/Communication Equipment	\$ (17,256)	0.669151	\$ (11,547)
2124	General Purpose Computers/Servers	\$ 997,358	0.669151	\$ 667,383
	Total GSF/NR Plant	<u>\$ 1,618,128</u>		<u>\$ 1,082,772</u>
	<u>(Increase) Decrease to GSF/NR A/D</u>			
3100	Total A/D - GSF/NR	<u>\$ (952,287)</u>	0.663927	\$ (632,249)
	TOTAL STAFF ADJ	<u><u>\$ 665,841</u></u>		<u><u>\$ 450,522</u></u>

DESC	% TO ALLOCATE (1)		ASSETS			ACCUMULATED DEPRECIATION			STAFF ADJ-NET ALLOCATE TO / (FROM) REG	TOTAL ASSETS NET OF A/D	DEPRECIATION EXPENSE			
	NON-REG	REG	ACT	BAL 12/31/13	STAFF ADJ ALLOCATE TO / (FROM) REG	ACT	BAL 12/31/13	STAFF ADJ ALLOCATE TO / (FROM) REG			DEPR RATE	EXPENSE	STAFF ADJ ALLOCATE TO / (FROM) REG	
Allocate GSF Assets From S&T Reg to Communications														
Land			2111	51,129	(9,171)				(9,171)					
Buildings - Pre 2001	28.67%		2121.000	1,261,574	(361,692)	3121.210	(1,195,935)	342,873	(18,819)	65,640	5.02%	63,331	(18,157)	
Buildings - Post 2001 Pre 7-06	28.67%		2121.001	1,336,940	(383,299)	3121.210	(721,527)	206,851	(176,433)	615,413	5.02%	67,114	(19,242)	
Buildings - Post 7-06	28.67%		2121.010	59,407	(16,745)	3121.211	(16,754)	4,803	(11,942)	41,653	5.02%	2,932	(841)	
Furniture - Pre 2001	31.89%		2122.000	127,837	(40,763)	3121.220	(127,827)	40,760	(3)	10	15.57%	10	(3)	
Furniture - Post 2001	31.89%		2122.100	71,404	(22,769)	3121.221	(71,404)	22,769	-	-	15.57%	-	-	
Furniture - Post 7-06	31.89%		2122.110	29,580	(9,432)	3121.222	(13,065)	4,166	(5,266)	16,515	15.57%	4,806	(1,459)	
Office Equip - Post 2001	31.89%		2123.110	27,336	(8,717)	3121.231	(27,336)	8,717	-	-	18.10%	-	-	
Office Equip - Post 7-06	31.89%		2123.111	29,056	(9,268)	3121.231	(28,600)	8,120	(143)	466	18.10%	466	(149)	
Company Comm Equip - Pre 2001	37.02%		2123.200	28,341	(10,483)	3121.232	(28,341)	10,493	-	-	18.10%	-	-	
Company Comm Equip - Post 2001	37.02%		2123.210	18,344	(6,792)	3121.232	(18,344)	6,792	-	-	18.10%	-	-	
Company Comm Equip - Post 7-06	37.02%		2123.220	7,610	(2,818)	3121.232	(5,541)	2,052	(766)	2,069	18.10%	1,377	(510)	
Total S&T GSF Assets				3,047,567	(681,959)		(2,254,674)	659,405	(222,554)	741,765		139,836	(40,370)	
					-29.94%									
Allocate GSF Assets to S&T Reg from Communications														
Land	29.62%		2111	194,492	57,605				57,605					
Buildings - Goodland	29.21%		2121.700	1,097,553	320,681	3121.217	(268,417)	(83,654)	237,027	811,536	5.02%	55,117	16,098	
Buildings - Goodland Warehouse	29.21%		2121.701	72,637	21,268	3121.217	(13,788)	(4,027)	17,261	59,099	5.02%	3,659	1,069	
Buildings - Goodland Post 7-06	29.21%		2121.702	10,620	3,102	3121.217	(1,755)	(513)	2,589	8,865	5.02%	533	156	
Buildings - Goodland Warehouse Post 7-06	29.21%		2121.703	3,908	1,141	3121.217	(675)	(197)	944	3,233	5.02%	199	57	
Buildings - Colby	29.21%		2121.710	1,241,457	362,555	3121.217	(328,782)	(95,443)	267,151	914,877	5.02%	62,321	18,202	
Buildings - Colby Post 7-06	29.21%		2121.711	72,135	21,099	3121.217	(8,256)	(2,411)	18,657	63,879	5.02%	3,621	1,058	
Buildings - Oakley	29.21%		2121.910	44,751	13,070	3121.219	(8,375)	(2,446)	10,624	36,276	5.02%	2,246	656	
Buildings - Oakley Post 7-06	29.21%		2121.911	19,431	5,675	3121.219	(3,174)	(927)	4,748	16,258	5.02%	875	265	
Vehicle Lease	44.49%		2112.7	165,048	66,765	3121.127	(195,046)	(88,765)	-	-	26.27%	-	-	
Vehicle Lease Post 7-06	44.49%		2112.710	694,657	309,085	3121.127	(678,741)	(302,003)	7,082	15,916	26.27%	15,916	7,082	
Other Work Equip Lease	46.78%		2116.110	33,936	15,875	3121.161	(33,251)	(15,555)	321	635	23.98%	635	320	
Other Work Equip Lease Post 7-06	46.78%		2116.110	468,633	219,348	3121.161	(316,799)	(148,201)	71,146	152,084	23.98%	112,438	52,599	
Furniture	28.14%		2122	118,912	33,459	3121.220	(118,912)	(33,459)	-	-	15.57%	-	-	
Furniture Post 7-06	28.14%		2122.01	39,517	11,119	3121.220	(12,517)	(3,522)	7,597	27,000	15.57%	6,153	1,731	
Office/ Comm. Equip	29.25%		2123	49,359	14,439	3121.230	(49,359)	(14,439)	-	-	18.10%	-	-	
Office/ Comm. Equip Post 7-06	29.25%		2123.01	21,653	6,593	3121.230	(17,601)	(5,143)	1,244	4,251	18.10%	3,655	1,157	
Gen Purp Comp Lease	44.49%		2124.7	239,693	105,650	3121.247	(239,693)	(105,650)	-	-	18.57%	-	-	
Gen Purp Computers Lease Post 7-06	44.49%		2124.710	245,143	109,520	3121.247	(176,562)	(78,561)	30,860	69,581	18.57%	45,709	20,338	
Internet Equip	44.49%		2311	729,806	324,768	3123.110	(723,906)	(324,768)	-	-	18.57%	-	-	
Internet Equip post 7-06	44.49%		2311.1	1,025,765	456,419	3123.111	(680,940)	(302,931)	153,437	344,845	18.57%	190,488	84,757	
Total Communications GSF Assets				6,621,314	2,509,587		(3,693,546)	(1,611,693)	688,394	2,528,285		504,014	205,566	
					37.76%									
Net Allocation To / (From) S&T Regulated					1,618,128			(952,287)	665,840				165,196	

(1) Refer to Staff WP AD-2 Allocation Summary for basis of allocations
(2) Balance prior to Company's GSF Cost Study Adjustments

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Staff Workpaper RB-6 and IS-17
Amortize Nonregulated Lease of Circuit Equipment

