BEFORE THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application and Request Of The Golden Belt Telephone Association, Inc. for an Increase in its Cost-Based Kansas Universal Service Fund Support.	))))	**Docket No. 19-GNBT-505-KSF**

REDACTED DIRECT TESTIMONY

OF

ANN DIGGS

ON BEHALF OF

KANSAS CORPORATION COMMISSION STAFF

October 11, 2019

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I. INTRODUCTION

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

A: My name is Ann Diggs. I am self-employed as the owner of a certified public accounting firm, Ann Diggs, CPA. My business address is 107 Chestnut Street, Wilmington, NC 28401.

Q: Please discuss your professional background and regulatory experience.

A: I received a B.B.A. Degree with a Major in Accounting from Washburn University in Topeka, Kansas. I am a CPA licensed to practice in North Carolina. My auditing and accounting experience include nine years of public utility electric, gas and telecommunications regulatory experience with the Staff of the Kansas Corporation Commission (Commission), where I held various positions progressing to Chief of Accounting and Financial Analysis. Additionally, since 2006, I have provided regulatory consulting services on behalf of the Commission Staff (Staff) and have participated in 27 KUSF audits sponsoring various cost of service adjustments and addressing affiliate transaction and cost allocation issues. A summary of my work and utility regulatory experience is included in Attachment AD-1.

Q: Have you previously testified before the Commission?

A: Yes, I have presented written and oral expert witness testimony before the Commission on a broad range of issues including cost of service, acquisition premium recovery, affiliate transactions, cost allocations, and merger savings.

Q: Please state on whose behalf you are appearing.

A: I am appearing in this docket on behalf of Staff.

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

A: My responsibilities in this docket were to analyze Golden Belt Telephone Association, Inc.'s (Golden Belt Telephone, GBTA, or Company) filing, sponsor Staff adjustments and in conjunction with Staff provide recommendations to the Commission. I reviewed the Company's filing and responses to data requests issued by Staff and participated in an on-site visit at the Company's offices in Rush Center, Kansas for the purpose of inspecting records, touring the Company's offices and facilities, and meeting with the Company's employees and consultant. I also participated in phone conferences with Staff and reviewed other Commission dockets and materials relevant to the issues I am addressing.

Q: Please describe the purpose and scope of your testimony.

A: I provide background information regarding the Company's services and affiliate transactions, and how costs are assigned and allocated to its non-regulated operations and affiliates. I sponsor Staff's regulated and non-regulated allocation factors and various adjustments to the Company's cost of service, and proffer recommendations regarding the Company's affiliate transactions and cost allocation procedures.

Q: Please identify the additional attachments to your testimony.

A: Attachment AD-2 contains a summary and support of Staff's allocation factors, used to apportion shared costs between the Company's regulated and non-regulated operations. AD-3 contains work papers supporting my sponsored Rate Base and Income Statement adjustments, identified by adjustment number. AD-4 contains data requests (DR) that are referenced in my testimony.

II. EXECUTIVE SUMMARY

A. Cost of Service Adjustments

Q: Please summarize your sponsored adjustments.

A: My sponsored Rate Base (RB) and Income Statement (IS) adjustments are summarized in the following table, along with each adjustment's increase or (decrease) to the Company's total-company and intrastate cost of service.

ADJ #	DESCRIPTION	TOTAL COMPANY ADJUSTMENT	INTRASTATE ADJUSTMENT
RB-1	Non-Regulated Allocation of GSF Assets and Accumulated Depreciation	$ (8,132)	$ (10,436)
IS-1	Non-Regulated Allocation of GSF and Other Common Expenses	$ (206,706)	$ (126,617)
IS-2	Payroll Expense and Distribution	$ (325,669)	$ (205,455)
IS-3	Employee Benefit and Payroll Tax Expense	$ (167,297)	$ (109,055)
IS-4	Allocation of Billing and Collection Expense	$ 8,314	$ 18,090
IS-5	Building and Vehicle Lease Expense	$ (29,685)	$ (19,124)

Each of the above adjustments is described in detail in Section V – Rate Base Adjustments and Section VI – Income Statement Adjustments of my testimony. The adjustments are further supported by calculations and explanations contained in my workpapers in Attachment AD-3 which are an integral part of my testimony.

B. <u>Affiliate Transactions and Cost Allocations</u>

Q: Please summarize Staff's findings regarding the Company's affiliate transactions and cost allocation procedures.

A: The proper assignment and allocation of shared resources and costs is essential to ensure KUSF funding of regulated telephone operations does not subsidize competitive services of non-regulated affiliates. Staff found that management employees did not directly record time to non-regulated operations resulting in a violation of FCC cost principles, a violation of the Commission's Order in the Company's prior KUSF docket, and a failure to comply with allocation procedures set out in the Company's Cost Allocation Manual and Management Agreement[1].

Staff also found the Company did not properly allocate shared resources and costs to non-regulated operations by understating a calculated non-regulated labor factor which is widely used to allocate common costs to non-regulated operations, by failing to allocate common costs such as General and Administrative and Human Resources, and by understating the non-regulated allocation of various General Support Facility (GSF), Executive, and Board of Directors costs. The Company also overstated non-regulated cost allocations of billing and collection costs. Staff's findings relating to the Company's affiliate transactions and cost allocations are discussed in Section IV (D) of my testimony.

Q: Please summarize Staff's recommendations regarding the Company's affiliate transactions and cost allocation procedures.

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[1] Management Agreement between GBTA and Communications in effect during test year, dated January 1,2018. Staff DR 87 (attachment AD-4).

A: In addition to addressing the above findings in Staff's cost of service adjustments, Staff offers the following recommendations:

1. Staff recommends the Commission require the Company to fully implement the FCC cost principal set out in §64.901(b)(2) which states that carriers shall directly assign costs to either regulated or nonregulated activities whenever possible.

2. Staff recommends the Commission require the Company to require all employees, including management, administrative, and accounting to directly record time to regulated and non-regulated operations whenever possible.

3. Staff recommends the Commission require the Company to revise its Cost Allocation Manual as necessary to reflect the requirement that labor and non-labor costs shall be directly assigned to non-regulated operations whenever possible.

4. Staff recommends the Commission consider assessing a penalty on the Company in the amount of $1,000 for each of the nine years the Company has been in violation of the 2010 Order in Docket 10-GNBT-526-KSF, for a total penalty of $9,000.

Staff's recommendations relating to the Company's affiliate transactions and cost allocations are discussed in Section IV (E) of my testimony.

III. OVERVIEW OF NON-REGULATED AFFILIATES AND SERVICES

Q: Please provide a brief overview of the Company and its non-regulated affiliate.

A: The Company is a rural Independent Local Exchange Carrier, headquartered in Rush Center, Kansas. The Company provides regulated local exchange telephone service to approximately 3,800 customers in 18 exchanges. The Company owns 100% of GBT Communications, Inc. (GBTC or Communications). Communications provides non-regulated services to the Company's subscribers as well as customers in several surrounding communities outside of the Company's regulated service area.

Q: Please describe what you mean by "non-regulated services"?

A: Any services provided by an ILEC or its affiliated entity that are not regulated by the State of Kansas and not eligible for KUSF support. KUSF support is intended only for "Universal Service" as defined under K.S.A. 66-1,187(p) and includes landline telephone calls and associated miscellaneous services such as operator services and directory assistance services. KUSF support is not intended for broadband, wireless, Cable TV, or other services not regulated by the State of Kansas. Therefore, direct and shared expenses benefitting these services are considered "non-regulated" and should not be included in the Company's cost of service for purposes of determining KUSF support.

Q: Please describe the non-regulated operations provided by Communications.

A: Non-regulated services provided by Communications include the following:

- CLEC telecommunication services to customers outside of the Company's regulated service area
- Cable TV

- Internet
- VOIP
- Security Systems
- Computer Sales and Repairs

In addition, Communications is a minority owner and authorized agent of Nex-Tech Wireless, a Kansas-based provider of wireless phone, texting, data, and high-speed mobile internet service. Nex-Tech Wireless is owned by Rural Telephone/Nex-Tech, Inc., GBT Communications, Mutual Telephone, and Tri-County Telephone, and provides wireless service in 40 counties of central and western Kansas as well as local coverage to four counties in Colorado.

IV. AFFILIATE TRANSACTIONS AND COST ALLOCATIONS

A. <u>Identify affiliate transactions and shared resources and costs</u>

Q: Please identify transactions and shared costs which occur between the Company and its non-regulated affiliate.

A: The Company recorded test year transactions for the following goods or services provided to its affiliate pursuant to the Management Agreement.

1. Management and Operational Services, including labor and non-labor costs of providing general management, executive, legal, accounting, personnel, billing and collections, administrative and operations functions necessary for carrying on the business of Communications.

2. Building space, office furniture and equipment for the conduct of Communications activities.

The Company recorded test year transactions for the following goods or services received from its affiliate, also pursuant to the Management Agreement.

1. Vehicles and work equipment owned by Communications were leased to the Company.
2. Office space owned by Communications in Ness City and Ellis, and warehouse space owned by Communications in Rush Center were leased to the Company.

The Management Agreement further addresses the reimbursement of costs to the Company for providing the above shared goods and services.

B. <u>Applicable affiliate transaction and cost allocation rules and requirements</u>

1. <u>FCC Affiliate Transaction and Cost Allocation Rules</u>

Q: Are the transactions for goods and services between the Company and its affiliates subject to the FCC's affiliate transaction rules?

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

> [C]ompanies [the accounting entity] that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the accounting company. [*Referencing "Control"*] . . . Control . . . means the possession directly or indirectly, of the power to direct or cause the direction of the management and policies of a company . . . whether such

> power is established through a majority or minority ownership or voting of securities, common directors, officers . . .or any other direct or indirect means.

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

Q: Please describe the above-referenced FCC rules regarding affiliate transactions.

A: Since transactions between affiliated entities are not negotiated at arms' length, there is an inherent risk that a company's regulated operations may subsidize its non-regulated operations. The FCC has addressed this risk in its affiliate transaction rules, requiring goods and services provided to or received from affiliates to be recorded in the following manner:

1. <u>Services sold or transferred from the Company to its affiliates.</u> Unless provided at a tariff rate or qualify for prevailing price valuation, the FCC requires these services to be recorded at no less than the higher of fair market value (FMV) and fully distributed cost (FDC). This requirement applies to the Company's provision of labor and other resources to Communications. Billing and collection services the Company provides to customers for non-regulated internet and Cable TV are also examples of services subject to this FCC requirement.

2. <u>Services sold or transferred to the Company from its affiliates</u>. Unless provided at a tariff rate or qualify for prevailing price valuation, these services are

required to be recorded at no greater than the lower of FMV and FDC. This requirement applies to buildings and vehicles leased to the Company by Communications.

Q: Please describe the FCC's rules regarding the allocation of costs between regulated and non-regulated services.

A: The FCC has established the following hierarchy, set out in 47 C.F.R. §64.901, for the assignment or allocation of costs to regulated and non-regulated activities:

> <u>(b)(2) Costs shall be directly assigned to either regulated or non-regulated activities whenever possible</u>. (Emphasis added.)
>
> (b)(3) Costs which cannot be directly assigned to either regulated or non-regulated activities will be described as common costs. Common costs shall be grouped into homogeneous cost categories designed to facilitate the proper allocation of costs between a carrier's regulated and non-regulated activities. Each cost category shall be allocated between regulated and non-regulated activities in accordance with the following hierarchy:
>
>> (i) Whenever possible, common cost categories are to be allocated based upon direct analysis of the origin of the cost themselves.
>>
>> (ii) When direct analysis is not possible, common cost categories shall be allocated based upon an indirect, cost causative linkage to another cost category (or group of cost categories) for which a direct assignment or allocation is available.
>>
>> (iii) When neither direct nor indirect measures of cost allocation can be found, the cost category shall be allocated based upon a general allocator computed by using the ratio of all expenses directly assigned or attributed to regulated and non-regulated activities.

The Company is required to follow the FCC's cost allocation procedures to directly assign labor costs to non-regulated accounts when possible. Other non-labor costs which benefit Communications non-regulated operations should also be directly assigned to non-regulated accounts when possible.

2. GBTA Cost Allocation Manual and Management Agreement

Q: Please identify the cost allocation procedures set out in the Company's CAM and Management Agreement that require direct assignment to non-regulated accounts.

A: The Company's CAM sets out allocation procedures on page 6, and states, "Each general ledger account for the company is classified as being regulated, non-regulated, or common based on the nature and composition of the particular account. Accounts deemed to be either solely regulated or non-regulated are assigned under the direct assignment principle." Direct Assignment is then defined by the Company as "Costs that are attributable exclusively to either regulated or non-regulated operations and can be directly assigned. In Section 8 of the CAM, the Company describes its approach to allocations and states, "All allowable direct costs are charged directly to the associated activity." The Company also requires that "All employees complete daily timesheets to account for their time spent on various work activities."

The Management Agreement between GBTA and Communications also sets out requirements for the direct assignment of non-regulated costs. In Section A of Exhibit A, regarding cost assignments for management/operational services, the Management Agreement requires "All GBTA employees maintain individual time sheets and shall record their time worked on GBTC activities… using the account codes provided by GBTC. Executive labor shall be directly assigned as above."

3. Commission Orders

Q: Please provide information regarding past Commission Orders relevant to the Company's affiliate transactions and cost allocations.

A: The Commission's Order in the Company's prior KUSF docket, 10-GNBT-526-KSF, approved a Settlement Agreement with the parties agreeing to be bound by the following terms.

10. As recommended by Staff, Golden Belt agrees to the following:

a. Golden Belt will implement a cost-allocation manual within 6 months of the date of the Commission's order approving the Stipulated Settlement Agreement;

b. Golden Belt will instruct management employees, who currently record all of their time to one account, to directly record time spent on regulated or non-regulated activities whenever possible and record the remainder of the time into a common cost account to be allocated between regulated and non-regulated operations; and

c. Golden Belt will execute signed agreements for services provided to and from its affiliate GB Communications.