Attachment AD-4

ACT	DESC	PER CO	PER STAFF			STAFF ADJ	INTRAST	
			REVERSE CO'S CSA	AMORT LEASE REV (1)				
2423.2	Fiber Optic Cable	(119,375)	119,375		119,375	0.719434	85,882	Increase RB - Staff Adj RB-6
3100	A/D	90,884	(90,884)		(90,884)	0.663927	(60,340)	Increase A/D - Staff Adj RB-6
	Net Adj - Rate Base	(28,491)	28,491		28,491		25,542	Net effect to RB
6560	Depreciation Exp	(6,781)	6,781		6,781	0.678425	4,600	Increase Exp - Staff Adj IS-17
5270	Misc Revenue			(19,800)	(19,800)	1.000000	(19,800)	Increase Rev - Staff Adj IS-17
	Net Adj - Income St	(6,781)	6,781	(19,800)	(13,019)		(15,200)	Net effect to IS

(1) Allocate Lease to Non-reg per Staff:

Rural Tel's Advance Pmt in 2007	198,000
Accumulated Amortization - 198,000 / 10 yrs x 6 yrs	(118,800)
Unamortized Advance Pmt	79,200
Annual Amortization - 198,000 / 10 yrs	19,800

Staff Workpaper IS-9
Reverse Company's Test Year GSF Affiliate Transactions and Allocations

DESCRIPTION	ACT	STAFF ADJ	INTRASTATE FACTOR	INTRASTATE ADJ
REVENUE Miscellaneous Revenue	5270	\$ 44,234	1.000000	\$ 44,234
PLANT SPECIFIC OPERATIONS EXPENSE				
Network Support Expense	6110		0.669151	\$ -
General Support Expense	6120	\$ (419,646)	0.669151	\$ (280,807)
Central Office Switching Expense	6210		0.537437	\$ -
Central Office Transmission Expense	6230		0.537437	\$ -
Cable and Wire Facilities Expense	6410		0.719434	\$ -
Total Plant Specific Operations Expense		<u>\$ (419,646)</u>		<u>\$ (280,807)</u>
PLANT NON-SPECIFIC OPERATIONS EXPENSE				
Other Plant Expense	6510		0.689151	
Network Operations Expense	6530		0.689151	\$ -
Access Expense	6540		-	\$ -
Depreciation & Amortization Expense	6560	\$ 4,688	0.678425	\$ 3,181
Total Plant Non-Specific Operations Expense		<u>\$ 4,688</u>		<u>\$ 3,181</u>
CUSTOMER OPERATIONS EXPENSE				
Marketing Expense	6610		0.747297	\$ -
Services Expense	6620	\$ 35,767	0.647209	\$ 23,149
Total Customer Operations Expense		<u>\$ 35,767</u>		<u>\$ 23,149</u>
CORPORATE OPERATIONS EXPENSE				
Executive and Planning Expense	6710		0.650863	\$ -
General and Administrative Expense	6720		0.554422	\$ -
Total Corporate Operations Expense		<u>\$ -</u>		<u>\$ -</u>
OTHER OPERATING EXPENSE				
Other Operating Taxes	7240		0.669151	\$ -
Total Staff Adjustment		<u>\$ (334,957)</u>		<u>\$ (210,243)</u>

For supporting calculations, reference Staff Workpaper RB-1.1-Reverse Company's GSF Adjustments

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Staff Workpaper IS-10
GSF, Corporate & G&A Expense Allocation Adjustment

Attachment AD-4

DESCRIPTION	ACT	ALLOCATE TO COMM FROM S&T	ALLOCATE TO S&T FROM COMM	TOTAL STAFF ADJ	INTRASTATE FACTOR	INTRASTATE ADJ
PLANT SPECIFIC OPERATIONS EXPENSE						
Network Support Expense	6110				0.669151	\$ -
General Support Expense	6120	\$ (96,654)	\$ 36,403	\$ (60,251)	0.669151	\$ (40,317)
Central Office Switching Expense	6210				0.537437	\$ -
Central Office Transmission Expense	6230				0.537437	\$ -
Cable and Wire Facilities Expense	6410				0.719434	\$ -
Total Plant Specific Operations Expense				<u>\$ (60,251)</u>		<u>\$ (40,317)</u>
PLANT NON-SPECIFIC OPERATIONS EXPENSE						
Other Plant Expense	6510				0.689151	
Network Operations Expense	6530				0.689151	\$ -
Access Expense	6540				-	\$ -
Depreciation & Amortization Expense	6560	\$ (40,370)	\$ 205,566	\$ 165,196	0.678425	\$ 112,073
Total Plant Non-Specific Operations Expense				<u>\$ 165,196</u>		<u>\$ 112,073</u>
CUSTOMER OPERATIONS EXPENSE						
Marketing Expense	6610				0.747297	\$ -
Services Expense	6620				0.647209	\$ -
Total Customer Operations Expense				<u>\$ -</u>		<u>\$ -</u>
CORPORATE OPERATIONS EXPENSE						
Executive and Planning Expense	6710			\$ -	0.650863	\$ -
General and Administrative Expense	6720			\$ -	0.554422	\$ -
Total Corporate Operations Expense				<u>\$ -</u>		<u>\$ -</u>
OTHER OPERATING EXPENSE						
Other Operating Taxes	7240	\$ (8,789)	\$ 19,086	\$ 10,296	0.669151	\$ 6,890
Total Staff Adjustment		<u>\$ (145,813)</u>	<u>\$ 261,054</u>	<u>\$ 115,242</u>		<u>\$ 78,646</u>

ALLOCATE COMMON EXPENSES											
DESC	LOCATION	% TO ALLOCATE (1)		ACT	BAL 12/31/13	LESS SAL & BEN	OTHER ADJ	REF	TO ALLOC COMMON EXP BAL 12/31/13	STAFF ADJ ALLOCATE TO / (FROM) REG	
		NONREG	REG								
<u>Allocate from S&T Reg to Communications</u>											
GSF Expense											
Land and Building Exp	Brewster & Dighton	37.02%		6121	\$ 440,343		\$ (132,457)	(2)	\$ 307,886	\$ (113,994)	
Furniture/Office Equip Exp	Brewster & Dighton	31.89%		6122	\$ 1,515				\$ 1,515	\$ (483)	
Communications Equip Exp	Brewster & Dighton	37.02%		6123.2	\$ 188,720				\$ 188,720	\$ (69,873)	
General Purpose Computers	Brewster & Dighton	37.02%		6124	\$ 289,694		\$ (251,301)	(3)	\$ 38,393	\$ (14,215)	
Less Salaries & Benefits		37.02%		6120		\$ (275,251)			\$ (275,251)	\$ 101,911	
Total GSF Expense				6120	<u>\$ 920,272</u>	<u>\$ (275,251)</u>	<u>\$ (383,758)</u>		<u>\$ 261,263</u>	<u>\$ (98,654)</u>	
							\$ (383,757)				
Total Depr Expense on GSF Assets	Brewster & Dighton			6560				(4)		\$ (40,370)	
Other Taxes - Property Tax	All S&T Locations	28.94%		7240					<u>\$ 30,371</u>	<u>\$ (8,789)</u>	
Total - Allocate from S&T Reg to Communications										<u>\$ (145,813)</u>	
<u>Allocate from Communications to S&T Reg</u>											
GSF Expense											
Land and Building Exp	Colby,Goodland,Oakley	29.25%		6121	\$ 167,444	\$ (43,002)			\$ 124,442	\$ 36,403	
Total GSF Expense				6120	<u>\$ 167,444</u>	<u>\$ (43,002)</u>			<u>\$ 124,442</u>	<u>\$ 36,403</u>	
Total Depr Expense on GSF Assets	Colby,Goodland,Oakley			6560						<u>\$ 205,568</u>	
Other Taxes - Property Tax	All Communications Locations	37.76%		7240					<u>\$ 50,547</u>	<u>\$ 19,086</u>	
Total - Allocate to S&T Reg from Communications										<u>\$ 261,054</u>	
Net Allocation To / (From) S&T Regulated										<u>\$ 115,242</u>	