In addition to these requirements specific to the Company's affiliate transactions and cost allocations, the Commission has stressed the importance of properly accounting for affiliate transactions and allocating shared resources and costs between regulated and non-regulated operations in numerous other dockets. In Paragraph 31 of its Non-Confidential Order Setting Revenue Requirements in Docket 01-SNKT-544-AUD, the Commission stated, "In recent years, the Commission has seen a marked increase in the number of regulated utilities combining regulated and unregulated operations in the company or by using affiliates or subsidiaries. The difficulty in deciphering how these costs and revenue should be allocated between regulated and unregulated customers is a growing problem in dockets before this Commission." The Commission incorporated its findings in Western Resources Docket No. 01-WSRE-436-RTS, Order on Rate Applications, issued July 25, 2001, ¶117: "The Commission cannot stress too strongly the importance of properly allocating costs. The Applicants have the obligation to provide credible evidence to prove how time is spent before asking that ratepayers bear the expenses. Ratepayers should not be at risk for paying expenses for non-regulated activities." Continuing to emphasize the importance of properly allocating non-regulated costs, the Commission stated, in Paragraph 42 of Docket No. 01-SNKT-544-AUD, "Because this Commission wishes to make clear its expectation for future dockets, including pending audits of rural telephone companies, the Commission emphasizes that regulated utilities have the burden to affirmatively prove expenditures were reasonable and necessary for regulated operations. Utilities cannot rely upon an assumption that all expenditures are deemed reasonable unless Staff proves otherwise. This is particularly true when allocation issues are present."

The Company is required to fully comply with each of the above affiliate transaction and cost allocation procedures. In order for costs to be recovered through the KUSF, the Company has the burden of providing credible evidence that costs are properly assigned and allocated to non-regulated operations.

C. Overview of Company's Allocation procedures

Q: Please explain how the Company records affiliate transactions for the goods and services it provides to Communications.

A: The Company records costs through the assignment and allocation of costs using various procedures including:

(1) directly assigning certain costs to Communications,

(2) allocating labor costs related to the provision of these services to Communications through the payroll distribution process,

(3) allocating certain common costs through monthly journal entries to shift costs to non-regulated operations,

(4) charging Communications a per-customer charge for certain common costs associated with billing and collection (B&C)services and also allocating common B&C costs using a subscriber count factor in the Company's annual cost study.

(5) allocating shared assets and other common expenses to Communications using a non-regulated payroll factor and other factors in the annual cost study.

Q: Please explain how the Company records affiliate transactions for the goods and services it receives from Communications.

A: Communication owns and leases buildings, vehicles, and work equipment to the Company. Building and vehicles leases are calculated based on a regulated usage factor. Vehicle lease expense is recorded in an account that is further allocated through the payroll distribution process.

D. <u>Staff's Findings Regarding Affiliate Transactions and Cost Allocations</u>

Q: Please discuss Staff's findings regarding the Company's affiliate transactions and cost allocation procedures.

A: The proper assignment and allocation of shared resources and costs is essential to ensure KUSF funding of regulated telephone operations is not subsidizing competitive services of non-regulated affiliates. Staff's review of the Company's affiliate transaction and cost allocation procedures and processes resulted in the following findings:

1. Management employees failed to directly report time to non-regulated operations in direct violation of the Commission's Order in the Company's prior KUSF docket, FCC cost allocation rules, as well as the Company's CAM and Management Agreement.

2. The Company understated a calculated non-regulated labor factor which is widely used to allocate common costs to non-regulated operations.

3. The Company failed to allocate common costs such as General and Administrative and Human Resources, and understated the non-regulated allocation of various GSF, Executive, and Board of Directors costs. The Company also overstated non-regulated cost allocations of billing and collection costs.

1. Management employees failed to directly report time to non-regulated operations

Q: Please discuss Staff's finding that management employees failed to directly report time to non-regulated operations.

A: During the test year, certain management employees did not directly report time spent on non-regulated activities, but instead reported all time to common accounts which were allocated to non-regulated operations using a labor factor based on other employees' direct reported time. Management time cannot be reasonably allocated to non-regulated activities based solely on a proxy of other employees' directly recorded time. Management employees by the very nature of their jobs have responsibilities that reach far outside the realm of work performed by non-management employees such as outside plant techs and customer service representatives who are responsible for day-to-day activities. Managers must also address strategic planning, forecasts and budgeting, as well as analyze and prioritize decisions regarding the expansion of non-regulated services and areas outside the ILEC service territory. Management employees must also devote time keeping up to date with emerging technologies in the non-regulated arena in order to survive and grow in the competitive marketplace. Due to these unique responsibilities of management employees, as well as their higher salaries, it is particularly important for managers to directly report time spent on non-regulated operations to properly reflect the company-wide level of costs benefitting non-regulated operations, and for the development of non-regulated labor factors which are widely used to allocate other labor and non-labor costs. In addition, by failing to directly report time to non-regulated activities, the Company has not met its burden to affirmatively prove expenditures were reasonable and necessary for regulated operations.

2. GBTA violated FCC cost allocation rules, the Company's CAM, and the Management Agreement

Q: Please discuss why the failure of management employees to directly record time to non-regulated operations is a violation of FCC cost allocation rules, as well as the Company's CAM and Management Agreement.

A: FCC cost principles clearly set out in §64.901(b)(2) require that carriers shall directly assign costs to either regulated or nonregulated activities whenever possible. (Emphasis added) The Company's Cost Allocation Manual (CAM)[2] states in Section 8(A), "All allowable direct costs are charged directly to the associated activity." Page 3 of the CAM defines direct costs as "those that can be identified specifically with a particular final cost objective or activity". Exhibit A of the Management Agreement between GBTA and Communications states in Section A, "All GBTA employees...shall record their time worked on GBTC activities daily, weekly, or per GBTA practice using the account codes provided by GBTC. Executive labor shall be directly assigned as above." The Management Agreement is signed for both parties by the General Manager.

[2] Golden Belt Telephone Association Cost Allocation Manual submitted in Section 14 of Company's Application in this docket.

3. GBTA violated prior Commission Order

Q: Please discuss why the failure of management employees to directly record time to non-regulated operations is a direct violation of the Commission's Order in the Company's prior KUSF docket.

A: Staff raised concerns regarding the failure of management employees to directly record time to non-regulated operations in the Company's prior 2010 KUSF docket[3]. Based on Staff's recommendation, the Company agreed to the following terms in the Stipulation and Agreement, which was approved by Commission Order:

> "Golden Belt will instruct management employees, who currently record all of their time to one account, to directly record time spent on regulated or non-regulated activities whenever possible and record the remainder of the time into a common cost account to be allocated between regulated and non-regulated operations;" (Emphasis added)

Staff's recommendation in the prior docket was directed to four management employees, the General Manager, the Assistant General Manager, the Office Manager, and the Plant Manager. In the current docket, there is no longer an Assistant General Manager position, and Staff's review of the reported time distributions showed the Plant Manager directly recorded time to non-

[3] Order dated October 27, 2010, Docket 10-GNBT-526-KSF, In the Matter of the Application of Golden Belt Telephone Association for Additional Kansas Universal Service Fund Support Pursuant to K.S.A. 66-2008.

regulated accounts during the test year. However, Staff found the current General Manager and the Office Manager continue to record time only into common accounts which are allocated to non-regulated operations using labor factors based on other employees' directly reported time. This methodology is in direct violation of the Commission's Order in the prior KUSF docket. Staff Workpaper IS-2.5 summarizes the accounts the managers used to record their time from 2008 through May 2019. In the nine years following the Commission's 2010 Order, only the Plant Manager directly recorded time to non-regulated accounts in one year - 2018.