(1) Reference Staff Workpaper AD-2 - Summary of Staff Allocation Factors

(2) Remove Land & Building Lease Expense since Regulated % of Communications' Land & Buildings included in S&T's Rate Base per Staff Adj RB-5

(3) Remove Computer and Internet Lease Expense since Regulated % of Communications' Computer and Internet included in S&T's Rate Base per Staff Adj RB-5

(4) Reference Staff Adj Workpaper RB-5.1

S&T Telephone Coop Association, Inc.
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Attachment AD-4

Staff Workpaper IS-10.2
GSF Property Tax Calculation

403,973 Test Year Property Tax Expense
52,917,834 Total Plant In Service (1)
0.763% Property Tax Rate

<u>3,978,377</u>	Total S&T GSF Assets
<u><u>30,371</u></u>	Property Tax Related to S&T's GSF Assets

Property Tax - Communications

0.763% Property Tax Rate

6,621,314 Total GSF Assets per Staff WP RB-2.1-GSF Calc

<u><u>50,547</u></u>	Property Tax Related to Communication's GSF Assets
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(1) Filing Section 4, Schedule 1

S&T Telephone Coop Association, Inc.
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Staff Workpaper IS-11
Reverse Company's Payroll and Healthcare Adjustment

Attachment AD-4

DESCRIPTION	ACT	REVERSE COMPANY'S ADJ TO PR			REVERSE COMPANY'S ADJ TO BENEFITS HEALTHCARE	TOTAL STAFF ADJ REVERSE COMPANY'S ADJ IS3	INTRASTATE FACTOR	INTRASTATE ADJ
		RAISES	NEW EMPL	TOTAL				
PLANT SPECIFIC OPERATIONS EXPENSE								
Network Support Expense	6110	\$ (720)	\$ (2,840)	\$ (3,560)	\$ (559)	\$ (4,120)	0.669151	\$ (2,757)
General Support Expense	6120	\$ (4,183)	\$ (9,602)	\$ (13,785)	\$ (3,251)	\$ (17,035)	0.669151	\$ (11,399)
Central Office Switching Expense	6210	\$ (1,694)	\$ (263)	\$ (1,956)	\$ (1,316)	\$ (3,273)	0.537437	\$ (1,759)
Central Office Transmission Expense	6230	\$ (1,952)	\$ -	\$ (1,952)	\$ (1,517)	\$ (3,468)	0.537437	\$ (1,864)
Cable and Wire Facilities Expense	6410	\$ (10,252)	\$ (7,257)	\$ (17,508)	\$ (7,967)	\$ (25,475)	0.719434	\$ (18,328)
Total Plant Specific Operations Expense		\$ (18,800)	\$ (19,961)	\$ (38,761)	\$ (14,610)	\$ (53,371)		\$ (36,107)
PLANT NON-SPECIFIC OPERATIONS EXPENSE								
Other Plant Expense	6510	\$ (2,011)	\$ (16)	\$ (2,027)	\$ (1,563)	\$ (3,590)	0.689151	\$ (2,474)
Network Operations Expense	6530		\$ -	\$ -	\$ -	\$ -	0.689151	\$ -
Access Expense	6540		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation & Amortization Expense	6560		\$ -	\$ -	\$ -	\$ -	0.678425	\$ -
Total Plant Non-Specific Operations Expense		\$ (2,011)	\$ (16)	\$ (2,027)	\$ (1,563)	\$ (3,590)		\$ (2,474)
CUSTOMER OPERATIONS EXPENSE								
Marketing Expense	6610	\$ (530)		\$ (530)	\$ (412)	\$ (942)	0.747297	\$ (704)
Services Expense	6620	\$ (5,460)		\$ (5,460)	\$ (4,244)	\$ (9,704)	0.647209	\$ (6,280)
Total Customer Operations Expense		\$ (5,990)	\$ -	\$ (5,990)	\$ (4,655)	\$ (10,646)		\$ (6,984)
CORPORATE OPERATIONS EXPENSE								
Executive and Planning Expense	6710	\$ (3,199)		\$ (3,199)	\$ (2,486)	\$ (5,685)	0.650863	\$ (3,700)
General and Administrative Expense	6720	\$ (8,527)	\$ (4,329)	\$ (12,856)	\$ (6,627)	\$ (19,483)	0.554422	\$ (10,802)
Total Corporate Operations Expense		\$ (11,726)	\$ (4,329)	\$ (16,055)	\$ (9,113)	\$ (25,168)		\$ (14,502)
TOTAL - REGULATED EXPENSE		\$ (38,527)	\$ (24,307)	\$ (62,834)	\$ (29,942)	\$ (92,775)		\$ (60,067)

Sources: DR 72, Company's W/P IS3

Staff Workpaper IS-12
Payroll Expense Adjustment

DESCRIPTION	ACT	STAFF ADJ	INTRASTATE FACTOR	INTRASTATE ADJ
PLANT SPECIFIC OPERATIONS EXPENSE				
Network Support Expense	6110	\$ -	0.669151	\$ -
General Support Expense	6120	\$ 24,344	0.669151	\$ 16,290
Central Office Switching Expense	6210	\$ (14,584)	0.537437	\$ (7,838)
Central Office Transmission Expense	6230	\$ 30,363	0.537437	\$ 16,318
Cable and Wire Facilities Expense	6410	\$ 32,801	0.719434	\$ 23,598
Total Plant Specific Operations Expense		<u>\$ 72,924</u>		<u>\$ 48,368</u>
PLANT NON-SPECIFIC OPERATIONS EXPENSE				
Other Plant Expense	6510	\$ (3,392)	0.689151	\$ (2,338)
Network Operations Expense	6530	\$ (3,413)	0.689151	\$ (2,352)
Access Expense	6540	\$ -	-	\$ -
Depreciation & Amortization Expense	6560	\$ -	0.678425	\$ -
Total Plant Non-Specific Operations Expense		<u>\$ (6,805)</u>		<u>\$ (4,690)</u>
CUSTOMER OPERATIONS EXPENSE				
Marketing Expense	6610	\$ 1,359	0.747297	\$ 1,015
Services Expense	6620	\$ 3,351	0.647209	\$ 2,169
Total Customer Operations Expense		<u>\$ 4,710</u>		<u>\$ 3,184</u>
CORPORATE OPERATIONS EXPENSE				
Executive and Planning Expense	6710	\$ 11,848	0.650863	\$ 7,712
General and Administrative Expense	6720	\$ (6,585)	0.554422	\$ (3,651)
Total Corporate Operations Expense		<u>\$ 5,263</u>		<u>\$ 4,061</u>
Total Staff Adjustment		<u>\$ 76,092</u>		<u>\$ 50,924</u>

S&T Telephone Coop Association, Inc.
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Staff Workpaper IS-12.1
Payroll Expense Adjustment Summary

Attachment AD-4

DESCRIPTION	ACT	ACTUAL 2013 TY WAGE & DIST	% ACTUAL 2013 TY DIST	STAFF PRO FORMA WAGE & DIST	% STAFF PRO FORMA DIST	STAFF ADJ PRO FORMA WAGE & DIST
PLANT SPECIFIC OPERATIONS EXPENSE						
Network Support Expense	6110					
General Support Expense	6120	\$ 208,410	6.49%	\$ 232,754	6.75%	\$ 24,344
Central Office Switching Expense	6210	\$ 85,366	2.04%	\$ 50,782	1.47%	\$ (14,584)
Central Office Transmission Expense	6230	\$ 75,331	2.35%	\$ 105,694	3.06%	\$ 30,363
Cable and Wire Facilities Expense	6410	\$ 395,694	12.33%	\$ 428,495	12.42%	\$ 32,801
Total Plant Specific Operations Expense		\$ 744,801	23.21%	\$ 817,725	23.70%	\$ 72,924
PLANT NON-SPECIFIC OPERATIONS EXPENSE						
Other Plant Expense	6510	\$ 32,450	1.01%	\$ 29,058	0.84%	\$ (3,392)
Network Operations Expense	6530	\$ 45,028	1.40%	\$ 41,615	1.21%	\$ (3,413)
Access Expense	6540					\$ -
Depreciation & Amortization Expense	6560					\$ -
Total Plant Non-Specific Operations Expense		\$ 77,478	2.41%	\$ 70,673	2.05%	\$ (6,805)
CUSTOMER OPERATIONS EXPENSE						
Marketing Expense	6610	\$ 20,455	0.64%	\$ 21,813	0.63%	\$ 1,359
Services Expense	6620	\$ 210,757	6.57%	\$ 214,108	6.21%	\$ 3,351
Total Customer Operations Expense		\$ 231,212	7.21%	\$ 235,922	6.84%	\$ 4,710
CORPORATE OPERATIONS EXPENSE						
Executive and Planning Expense	6710	\$ 123,242	3.84%	\$ 135,090	3.92%	\$ 11,848
General and Administrative Expense	6720	\$ 208,205	6.49%	\$ 201,620	5.84%	\$ (6,585)
Total Corporate Operations Expense		\$ 331,447	10.33%	\$ 336,711	9.76%	\$ 5,263
TOTAL - REGULATED EXPENSE		\$ 1,384,938	43.16%	\$ 1,461,030	42.34%	\$ 76,093
NON-REGULATED EXPENSE		\$ 1,606,084	50.05%	\$ 1,774,340	51.42%	
PLANT UNDER CONSTRUCTION	2300	\$ 217,827	6.79%	\$ 215,088	6.23%	
TOTAL SALARY - PUC + REG EXP + NONREG EXP		\$ 3,208,849	100.00%	\$ 3,450,459	100.00%	

A-ach-708 AD-4

A-ach-708 AD-4

EMPL #	EMPL NAME	POSITION	LOCATION	PLANT/ OFFICE	NEW HIRE/ TERM	TY AMT	CALCULATE RAISES AND NORMALIZATION ADJUSTMENTS TO TY SALARY						CURRENT				
							LESS NON-SALARY ITEMS PER DR 11 EXCLUDED IN TY AMT					% 2014 TYSAL PGC	RAISES	TERM EMPL	NORMALIZE NEW EMPL	CURRENT NORMALIZED PRO FORMA SAL.	NOTE
1	STEVEN G RICHARDS	CEO	Brewster	Office													
3	KAREN J DUELL	CSR	Goodland	Office													
4	SCHONBERGER	CO Tech	Brewster	Plant													
7	COLLEEN M ALLEN	PR Admin	Brewster	Office													
8	CAROLYN R SCOVERS	CFO	Brewster/W	Office													
10	TYLER Q STRAVEL	Combination Tech	Ipswich	Plant													
11	NANCY R PRATT	CSR	Dighton	Office													
12	TRACEE G MACALEY	Exec Asst./HR Mgr	Brewster	Office													
14	DENNIS B STAEHNKE	Cable Locator	Brewster	Plant													
15	BRADLEY D MANN	Combination Tech	Dighton	Plant													
17	FRIETZ M MOORE	Systems Mgr	Brewster	Office													
22	KENNETH L SCHROEDER	CATV Tech	Dighton	Plant													
24	DOUYA L BAIRD	Bitting Supervisor	Brewster	Office													
25	BRENDA K CROSS	Lead CSR	Goodland	Office													
26	MALINDA K BRADSTREET	Branch Mgr	Dighton	Office													
27	EARL E CARTER	Combination Tech	Dighton	Plant													
30	DAVID M HUDLOFF	CO Equipment Mgr	Colby	Plant													
31	CLINTON M FELTZER	CATV Mgr	Brewster	Plant													
44	GARY R SLOUGH	Branches Sales & Mktg Dir	Goodland	Office													
49	FREDRICK A BRITT	Construction Super	Brewster	Plant													
52	DORIAN D NEWELL	Branch Sales Mgr	Goodland	Office													
53	KIMBERLY J REWELL	Production Media Svcs Super	Goodland	Office													
55	PATRICK R MALLORY	Branch Mgr	Colby	Office													
57	BRADLEY J FIKAN	CO Tech	Colby	Plant													
61	ABELL QUINTERO JR	Cable Locator	Goodland	Plant													
70	MATTHEW J WELLSHOCK	Producer/Editor	Goodland	Office													
73	BOONE J POLJ	Acctg Super	Brewster	Office													
74	DENEYCE L BAHE	Data Coordinator	Goodland	Office													
78	JEFFREY D JAY	CATV System Tech	Brewster	Plant													
80	TRACEY E PURVIS	Computer Svcs Mgr	Goodland	Office													
83	MOLLY K HILMER	CSR	Goodland	Office													
87	SEAN C DAVIS	CATV Tech	Goodland	Plant													
91	SUSAN M WILSON	CSR	Dighton	Office													
95	KENNETH J ZIEGLER	CATV Tech	Dighton	Plant													
98	HEATHER N JACKSON	Exec Asst./HR Mgr	Brewster	Office													(1)
101	DARLA A RICE	Acctg Asst	Brewster	Office													
104	ANDREA N CARPENTER	Accounting Asst	Colby	Office													
103	AUCIA M MOORE	Marketing Mgr	Colby	Office													(1)
124	CATHY L CRAVER	CSR	Brewster	Office													
105	AARON E POWELL	IT Mgr	Colby	Office													
106	MOHAHEL D BAHE	Help Desk/Computer Tech	Goodland	Office													
109	SOVIA R ELLIARD	CSR	Brewster	Office													
110	BRENDA BECKMAN	CSR	Colby	Office													
112	RUSS A KAHLE	IT Specialist	Colby	Office													
113	KEVIN R STOLTZ	IT Specialist	Colby	Office													
115	KYLE W VOGLER	Combination Tech	Colby	Plant													
117	CAROL A HORNBEK	Acctg Asst	Brewster	Office													
120	ASHLEY E STANSBROOK	Acctg Asst	Brewster	Office													
124	CHAD M WOLF	Sales Assoc	Colby	Office													
125	DAVE K OLSON	Combination Tech	Colby	Plant													
126	BRYAN J SIEGFRED	CO Tech	Goodland	Plant													
128	JOSHUA J CECI	Chief Technical Officer	Goodland	Office													(1)
129	VALERIE C DSILE	CSR	Colby	Office													
132	JACOB M MEIER	Combination Tech	Goodland	Plant													
133	LEONARD J BARNES	Machinery Operator	Brewster	Plant													
136	AMEE M APPLEGURY	CSR	Colby	Office													
138	MARSHALL D SMITH	Machinery Operator	Brewster	Plant													
137	THOMAS J SCHROCK	Inventory Controller	Colby	Plant													
142	JUDY A BEARLEY	CSR	Colby	Office													
143	BRENT E MARMAN	IT Specialist	Colby	Office													