Q: What was the Company's response regarding the failure of management employees to directly report time to non-regulated operations?

A: Staff issued DR 63 and follow-up DR 86 (included in AD-4) requesting the Company to explain why the general manager's time was not directly recorded to non-regulated operations as ordered in the Company's prior KUSF docket. The Company's response in DR 63 stated that the "rigorous" allocation method used "ensures the general manager's time is appropriately allocated between regulated and non-regulated activities. This allocation is derived from direct reporting. If he were to code time to other accounts, it would cause "double dipping" of his time towards regulated and non-regulated activities." The Company responded in follow up DR 86 that the general manager's labor costs are allocated "using the total employee labor activities to most accurately reflect the total company oversight duties of this position. In addition, there are limitations with the company's software that do not readily allow exceptions to time reporting allocations to be made."

Q: Does Staff agree with the Company's response that allocating management salaries to non-regulated operations based on total employee labor activities ensures the general manager's time is appropriately allocated between regulated and non-regulated activities?

A: No. Most importantly, the Company's explicit agreement with Staff in the Order approved by the Commission to require management employees to directly report their time to non-regulated activities whenever possible established that as the standard for providing sufficient credible evidence for the recovery of managers' payroll costs from the KUSF. Allocating management using total employee labor activities does not meet the previously agreed-to standard.

Q: Please continue with your discussion regarding the Company's method of allocating the manager's time.

A: The "rigorous" allocation method claimed by the Company involves annually calculating a non-regulated labor factor using total labor directly reported to non-regulated accounts divided by total labor directly reported to all accounts. Further, as Staff discusses in its Non-Regulated Allocation of Shared Expenses Adjustment IS-1, this calculation is flawed and results in an understated non-regulated labor factor. Although the Company is correct that the allocation is derived from direct reporting, it is derived from the direct reporting of other non-management employees who record time to non-regulated activities. An example of the Company's allocation method provided in Staff DR 56 (attached) for January 2018 shows the calculation of the Company's non-regulated allocation of the manager's wages recorded in account 6711.01 (10).

The Company's claims that (1) double-dipping would occur if management employees recorded time to common accounts and direct accounts and (2) that there are limitations with the company's software that do not readily allow exceptions to time reporting allocations to be made are both without merit. Many employees record time to regulated account, non-regulated accounts and common accounts. In fact, Staff's Workpaper IS-2.5 shows that the management employees actually did directly report time to non-regulated accounts in 2008. It also appears reasonable that new accounts could readily be set up in the Company's chart of accounts to accommodate any reporting changes if needed.

Further, if the Company believed it was not possible to implement direct time reporting for management employees, the time to make these objections was during settlement discussions and negotiations in the prior docket, not after they agreed to the direct time reporting requirement, failed to implement the requirement, and failed to provide Staff with sufficient evidence to determine the proper allocation of management's time to non-regulated operations in this docket. If the company did discover post-order they couldn't do the correct time reporting due to system limitations, the proper course of action would be to make a filing with the Commission notifying it and seeking relief.

Q: Does Staff have additional concerns and recommendations regarding this issue?

A: Yes. The Company has offered no reasonable explanation why the Commission's Order requiring management's direct reporting of time to non-regulated operations was ignored. Due to the lack of sufficient competent evidence supporting the allocation of management employees' time, Staff has been left with no choice but to recommend disallowance for the recovery of labor costs of the General Manager and Office Manager in the Company's regulated operations. Due to the unique, forward-looking responsibilities of management employees, including strategic planning, forecasting, investigating emerging technologies, and analyzing expansion opportunities for non-regulated services and territories, the use of an allocation factor based on the direct reported time of employees responsible for performing day-to-day activities is an unacceptable substitute. Not only is the use of an all-employee substitute factor for management employees unacceptable for determining the Company's cost of service in this docket, for Staff to simply ignore the Company's disregard and violation of the Commission's prior Order in this case could be seen as an invitation for other ILEC's to abandon direct time reporting and offer only estimates of management employees' time, regardless of their past policies, Stipulations, and/or Commission Orders. This consequence could directly hinder Staff and the Commission's oversight capabilities and open the door to widespread opportunities for the subsidization of ILEC's non-regulated operations through the KUSF.

4. GBTA understated its calculated non-regulated labor factor

The Company understated an important non-regulated labor allocation factor which is used to allocate a variety of common costs, resulting in the over-allocation of shared costs to regulated operations. The Company calculated its non-regulated labor allocation factor as the ratio of directly reported non-regulated costs to total labor costs, which include not only directly reported regulated and non-regulated labor costs but also labor recorded in common cost accounts. This methodology treats common costs, which benefit both regulated and non-regulated operations, as 100% regulated for purposes of the calculation, thereby overstating the regulated labor factor and understating the non-regulated labor factor.

Staff provides and discusses its calculation of allocation factors based on employees' time in its Payroll Adjustment IS-2.

5. GBTA did not fully allocate shared costs

The Company failed to allocate common costs such as General and Administrative and Human Resources and did not fully allocate various GSF, Executive, and Board of Directors costs. Staff presents its allocation of these shared costs in its Non-Regulated Allocation of GSF, Corporate, and G&A Expense Adjustment IS-1.

6. GBTA over-allocated certain costs to non-regulated operations

In certain instances, the Company over-allocated costs to non-regulated operations during the test year. For example, certain shared billing and collection costs were allocated in the annual cost study adjustment and also recovered from Communications monthly based on the number of billings processed for non-regulated services. Staff made corrections for the over-allocation of costs to non-regulated operations in its billing and collection expense adjustment. Also, certain vehicle lease expenses were calculated using the regulated time of an employee although vehicle lease expenses charged to the Company by Communications are further allocated based on payroll clearing distributions. Staff made corrections to remove the regulated allocation in the lease expense calculations.

E. Staff's Recommendations

Q: Please summarize Staff's recommendations regarding the Company's affiliate transactions and cost allocations.

A: In addition to the adjustments Staff is proposing in its adjustments, Staff offers the following recommendations:

1. Staff recommends the Commission require the Company to fully implement the FCC cost principle set out in §64.901(b)(2) which states that carriers shall directly assign costs to either regulated or nonregulated activities whenever possible.

2. Staff recommends the Commission require the Company to require all employees, including management, administrative, and accounting to directly record time to regulated and non-regulated operations whenever possible in accordance with FCC cost allocation principles.

3. Staff recommends the Commission require the Company to revise its Cost Allocation Manual as necessary to reflect the requirement that labor and non-labor costs shall be directly assigned to non-regulated operations whenever possible.

4. Staff recommends the Commission consider imposing a penalty on the Company for each year the Company has been in violation of the 2010 Order in Docket 10-GNBT-526-KSF.