REDACTED

SAT Telephone Coop Association, Inc.
Docket 14-SAT-525-KSF
Test Year Ended 12/31/2013

Staff Worksheet IS-12.2
Payroll Expense Adjustment Calculation

Attachment AD-4

EMPL #	EMPL NAME	POSITION	LOCATION	PLANT/ OFFICE	NEW HRE/ TERM	TY AMT	CALCULATE RAISES AND NORMALIZATION ADJUSTMENTS TO TY SALARY						TERM EMPL	NORMALIZE NEW EMPL	CURRENT	
							LESS NON-SALARY ITEMS PER DR 11 INCLUDED IN TY AMT								% 2014 RAISES	TY SAL R/P RAISES
							G-FT	UFE BNS	MISC	COMM	VEHICLE	TY NET SALARY				
144	BRET M JARVIN	Machinery Operator	Brewster	Plant												
145	BRANDON BATTIER	Combination Tech	Brewster	Plant	TERM 2/15/13											
146	WOODROW J BOLES JR	IT Specialist	Colby	Office	TERM 12/31/13											
147	MURK O HILL	Combination Tech	Colby	Plant	NEW 3/10/13											(2)
148	COLE MATTHEWER	Combination Tech	Brewster	Plant	TERM 8/9/13											
149	JOHN R FARREZUS	Combination Tech	Colby	Plant	NEW 11/12/13											(3)
150	SEAN G MACDONALD	Combination Tech	Brewster	Plant	NEW 11/12/13											(3)
151	LAWRENCE J VON LINTEL	Machinery Operator	Brewster	Plant	NEW 4/21/14											(5)
152	KELLY BOSLEY	CSR	Dighton	Office	NEW 6/2/14											(5)
153	DONALD SEEGER	IT Specialist	Goodland	Office	NEW 6/16/14											(6)
Total																

Spread Clearing - Vehicles & DWE
Spread Clearing - Paid Time Off

Total Staff Pro Forma PR Distribution

Total TY PR Distribution

Staff Adjustment

- (1) Current Normalized Pro Forma Salary calculated per Salary Hourly Rate as of 5-20-14 per DR 11a
- (2) Increased TY salary by % of raise received, then normalized by dividing amount by 9.5 months worked in TY X 12 months
- (3) Normalized using Employee Earnings less Lf's hrs per Employee TYO Report for Payroll Run Date: 12/23/13 to 5/31/14 then dividing amount by 5 months X 12 months
- (4) Salary normalized using current hourly rate X 2,080 hours
- (5) Salary normalized using current hourly rate X 2,080 hours. Distribution based on Empl # 51, Susan Wilson, CSR in Dighton.

Attachment AD-

Attachment AD-

EMPL #	EMPL NAME	PLANT-REG	PLANT-NR	CLEAR TO	CLEAR TO	NR EXP	REG EXP								6520		6520		TOT	
				REG & NR	REG ACTS		6120	6210	6330	6410	6510	6530	6540	6610	D-R	CS	6710	6720	REG	TOT
1	STEVEN G RICHARDS																			
3	KAREN J OUEL																			
4	EUGENE A																			
7	SCHOENBERGER																			
7	COLLEEN M ALLEN																			
8	CAROLYN R. SOMERS																			
10	TYLER G STRAVEL																			
11	NANCY R PRATT																			
12	TRACEE G MACONLEY																			
14	DENNIS B STAEMKE																			
15	BRADLEY D MANN																			
17	FRITZ MOORE																			
22	KENNETH L SCHROEDER																			
24	CONITA J BARO																			
25	BRENDA K CRESS																			
26	MALINDA K BRADSTREET																			
27	EARL E CARTER																			
30	DAVID M MUDLOFF																			
31	CLINTON M FELZEN																			
44	GARY R SLOUGH																			
49	FREDRICK A BRITT																			
52	DONALD L NEWELL																			
53	KIMBERLY J NEWELL																			
55	PATRICK R MALLORY																			
57	BRADLEY J FOXAN																			
61	JSEL LONTIVEROZ JR																			
70	MATTHEW J WELLEROCK																			
71	BONNIE L HOLM																			
74	DENEYCE L BAHE																			
78	JEFFERY D JAY																			
80	TRACEY E PURVIS																			
83	KOLLY K HILLMER																			
87	SEAN G DAVIS																			
91	SUSAN M WILSON																			
93	KENNETH J ZIGLER																			
97	HEATHER J LACONHALD																			
98	DAPLA A RUCE																			
101	ANDREA N CARPENTER																			
103	ALICIA M MOORE																			
104	CATHY L CRAWER																			
106	AARON E POWELL																			
109	MOHAEL D BAHE																			
109	SOMER ELIUDG																			
110	BRENDA BECKMAN																			
112	RUSS A KAHLE																			
113	KEVIN R STOLTZ																			
115	KYLE W VOGLER																			
117	CAROL A HORNEK																			
120	ASHLEY E STANBROOK																			
124	CHAD M WOLF																			
125	DANE K OLDFORDSON																			
127	BRUN J S EGFRID																			
128	JOSHUA J CECI																			
129	VALERIE C DSLE																			
132	JACOB M MEIER																			
133	LEONARD J BARNES																			
135	AMEE M APPLEBURY																			
136	MARSHALL D SURITA																			
137	THOMAS J SCHROCK																			
142	JUDY A BEARLEY																			
143	BRENT E MARMAN																			

REDACTED

SAT Telephone Coop Association, Inc
Docket 14-SATT-525-KSF
Test Year Ended 12/31/2013

Stat Worksheet IS-12.2
Payroll Expense Adjustment Calculation

Attachment AD-4

EMPL #	EMPL NAME	PLANT-REG	PLANT-NR	CLEAR TO REG & NR	CLEAR TO REG ACTS	NR EXP	REG EXP										TOT				
							6120	6210	6230	6410	6510	6530	6543	6610	6620 DR	6620 CS	6710	6720	REG	TOT	
144	BRET W JUSYN																				
145	BRANDON PUTTER																				
146	WOODROW J SOLES JR																				
147	MASK D HILL																				
148	COLE MATTHEYER																				
149	JOHN R FABRIZIUS																				
150	SEAN G McDONALD																				
151	LAWRENCE J VON LINTEL																				
152	KELLY BOSLEY																				
153	DONALD SEEGER																				
Total																					
Spread Clearing - Vehicles & O																					
Spread Clearing - Paid Time O																					
Total Staff Pro Forma PR Dist																					
Total TY PR Distribution																					
Staff Adjustment																					
13,712.62 (16,451.37) - - 168,256.25 24,349.91 (14,564.16) 30,561.36 32,800.91 (3,392.16) (3,412.74) - 1,352.53 (1,431.81) 4,845.33 11,843.37 (5,544.67) 76,092.59 241,610.09																					

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SAT Telephone Coop Association, Inc.
Docket 14-SATT-525-KSF
Test Year Ended 12/31/2013

Staff Worksheet IS-12.2
Payroll Expense Adjustment Calculation

Attachment AD-4

EMPL #	EMPL NAME	TOT EXP	STAFF PRO FORMA - CURRENT SAL & DIST			
		REG + NR	REG EXP \$	%	NR EXP \$	%
1	STEVEN G RICHARDS			66.29%		33.71%
3	KAREN J DUELL			25.77%		74.23%
4	EUGENE A SCHONBERGER			63.69%		11.31%
7	COLLEEN M ALLEN			56.27%		43.73%
8	CAROLYN R. SOUERS			70.22%		29.78%
10	TYLER G STRAVEL			75.56%		24.42%
11	NANCY R PRATT			95.03%		4.97%
12	TRACEE G MACKLEY			-		-
14	DENNIS B STADINKE			44.70%		55.30%
15	BRADLEY D MANN			91.67%		8.32%
17	FRITZ M DOKE			60.15%		39.85%
22	KENNETH L SCHROLLER			51.03%		48.97%
24	DORITA J BAIRD			57.95%		42.04%
25	ERENDA K CRESS			24.28%		75.72%
26	MARINDA K BRADSTREET			65.42%		14.58%
27	ERIN E CARTER			60.35%		39.64%
30	DAVID M MUDLOFF			59.08%		40.92%
31	CLINTON M FELZEN			52.84%		47.16%
44	GARY R SLOUGH			59.28%		40.72%
49	FREDRICK A BRITTE			59.63%		40.37%
52	DONALD L NEWELL			39.28%		60.72%
53	KIMBERLY J NEWELL			11.17%		88.83%
55	PATROCK R MALLORY			35.66%		64.34%
57	BRADLEY J FRAN			55.43%		44.57%
61	ABEL L ONTIVEROS JR			62.65%		37.35%
70	MATTHEW J WHEELEROCK			10.19%		89.81%
71	BONNIE L WOLM			65.07%		34.93%
74	DENEYCE L BAHE			4.70%		95.30%
78	JEFFERY D JAY			36.19%		63.81%
80	TRACEY E PURVIS			21.09%		78.91%
83	MOLLY K HILMER			20.15%		79.84%
87	SEAN C DAVIS			30.29%		69.71%
91	SUSAN M WILSON			-		-
93	KENNETH J ZIESLER			13.45%		86.55%
97	HEATHER J McDONALD			54.85%		45.15%
98	DARLA A RICE			61.03%		38.97%
101	ANDREA N CARPENTER			15.24%		84.76%
103	ALICIA M MOORE			56.25%		43.75%
104	CATHY L CRAMER			78.91%		21.09%
105	AARON E POWELL			41.45%		58.55%
106	MICHAEL D BAHE			17.10%		82.89%
109	SONYA R ELLING			62.35%		37.65%
110	BRENDA BECKMAN			11.56%		88.44%
112	RUSSELL A KAHLE			39.09%		60.91%
113	KEVIN R STOLTZ			19.77%		80.23%
115	KYLE W VOGLER			17.25%		82.75%
117	CAROL A HORNEK			58.27%		41.73%
120	ASHLEY E STANSBROOK			-		-
124	CHAD M WOLF			24.15%		75.85%
125	DANE K OLOFSON			-		-
127	BRIAN J SIEGFRED			20.45%		79.55%
128	JOSHUA J DECH			41.79%		58.21%
129	VALERIE C DUBLE			3.40%		96.60%
132	JACOB M MEIER			19.57%		80.43%
133	LEONARD J BARNES			44.20%		55.80%
135	ALICE M APPLEBURY			6.84%		93.16%
136	MARSHALL D SRUTA			48.42%		51.58%
137	THOMAS J SCHRYCK			41.63%		58.37%
142	JUDY A BEARLEY			3.78%		96.22%
143	BRENT E MARLMAN			21.64%		78.36%

REDACTED

Attachment AD-4

SAT Telephone Coop Association, Inc.
Docket 14-SATT-S2S-KSF
Test Year Ended 12/31/2013

Staff Worksheet IS-12.2
Payroll Expense Adjustment Calculation

EMPL #	EMPL NAME	TOT EXP REG + NR	STAFF PRO FORMA - CURRENT SAL & DST			
			REG EXP	NR EXP		
			\$	\$	%	%
144	BRET M JARMAN				59.65%	42.35%
145	BRANDON RITTER		-	-	-	-
146	WOODROW J BOLES JR		-	-	-	-
147	MARCO HILL		9.83%	50.11%		
148	COLE MATTHEYER		-	-	-	-
149	JOHN R FABRIZIUS		9.13%	90.87%		
150	SEAN O MACDONALD		66.38%	33.62%		
151	LAWRENCE J VON LINTEL		63.20%	36.80%		
152	KELLY BOSLEY		62.98%	37.02%		
153	DONALD SEEGER		23.55%	76.45%		
Total			44.43%	55.57%		
Spread Clearing - Vehicles & O						
Spread Clearing - Paid Time O						
Total Staff Pro Forma PR Dist						
Total TY PR Distribution						
Staff Adjustment			244,343.84	76,092.59	168,256.25	

Staff Workpaper IS-13
Employee Benefit and PR Tax Adjustment

DESCRIPTION	ACT	STAFF ADJ	INTRASTATE FACTOR	INTRASTATE ADJ
PLANT SPECIFIC OPERATIONS EXPENSE				
Network Support Expense	6110	\$ -	0.669151	\$ -
General Support Expense	6120	\$ 7,385	0.669151	\$ 4,942
Central Office Switching Expense	6210	\$ 1,611	0.537437	\$ 866
Central Office Transmission Expense	6230	\$ 3,354	0.537437	\$ 1,802
Cable and Wire Facilities Expense	6410	\$ 13,597	0.719434	\$ 9,782
Total Plant Specific Operations Expense		<u>\$ 25,947</u>		<u>\$ 17,392</u>
PLANT NON-SPECIFIC OPERATIONS EXPENSE				
Other Plant Expense	6510		0.689151	\$ -
Network Operations Expense	6530	\$ 922	0.689151	\$ 635
Access Expense	6540	\$ 1,320	-	\$ -
Depreciation & Amortization Expense	6560	\$ -	0.678425	\$ -
Total Plant Non-Specific Operations Expense		<u>\$ 2,242</u>		<u>\$ 635</u>
CUSTOMER OPERATIONS EXPENSE				
Marketing Expense	6610	\$ 692	0.747297	\$ 517
Services Expense	6620	\$ 6,794	0.647209	\$ 4,397
Total Customer Operations Expense		<u>\$ 7,486</u>		<u>\$ 4,914</u>
CORPORATE OPERATIONS EXPENSE				
Executive and Planning Expense	6710	\$ 4,287	0.650863	\$ 2,790
General and Administrative Expense	6720	\$ 6,398	0.554422	\$ 3,547
Total Corporate Operations Expense		<u>\$ 10,685</u>		<u>\$ 6,337</u>
Total Staff Adjustment		<u>\$ 46,360</u>		<u>\$ 29,279</u>