Q: **Please explain why Staff believes the Commission should consider imposing a penalty in this case.**

A: The Company's actions were wrong. In the above discussion, Staff has plainly demonstrated that the Company violated the Commission's 2010 Order requiring management employees to directly record time to regulated and non-regulated accounts whenever possible. The Company made no effort over nine years to comply with the requirement. The Company did not notify the Commission that the Company was unable to comply with the requirement and seek relief. The Company's explanations in this docket to Staff's direct questions regarding its non-compliance were without merit. Whether by intention or oversight, the consequences of the Company's failure to comply with this requirement are the same. The Company has failed to meet its burden to present sufficient, competent evidence as agreed upon in its prior KUSF docket in order to determine the amount of management labor expense related to the Company's regulated operations. This failure has given rise to an increased risk of the Company's regulated operations and KUSF support subsidizing its non-regulated operations. A penalty should be considered to give additional weight to future Commission's Orders.

Q: Does Staff recommend a penalty amount?

A: Staff is recommending the Commission consider a penalty in the amount of $1,000 per year for each of the nine years the Company has been in violation of the Commission's Order, or a total of $9,000. Staff considers this to be reasonable taking into consideration the size of the Company, and the severity and potential consequences of the violation. Authority for the Commission's assessment of a penalty for violation of an Order is found in K.S.A. §66-138. K.S.A. §66-1,143c and K.S.A. §66-1,152 address authority to compromise a civil penalty based on various factors relating to the actual violation.

V. RATE BASE ADJUSTMENT

A. RB-1 – Non-Regulated Allocation of GSF Assets

Q: Please discuss Staff's Adjustment RB-1 to allocate non-regulated GSF assets and accumulated depreciation.

A: The Company owns General Service Facility (GSF) assets which are shared by its non-regulated operations pursuant to the Management Agreement. Shared GSF assets include land, buildings, vehicles, work equipment, furniture, office and communications equipment, and general purpose computers. The Company allocates GSF rate base to non-regulated operations in its annual cost study adjustments. Staff calculated the allocation factors for these GSF assets and the associated accumulated depreciation based on Staff's updated pro forma wages and distribution data. Staff's allocation factors are presented and summarized in Attachment AD-2 and supporting workpapers. Staff then applied its allocation factors to test year end GSF asset and accumulated depreciation balances to calculate the amount of GSF assets to allocate to non-regulated operations. Staff's adjustment is the difference between regulated GSF assets calculated by the Company in its annual cost study and Staff's calculation of regulated GSF assets.

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

A: Staff's total adjustment to GSF assets, net of accumulated depreciation, is minimal because most of the Company's GSF assets were fully depreciated in the test year. Staff's adjustment decreases Rate Base by $8,132 on a total-company basis, and by $10,436 on an intrastate basis.

VI. INCOME STATEMENT ADJUSTMENTS

A. *IS-1 - Non-Regulated Allocation of Shared GSF, Corporate, and G&A Expenses*

Q: Please discuss Staff's Adjustment IS-1 to allocate the Company's shared expenses to non-regulated operations.

A: Shared expenses benefit both the Company's regulated operations and Communication's non-regulated operations. The Company used various methods to allocate shared test year expenses including monthly journal entries to shift expenses to non-regulated, annual cost study adjustments, the direct assignment of costs in regulated and non-regulated accounts, and the use of non-regulated factors in vehicle lease calculations. Staff calculated its non-regulated allocation of shared costs by applying its allocation factors summarized in Attachment AD-2 to total test year shared expenses. Staff's adjustment is the difference between the test year expenses assigned or allocated to non-regulated operations by the Company and Staff's non-regulated allocation.

Q: Please describe the Company's monthly journal entries to shift costs to non-regulated operations.

A: The Company recorded monthly journal entries to allocate the following shared expenses:

- property tax expense on the Rush Center headquarters and warehouse,
- property insurance,

- depreciation expense on buildings,
- non-labor vehicle expense,
- plant operations labor and non-labor expenses,
- corporate labor and non-labor expenses, and
- G&A labor and non-labor expenses.

The Company allocated these shared expenses each month from January to November 2018 using factors based on end-of-year 2017 data. The allocation factors applied in December 2018 were updated using 2018 data. Staff's workpaper IS-1.1 shows the effective non-regulated factors used by the Company to allocate these shared expenses during the test year.

Q: Please describe how the Company allocated shared expenses to non-regulated in its annual cost study adjustments.

A: The Company's cost study adjustments are not recorded in the Company's books but are included as adjustments to test year book balances in the Company's application schedules. The Company allocated the following shared expenses to non-regulated operations in its annual cost study adjustments:

- Depreciation expense on furniture, office equipment, work equipment, computer equipment, and vehicles
- Land and building labor and non-labor costs
- Office equipment expense
- General purpose computer labor and non-labor expense
- Billing and collection labor and non-labor expense

The Company used a non-regulated subscriber count factor to allocate Billing and Collection expenses. The remaining shared costs were allocated using the Company's non-regulated labor factor.

Q: Please describe Staff's adjustment for Board of Directors expenses that were directly assigned by the Company to non-regulated accounts.

A: The Company directly assigned fees paid to Board members for attending Board meetings. GBTA and Communications each has its own Board of Directors and conducts separate Board meetings. However, the same Board members are on each Board, and Board meetings for Communications are typically held directly after Board meetings for GBTA. All other Board expenses, such as travel and training are directly recorded to regulated operations. Staff calculated its non-regulated allocation of Board of Director costs by applying its allocation factor summarized in Attachment AD-2 to the combined total test year Board expenses of GBTA and Communications, which resulted in all Board-related expenses to be allocated between regulated and non-regulated operations.

Q: Please describe the Company's use of non-regulated allocation factors in vehicle lease calculations

A: Communications owns various vehicles and work equipment, which it leases to GBTA. The monthly lease amounts for some of the vehicles were calculated using an allocation factor to reflect the use of the vehicle for regulated operations. However, vehicle lease expenses charged to the Company are recorded into a vehicle clearing account that is allocated to non-regulated operations through the payroll distribution process. Therefore, it does not appear necessary to apply a regulated usage factor in the individual lease payment calculations. Staff accounted for this issue by removing the non-regulated allocations in vehicle lease calculations in its Building and Vehicle Lease Expense Adjustment IS-5.

Q: **Did the Company allocate all shared expenses to non-regulated operations?**

A: No. The Company did not allocate shared Human Resources (HR) expenses or Other General/Administrative expenses. Staff allocated these shared expenses in this adjustment.

Q: **Does Staff have other findings regarding the Company's allocation of shared costs to non-regulated operations?**

A: Yes. Staff found that the Company allocated $28,534 in depreciation expense for buildings in its monthly journal entries to shift costs to non-regulated operations. However, during the test year all buildings were fully depreciated, so there was no test year depreciation expense related to buildings. Staff added back $28,534 to regulated depreciation expense in this adjustment.

Staff would also like to address its findings regarding the Company's calculation of its non-regulated labor factor. This factor is widely used as a basis for allocating shared expenses to non-regulated operations throughout the allocation process including its monthly journal entries to allocate costs and its annual cost studies.

Q: **What are Staff's findings regarding the Company's calculation of its non-regulated labor factor.**

A: Staff found that the method the Company uses to calculate its non-regulated labor factor understates the non-regulated factor. The Company calculates the non-regulated labor factor using the following payroll distribution data:

Wages Recorded to Non-Reg Acts / Wages Recorded to All Acts

The problem with this formula is that Wages Recorded to All Acts includes non-regulated wages plus regulated wages plus common wages (wages in accounts that are used to accumulate common labor costs which are later allocated to non-regulated accounts through the Company's monthly journal entries or cost study adjustments[4]). In the Company's formula, those common wage accounts are erroneously treated as 100% regulated, thereby overstating regulated wages and understating the non-regulated labor factor. Wages accumulated into these common accounts must be removed from total wages in the above formula in order to achieve the correct non-regulated payroll factor:

Non-regulated Wages / (Total Wages – Common Act Wages)

Or

Non-regulated Wages / (Non-regulated Wages + Regulated Wages)

[4] The common wage accounts later allocated between regulated and non-regulated accounts but treated as 100% regulated in the calculation of the Company's non-regulated labor factor include Plant Operations Administration, Corporate, G&A, Land & Building, General Purpose Computer, Customer Service – Bill Rendering, and Human Resources.

Q: Did Staff use this corrected formula to calculate its non-regulated payroll factor?

A: Yes, using actual 2018 test year payroll distribution data.

Q: Please summarize Staff's adjustment for the non-regulated allocation of GSF expenses.

A: Staff's adjustment decreases the Company's regulated expenses by $206,706 on a total company basis and decreases the Company's intrastate expenses by $126,617.

B. IS-2 – Payroll Expense and Distribution Adjustment

Q: Please discuss Staff's adjustment IS-2 to normalize and distribute the Company's test year salary expense.

1. Adjustment to Normalize Payroll Expense

A: To calculate a normalized, or on-going, level of salary expense, Staff made the following adjustments to test year salary expense:

1. Additional new and terminated positions. Staff made adjustments for employees who were hired and/or terminated subsequent to the test year.

2. Changes to current wage rates. Staff adjusted salary rates using the most currently available 2019 data.

3. Adjusted test year bonuses. Staff reviewed bonuses awarded to employees for 2017 and 2018. Since bonuses are discretionary, Staff allowed the lower of actual bonuses awarded in 2017 or 2018.

4. Normalized salaries of employees who began employment or changed job positions at the Company during the 2018 test year.

2. Payroll Expense Distribution

Q: Please discuss Staff's distribution of pro forma payroll expense between regulated and non-regulated operations.

A: Generally, Staff used employees' 2018 test year payroll distribution to distribute its pro forma payroll expense between various payroll accounts. Exceptions are noted on Staff's Payroll Adjustment Workpapers, IS-2.2. For example, there was a Customer Service Representative whose non-regulated distribution increased over 15% from 2018 to the most currently available 2019 data, and Staff determined it was reasonable to update her salary distribution to reflect increased time reported to non-regulated activities in 2019. Another, more significant, adjustment was made to distribute salaries of the general manager and office manager 100% to non-regulated operations.

Q: Please discuss Staff's adjustment to disallow the salaries of the general manager and office manager from regulated operations.

A: Staff disallowed the salaries of the general manager and office manager from regulated operations for the reasons extensively discussed earlier in my testimony in Section IV (D), Staff's Findings Regarding Affiliate Transactions and Cost Allocations, subsections (1) through (3). In summary, the Company failed to provide Staff with sufficient evidence to determine the proper allocation of management's time to non-regulated operations and has not met its burden to affirmatively prove expenditures were reasonable and necessary for regulated operations.

Q: Please summarize the total effects of Staff's adjustment to normalize and distribute payroll expense.

A: Staff's total salary normalization and distribution adjustment was calculated by taking the difference between its distributed pro forma wages and actual distributed 2018 test year wages. Staff's adjustment decreases the Company's total regulated expenses by $325,669 and decreases the Company's intrastate expenses by $205,455.

3. Employee Compensation Comparison Analysis

Q: Does Staff have additional information to present to the Commission regarding the reasonableness of the Company's labor expenses?

A: Yes. Staff performed a comparison of management employee compensation with compensation for similar positions reported in the NTCA's 2018 Survey of Compensation and Benefits in the Independent Telecommunications Industry (NTCA Survey). Staff has presented this confidential analysis in Staff Workpaper IS-2.

Q: Explain why Staff selected the NTCA Survey for its compensation comparison analysis.

A: Staff selected the NTCA Survey to determine prevailing rates of pay for comparison with the Company's employees for the following reasons:

1. The Survey is an independent and reliable source of actual and current compensation data. The NTCA – The Rural Broadband Association has conducted compensation and benefits studies for more than 40 years.

2. The NTCA Study is the largest and most comprehensive source of information covering salaries and benefits in the independent telecommunications industry, and results of annual surveys allow comparisons of the industry's prevailing salaries. The annual Surveys have a consistent high rate of repeat participation which ensures users of the survey a credible and reliable source of salary and benefits data.

3. Survey participants reported rates of pay that were in effect January 1, 2018, which is a comparable time period with the Company's payroll data submitted in this filing.

4. The Survey profiles compensation data by geographic location, and numerous measures of size including operating revenues, number of access lines, number of employees, so the Company's compensation can be compared with companies with similar geographic and size characteristics.

5. The Company responded in DR 58 that the Company relied on the 2018 NTCA Survey to establish salaried, benefits, and other employee compensation in effect during the test year to current.

Q: Describe Staff's methodology in selecting comparable company compensation data.

A: The NTCA Survey profiles employee compensation data submitted by over 300 Telco's by region, and by various measures of size including operating revenue, number of access lines, and number of employees. For each management position, Staff used the above criteria to calculate an average salary comparable with those positions at other Telco's of similar size and location.

Q: How did Staff determine prevailing compensation?

A: The NTCA Survey breaks down reported salary data by position by various percentiles. Staff selected the NTCA Survey's reported 75th percentile as the top of the range representing the prevailing rate of pay. The NTCA Survey states, "Together, the 25th percentile and the 75th percentile define the middle 50% of all salaries paid for the job. This midrange, based on the reported rates for the position, generally is considered the most reliable indicator of prevailing salaries."

Q: Is Staff proposing an adjustment to the Company's payroll expense related to the comparative analysis?

A: No, the Company's management salaries fell within the NTCA Survey's ranges of prevailing salaries. Staff has prepared the analysis for informational purposes to aid the Commission in its determination of the reasonableness of the level of labor costs the Company is seeking to be recovered from the KUSF. The Commission previously emphasized in comments submitted to the FCC[5] that the level of

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[5] Comments of the Kansas Corporation Commission Supporting the FCC's Initiatives Regarding Expenses, Cost Allocations and Affiliate Transactions. WC Docket No. 10-90, WC Docket No. 14-58, CC Docket No. 01-92.

employee compensation included in the regulated revenue requirement should not burden universal service mechanisms to the benefit of a few.

C. IS-3 - Benefit and Payroll Tax Adjustment

Q: Please discuss Staff's Employee Benefit Adjustment IS-3.

A: In general, the following employee benefits and payroll taxes were updated from test year levels:

- Medical and dental insurance, disability insurance, and group life insurance - updated to July 2019,
- NTCA Retirement – updated per NTCA's 8-1-19 invoice,
- Workers' compensation insurance – updated to most current invoice,
- Employer's share of FICA and Medicare taxes – adjusted to Staff's pro forma salary expense.

In addition, Staff disallowed employee concessions paid to Communications for Cable TV and internet service on behalf of employees, Board members, and retirees. Employee perks of non-regulated services are excessive concessions for the Company's regulated operations, not necessary for the provision of regulated telephone service, and should not be recovered through the KUSF.