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-13.1
Employee Benefit & PR Tax Expense Adjustment - PR Clearing Distribution

DESCRIPTION	ACT	PR %	INSURANCE/ PENSION	PR TAX	TOTAL STAFF ADJ
TPUC	2300	6.23%			\$ 6,825
PLANT SPECIFIC OPERATIONS EXPENSE					
Network Support Expense	6110	0.00%			\$ -
General Support Expense	6120	6.75%			\$ 7,385
Central Office Switching Expense	6210	1.47%			\$ 1,611
Central Office Transmission Expense	6230	3.06%			\$ 3,354
Cable and Wire Facilities Expense	6410	12.42%			\$ 13,597
Total Plant Specific Operations Expense		23.70%			\$ 25,947
PLANT NON-SPECIFIC OPERATIONS EXPENSE					
Network Operations Expense	6530	0.84%			\$ 922
Access Expense	6540	1.21%			\$ 1,320
Depreciation & Amortization Expense	6560	0.00%			
Total Plant Non-Specific Operations Expense		2.05%			\$ 2,243
CUSTOMER OPERATIONS EXPENSE					
Marketing Expense	6610	0.63%			\$ 692
Services Expense	6620	6.21%			\$ 6,794
Total Customer Operations Expense		6.84%			\$ 7,486
CORPORATE OPERATIONS EXPENSE					
Executive and Planning Expense	6710	3.92%			\$ 4,287
General and Administrative Expense	6720	5.84%			\$ 6,398
Total Corporate Operations Expense		9.76%			\$ 10,684
TOTAL - REGULATED EXPENSE		42.34%			\$ 46,360
NON-REGULATED EXPENSE		51.42%			\$ 56,301
TOTAL - TPUC + REG EXP + NONREG EXP		100.00%			\$ 109,486
SUMMARY STAFF INS, PR TAX & BENEFIT ADJUSTMENTS:					
NTCA Group Insurance					
Pension/Savings					
FAS 106					
AFLAC					
Total Insurance/Pension					
Payroll Tax					
Total Staff Adjustment - Group Insurance/Pension/Payroll Tax					109,486

S&T Telephone Coop Association, Inc.
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Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-13.2
Group Health, Pension/Savings Expense Adjustment

ACTUAL TEST YEAR EXPENSE (1):

2013	NTCA GROUP INS	PENSION/ SAVINGS	FAS 106	AFLAC	TOTAL
JAN					
FEB					
MAR					
APR					
MAY					
JUN					
JUL					
AUG					
SEP					
OCT					
NOV					
DEC					
EOY ADJ					
TOTAL TY EXP					
CURRENT EXPENSE (2)					
ADJUSTMENTS					
ADJUSTED CURRENT EXP					
CURRENT EXP ANNUALIZED					
STAFF ADJ					
				\$	91,289

(1) Source Actual Test Year Expense - Act 6728.200 - Employee Benefit Clearing, 2013 GL

(2) Sources for Current Monthly Exp:

NTCA Group Health Ins Invoice 8-1-14 LESS Seeger Adj - Annualized X 12 months

Pension/Savings - Apr 27, 2014 pay period - Employer Exp in Act 4010.200 - Annualized X 26 pay periods

FAS 106 - Monthly FAS 106 expense recorded 4-14

AFLAC - Monthly AFLAC expense recorded 4-3-14

S&T Telephone Coop Association, Inc.
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Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-13.3
Payroll Tax Expense Adjustment - Calculation

TY Wages	
Less wages over 117,000 - 2014 Social Security limit	
TY Wages subject to Social Security	
TY Social Security Tax - Employers Share (6.2%)	
TY Medicare Tax - Employers Share (1.45%)	
Total TY Social Security + Medicare Tax	
Staff's Pro Forma Wages	
Less wages over 117,000 - 2014 Social Security limit	
Pro Forma Wages subject to Social Security	
Pro Forma Social Security Tax - Employers Share (6.2%)	
Pro Forma Medicare Tax - Employers Share (1.45%)	
Total Pro Forma Social Security + Medicare Tax	
Total Staff Adjustment - Employee Benefit & PR Tax	18,197

S&T Telephone Coop Association, Inc.
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Attachment AD-4

Staff Workpaper IS-14
Non-Labor Board of Directors Expense Adjustment

Date	Account 6711.100 - Regulated				Act 6711.520 Non-Reg	Total BOD Exp Reg + Non-Reg
	Total Exp	Labor	Benefits	Other Exp		
Jan 13						
Feb 13						
Mar 13						
Apr 13						
May 13						
Jun 13						
Jul 13						
Aug 13						
Sep 13						
Oct 13						
Nov 13						
Dec 13						
Total Test Year BOD Exp						
				84.0%	16.0%	

Allocation Based on Company's Current Board Meeting Time Study

78.1% 21.9%

Staff Adjustment - Reduce Regulated Non-Labor BOD Expense 15,314.49

Intrastate Factor 0.650863

Staff Adjustment - Reduce Regulated Non-Labor BOD Exp - Intrastate 9,967.63

Note-Some expenses were not allocated to NR,
i.e. Annual Meeting Gifts and Door Prizes which totaled

S&T Telephone Coop Association, Inc.
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Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-15
Terminating Access Revenue Adjustment

Terminating Access Revenues - 12 months ended June 30, 2014	\$ 64,037		
Test Year Terminating Access Revenues	\$ 61,460		
Staff adjustment to increase test year Terminating Access Revenue to reflect level at 12 months ended June 30, 2014	<u>\$ 2,577</u>	Act 5080	Inc Rev

Reference: DR 87

Staff Workpaper IS-16
Billing & Collection Expense Adjustment

DESCRIPTION	ACT	STAFF ADJ	INTRASTATE FACTOR	INTRASTATE ADJ
PLANT SPECIFIC OPERATIONS EXPENSE				
Network Support Expense	6110		0.669151	\$ -
General Support Expense	6120		0.669151	\$ -
Central Office Switching Expense	6210		0.537437	\$ -
Central Office Transmission Expense	6230		0.537437	\$ -
Cable and Wire Facilities Expense	6410		0.719434	\$ -
Total Plant Specific Operations Expense		\$ -		\$ -
PLANT NON-SPECIFIC OPERATIONS EXPENSE				
Other Plant Expense	6510		0.689151	
Network Operations Expense	6530		0.689151	\$ -
Access Expense	6540		-	\$ -
Depreciation & Amortization Expense	6560		0.678425	\$ -
Total Plant Non-Specific Operations Expense		\$ -		\$ -
CUSTOMER OPERATIONS EXPENSE				
Marketing Expense	6610		0.747297	\$ -
Decrease Services Expense	6620	\$ (29,777)	0.647209	\$ (19,272)
Total Customer Operations Expense		\$ (29,777)		\$ (19,272)
CORPORATE OPERATIONS EXPENSE				
Executive and Planning Expense	6710		0.650863	\$ -
General and Administrative Expense	6720	\$ -	0.554422	\$ -
Total Corporate Operations Expense		\$ -		\$ -
Total Staff Adjustment		\$ (29,777)		\$ (19,272)