After making the above adjustments, Staff distributed its resulting total pro forma employee benefits among all accounts using Staff's pro forma salary distribution percentages.

Q: Please summarize the effects of Staff's Employee Benefit and Payroll Tax Adjustment IS-3.

A: After distribution of the total benefit and payroll tax adjustments, Staff's adjustment decreases the Company's regulated expenses by $167,297 on a total company basis and decreases the Company's intrastate expenses by $109,055.

D. <u>IS-4 - Billing and Collection Expense Adjustment</u>

Q: Please discuss Staff Adjustment IS-4, Billing and Collection (B&C) Expense.

A: The Company provides B&C services for Communication's non-regulated services, and allocates shared B&C costs in its annual cost study. It also charges Communications a per/customer charge based on the number of customers receiving non-regulated services each month, which is recorded on the Company's books as Miscellaneous Revenue.

Staff calculated regulated B&C costs using a subscriber allocator based on the number of customers receiving regulated phone service and customers receiving non-regulated services. Staff's adjustment is the difference between Staff's calculated regulated B&C costs and the B&C costs charged and allocated to regulated operations by the Company.

Q: Please summarize Staff's B&C Software Expense Adjustment, IS-4.

A: By charging Communications a per/customer charge and allocating B&C charges in its annual cost study adjustment, the Company over-allocated B&C costs to non-regulated operations. Staff's adjustment increases the Company's regulated cost of service by $8,314 on a total company basis and increases the Company's intrastate cost of service by $18,090. Part of Staff's adjustment decreased the Company's Miscellaneous Revenue for the per/customer charges to

Communications. Note that since there is no interstate allocation for Miscellaneous Revenue, Staff's adjustment increases the Company's intrastate cost of service by a greater amount than it increases the Company's total company cost of service.

E. __IS-5 - Building and Vehicle Lease Adjustment__

Q: Please discuss Staff Adjustment IS-5, Building and Vehicle Lease Expense.

A: Communications owns buildings in Ellis, Ness City, and a warehouse in Rush Center that it leases to GBTA. Communications also owns various vehicles and work equipment that it leases to GBTA. Lease payments charged to GBTA monthly for these assets are calculated on an annual basis and referenced in the Management Agreement.

Q: Please describe Staff's adjustment for building leases.

A: The Company calculates lease payments on buildings using a return on the asset plus recovery of depreciation expense. The Company records the monthly lease payments it makes to Communications in its Building & Land Account, which is then allocated to non-regulated in the annual cost study adjustment. Staff calculated building leases in the same manner but replaced the rate of return (ROR) used by the Company with Staff's recommended ROR, sponsored by Adam Gatewood, in this docket of 7.22%.

Q: Please describe Staff's adjustment for vehicles leases.

A: The Company calculates lease payments on vehicles using a return on the asset plus recovery of depreciation expense and vehicle repairs. The Company also includes an allocation to non-regulated for certain vehicles. The resulting cost is compared to a fair market valuation (FMV) for each vehicle, and the lease amount is the lesser of the Company's fully distributed cost or FMV.

Staff made the following adjustments to the Company's calculation of vehicle lease payments:

- Staff replaced the rate of return (ROR) used by the Company with Staff's recommended ROR, sponsored by Adam Gatewood, in this docket of 7.22%.
- Staff did not include depreciation expense on vehicles that would be fully depreciated in the test year if owned by the Company.
- Staff did not allow the high repair expenses to be included in the lease calculations to be recovered annually during the lease period.
- Staff did not include a non-regulated allocation within the lease since lease expense are recorded to a vehicle clearing account which is distributed to non-regulated accounts through the payroll distribution process.

Further information regarding Staff's building and vehicle lease adjustments are included in Staff's workpapers, IS-5.1 and IS-5.2.

Q: Please summarize Staff's Building and Lease Expense Adjustment, IS-5.

A: Staff's adjustment decreases the Company's regulated expenses by $29,685 on a total company basis and decreases the Company's intrastate expenses by $19,124.

Q: Does this conclude your testimony?

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

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.

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.

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Cost Allocation Factors
Summary

Attachment AD-2

ACT #'S	COMMON ASSETS & EXPENSES	ALLOCATION PER COMPANY (2018 CSA & MO JE'S) BASIS	REG %	NONREG %	ALLOCATION PER STAFF BASIS	REG %	NONREG %
	LAND						
2111	LAND	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	LAND & BLDG STUDY	72.81%	27.19%
	BUILDINGS						
2121	BUILDINGS	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	LAND & BLDG STUDY	72.81%	27.19%
3100	DEPRECIATION RESERVE - BUILDINGS	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	LAND & BLDG STUDY	72.81%	27.19%
6561	DEPRECIATION EXP - BUILDINGS	TOT EMPL WAGES - MO JE	(1)	(1)	LAND & BLDG STUDY	72.81%	27.19%
	GSF ASSETS						
2120/ 3100/ 6561	FURNITURE, OFFICE EQUIP, COMP & ASSOC DEPR RESERVE & DEPR EXP	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
2112/ 3100/ 6561	VEHICLES & ASSOCIATED DEPR RESERVE & DEPR EXP	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
2116/ 3100/ 6561	OTHER WORK EQUIP & ASSOCIATED DEPR RESERVE & DEPR EXP	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	PRO FORMA WAGES - PLANT EMPL	76.73%	23.27%
	GSF EXPENSE						
6120	LAND & BLDG,FURNITURE, OFFICE EQUIPMENT & GEN PURP COMP EXP	TOT EMPL WAGES - 2018 CS ADJ	81.46%	18.54%	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6112.11.40	VEHICLE EXP	TOT EMPL WAGES - MO JE	(1)	(1)	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
	SERVICES EXPENSE						
6623	BILLING & COLLECTION EXPENSE	CUST COUNT ALLOC - 2018 CSA + CHG PER NR CUST TO COMM	71.93%	28.07%	REG + NONREG CUST'S @ APRIL 2019	48.34%	51.66%
	EXECUTIVE, CORPORTE & G&A EXP						
6711.01	CORP EXPENSE	TOT EMPL WAGES - MO JE	(1)	(1)	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6711.6000	DIRECTORS EXP	BD MTG PMTS TO NON-REG	N/A	N/A	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6721.11	G&A - ACCOUNTING	TOT EMPL WAGES - MO JE	(1)	(1)	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6534.01	PLANT OP ADMIN	TOT EMPL WAGES - MO JE	(1)	(1)	PRO FORMA WAGES - PLANT EMPL	76.73%	23.27%
6723	HUMAN RESOURCES	NOT ALLOCATED - 2018 CS ADJ	100.00%	0.00%	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6728.0100	G&A - OTHER	NOT ALLOCATED - 2018 CS ADJ	100.00%	0.00%	PRO FORMA WAGES - ALL EMPL	59.06%	40.94%
6728.7000	PROPERTY INSURANCE	TOT EMPL WAGES - MO JE	(1)	(1)	LAND & BLDG STUDY	72.81%	27.19%
7240.1000	PROPERTY TAX - HQ'S & WAREHOUSE	TOT EMPL WAGES - MO JE	(1)	(1)	LAND & BLDG STUDY	72.81%	27.19%