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-16.1
Billing & Collection Expense Adjustment Calculation

	Per Staff B&C Exp to Alloc 6623.4 (1)	Staff's Nonreg Alloc %	Per Staff Allocate to Nonreg Act 6623 (2)
Actual TY Expenses/Charges		41.17%	
Internet & CATV B&C Revenue in Test Year (2)			
Staff Adjustment			<u>\$ (29,777)</u>

(1) Expenses charged to 6623.4 include MACC common charges:
B&C Labor and Benefits
Customer Statement Processing Fees
Software
Technical Maintenance
Postage
Web Reporting

(2) Revenue from Communications recorded in Act 5270.400 & 5270.500

DESCRIPTION	ACT	STAFF ADJ	STAFF REG %	STAFF ADJ - REG	INTRASTATE FACTOR	INTRASTATE ADJ
PLANT SPECIFIC OPERATIONS EXPENSE						
Network Support Expense	6110				0.669151	\$ -
General Support Expense	6120	\$ (359)	62.98%	\$ (226)	0.669151	\$ (151)
Central Office Switching Expense	6210				0.537437	\$ -
Central Office Transmission Expense	6230	\$ (54)		\$ (54)	0.537437	\$ (29)
Cable and Wire Facilities Expense	6410	\$ (916)		\$ (916)	0.719434	\$ (659)
Total Plant Specific Operations Expense		<u>\$ (1,328)</u>		<u>\$ (1,196)</u>		<u>\$ (839)</u>
PLANT NON-SPECIFIC OPERATIONS EXPENSE						
Other Plant Expense	6510				0.689151	
Network Operations Expense	6530	\$ (208)		\$ (208)	0.689151	\$ (143)
Access Expense	6540				-	\$ -
Depreciation & Amortization Expense	6560				0.678425	\$ -
Total Plant Non-Specific Operations Expense		<u>\$ (208)</u>		<u>\$ (208)</u>		<u>\$ (143)</u>
CUSTOMER OPERATIONS EXPENSE						
Marketing Expense	6610				0.747297	\$ -
Decrease Services Expense	6620				0.647209	\$ -
Total Customer Operations Expense		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
CORPORATE OPERATIONS EXPENSE						
Executive and Planning Expense	6710	\$ (1,095)		\$ (1,095)	0.650863	\$ (712)
General and Administrative Expense	6720	\$ (3,327)		\$ (3,327)	0.554422	\$ (1,845)
Total Corporate Operations Expense		<u>\$ (4,422)</u>		<u>\$ (4,422)</u>		<u>\$ (2,557)</u>
Total Staff Adjustment		<u>\$ (5,958)</u>		<u>\$ (5,826)</u>		<u>\$ (3,540)</u>

REDACTED

SAT Telephone Coop Association, Inc.
Doc# 14-SATF-525-KSF
Tax Year Ended 12/31/2013

Staff Worksheet IS-1B.1
Travel Expense Adjustment

Attachment AD-4

REF#	Inv #	Employee/Board Mbr	Conference	Location	Dates	Vendor	Description	Total Exp	Charges to reg. listed accounts												Staff Adj	Reason
									E232	E534	E712	E532	E711	E711.2	E711.1	E721	E722	E723	E423	E723.2	From Reg Accs	
	11062013	Russ Kafe & spouse																				Desktop 1/2 for spouse
	06112013	Russ Kafe & spouse																				Desktop 1/2 for spouse
	12312013	Gary Slough																				Desktop non-reg
	06172013	Gary Slough & spouse																				Desktop 1/2 for spouse
	VISA 7411	Gary Slough & spouse																				Desktop exp for spouse
	06212012	Gary Slough																				Desktop - Legislative exp
	02262013	Gary Slough																				Desktop - Legislative exp
	CC-MacKey	Gary Slough																				Desktop - Legislative exp
	Receipt	Gary Slough																				Desktop - Legislative exp
	Receipt	Gary Slough																				Desktop - Legislative exp
	Receipt	Gary Slough																				Desktop - Legislative exp
	Receipt	Gary Slough																				Desktop - Legislative exp
	CC-MacKey	Dale Hudson																				Desktop - Legislative exp
	02262013	Gary Slough & spouse																				Desktop 1/2 for spouse
	Receipt	Gary Slough																				Desktop - nonreg
	Receipt	Gary Slough																				Desktop - nonbusiness
	05062013	Carolyn Somers & spouse																				Desktop 1/2 for spouse
	12102103	Heather McDonald																				Desktop nonrecurring exp
	VISA 9246	Carolyn Somers & spouse																				Desktop exp for spouse
	VISA 9246	Carolyn Somers & spouse																				Desktop 1/2 for spouse
	VISA 9246	Carolyn Somers & spouse																				Desktop exp for spouse
	Receipt	Carolyn Somers & spouse																				Desktop exp for spouse
	Receipt	Carolyn Somers & spouse																				Desktop exp for spouse
	Receipt	Carolyn Somers & spouse																				Desktop 1/2 for spouse
	Receipt	Carolyn Somers & spouse																				Desktop 1/2 for spouse
	Receipt	Carolyn Somers & spouse																				Desktop exp for spouse
	VISA 6554	Steve & Gary Richards																				Desktop - Legislative exp
	Receipt	Steve Richards																				Desktop - nonreg
	Receipt	Steve Richards																				Desktop - nonreg
	Exp Act	Steve Richards																				Desktop - nonbusiness
	Exp Act	Steve Richards																				Desktop - nonreg
	Exp Act	Steve Richards																				Desktop - nonreg
									\$ 53.54	\$ 154.67	\$ 107.00	\$ 53.54	\$ 213.65	\$ 509.38	\$ 283.25	\$ 479.99	\$ 2,007.99	\$ 859.17	\$ 916.25	\$ 368.68	\$	(\$ 568.33)

S&T Telephone Coop Association, Inc.
Docket 14-S&TT-525-KSF
Test Year Ended 12/31/2013

Attachment AD-4

Staff Workpaper IS-19
Calculation of Switch Lease Revenue

Return on Switch Investment

Expense Factors Carrying Charge (1)

Total Annual Carrying Charge

Lease Revenue Included in Test Year

Staff adjustment to increase Misc Rev

157,398 Act 5270

(1) Includes depreciation, property tax, maintenance and administration factors

DR10-a

As to the allocation only the supervisors have any allocated time. Labor is based on actual time, except for the following:

- a) portion of the supervisors time (see pdf attached)
- b) dsl installs/troubles (on a time study from 3 years or so back)
- c) any time for board (based on minutes of the board meetings)

DR10-4

There are no adjustments proposed by S&T.

Directors:

Dale Hudson – President

Ben Cramer – Vice-President

Mitch Moomaw – Secretary/Treasurer

Bernard Dickman – Director

Linda Ayers – Director

Clay Rush – Director

Shad J Denton – Director

Deb Mather – Director

Don Albers - Director