(1)	MONTHLY JE TO ALLOCATE NONREG - JAN - NOV 18		80.07%	19.93%
	MONTHLY JE TO ALLOCATE NONREG - DEC 18		81.46%	18.54%

REDACTED

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Cost Allocation Factors
Payroll

Attachment AD-2

CALCULATE PR NONREG %

STAFF PRO FORMA WAGE EXPENSE

	TOTAL EMPL		TOT O/SPLANT EMPL		TOT OFFICE EMPL		RUSH CENTER OFFICE EMPL	
REGULATED	$ [redacted]	59.06%	$ [redacted]	76.73%	$ [redacted]	47.38%	$ [redacted]	46.13%
NONREG	$ [redacted]	40.94%	$ [redacted]	23.27%	$ [redacted]	52.62%	$ [redacted]	53.87%
TOTAL	$ [redacted]	100.00%	$ [redacted]	100.00%	$ [redacted]	100.00%	$ [redacted]	100.00%

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Cost Allocation Factors
Land & Building Study

Attachment AD-2

	Location	Bal @ 12-31-18	REG % 100.00%	REG % 59.06% ALLOC ALL EMPL	REG % 46.13% ALLOC RC OFFICE EMPL	REG % 76.73% ALLOC PLANT EMPL	TOTAL REGULATED
Albert CDO Building	Albert	47,363.70	47,363.70				47,363.70
Albert CO HVAC	Albert	7,735.95	7,735.95				7,735.95
Albert CO AC Controller	Albert	1,160.47	1,160.47				1,160.47
Alexander CDO Building	Alexander	77,667.60	77,667.60				77,667.60
AC Units - Alexander	Alexander	8,158.82	8,158.82				8,158.82
Bazine CDO	Bazine	84,355.61	84,355.61				84,355.61
AC Units - Bazine	Bazine	8,158.82	8,158.82				8,158.82
Beeler CDO Building	Beeler	60,234.08	60,234.08				60,234.08
Bison CDO Building	Bison	82,636.97	82,636.97				82,636.97
Bison CO HVAC Unit	Bison	9,385.28	9,385.28				9,385.28
Bison CO AC Controller	Bison	1,168.38	1,168.38				1,168.38
Brownell CDO Building	Brownell	46,250.28	46,250.28				46,250.28
AC Units - Brownell	Brownell	8,733.00	8,733.00				8,733.00
Burdett CDO & Office Building	Burdett	44,279.73				33,974.20	33,974.20
Burdett CO HVAC	Burdett	7,257.66	7,257.66				7,257.66
Burdett CO AC Controller	Burdett	1,088.65	1,088.65				1,088.65
Burdett Warehouse Building	Burdett	6,665.81				5,114.43	5,114.43
Ellis CO	Ellis	44,664.00	44,664.00				44,664.00
Ellis CO HVAC	Ellis	8,154.87	8,154.87				8,154.87
Ellis CO AC Controller	Ellis	1,194.42	1,194.42				1,194.42
Ellis Warehouse	Ellis	25,270.54				19,389.15	19,389.15
Garfield CDO Building	Garfield	45,914.27	45,914.27				45,914.27
AC Units - Garfield	Garfield	8,158.82	8,158.82				8,158.82
AC Units - Larned	Larned	7,729.41	0				-
Lewis CDO Building	Lewis	59,461.79	59,461.79				59,461.79
Lewis CO HVAC	Lewis	7,736.29	7,736.29				7,736.29
Lewis CO AC Controller	Lewis	1,160.47	1,160.47				1,160.47
McCracken CDO Building	McCracken	38,612.46	38,612.46				38,612.46
McCracken CO HVAC	McCracken	8,014.97	8,014.97				8,014.97
McCracken CO AC Controller	McCracken	1,187.01	1,187.01				1,187.01
Nekoma CDO Building	Nekoma	46,860.29	46,860.29				46,860.29
Ness City CO Building	Ness City	93,225.00	93,225.00				93,225.00
Otis CDO Building	Otis	35,004.43	35,004.43				35,004.43
Otis CO HVAC Unit	Otis	9,385.29	9,385.29				9,385.29
Otis CO AC Controller	Otis	1,168.38	1,168.38				1,168.38
Ransom CO Building	Ransom	41,321.28	41,321.28				41,321.28

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Cost Allocation Factors
Land & Building Study

Attachment AD-2

	Location	Bal @ 12-31-18	REG % 100.00%	REG % 59.06% ALLOC ALL EMPL	REG % 46.13% ALLOC RC OFFICE EMPL	REG % 76.73% ALLOC PLANT EMPL	TOTAL REGULATED
HVAC Unit	Ransom	1,010.34	1,010.34				1,010.34
Ransom Building	Ransom	22,713.68				17,427.37	17,427.37
AC Units - Ransom	Ransom	8,846.96				6,787.95	6,787.95
Rozel CDO Building	Rozel	70,408.16	70,408.16				70,408.16
Rozel CO HVAC	Rozel	7,736.29	7,736.29				7,736.29
Rozel CO AC Controller	Rozel	1,160.47	1,160.47				1,160.47
Ground Bars and fields for upgrade	Rush Center	14,257.41				10,939.18	10,939.18
Fire Equipment at Rush Center	Rush Center	1,084.63				832.20	832.20
Building A/C Sleeves	Rush Center	1,204.45				924.13	924.13
PVD ?	Rush Center	757.64				581.31	581.31
Rush Center CDO Building OLD	Rush Center - CO	7,273.66	7,273.66				7,273.66
Rush Center CDO Building NEW	Rush Center - CO	21,902.71	21,902.71				21,902.71
Rush Center CDO fire ext bldg.	Rush Center - CO	5,769.00	5,769.00				5,769.00
Rush Center CDO Building NEW Modifications	Rush Center - CO	31,623.68	31,623.68				31,623.68
Fire extinguisher equip RC CO	Rush Center - CO	274.02	274.02				274.02
Canope for Air Cond CO Bldg	Rush Center - CO	4,696.83	4,696.83				4,696.83
Rush Center CO Building Addition (the the North)	Rush Center - CO	71,400.91	71,400.91				71,400.91
AC Units at Rush Center CO	Rush Center - CO	8,867.45	8,867.45				8,867.45
Rush Center Headquarters Building	Rush Center - HQ	147,308.36			67,947.76		67,947.76
Rush Center Office Building Addition	Rush Center - HQ	233,963.62			107,918.54		107,918.54
Addition Rush Center Headquarters Bldg	Rush Center - HQ	21,787.19			10,049.60		10,049.60
West addition to Main Office	Rush Center - HQ	575,891.42			265,636.87		265,636.87
Parking garage in Rush Center	Rush Center - HQ	56,926.30			26,257.94		26,257.94
Rudd High Efficiency A/C for RC Main Office	Rush Center - HQ	2,995.00			1,381.48		1,381.48
New unit RC basement	Rush Center - HQ	7,429.93			3,427.14		3,427.14
AC at Plant Room and Basement Office	Rush Center - HQ	7,137.00			3,292.03		3,292.03
Cabinetry	Rush Center - HQ	20,534.00			9,471.56		9,471.56
New Cell Desk Rush Center	Rush Center - HQ	1,697.29			782.90		782.90
Rush Center Remodel Cabinets	Rush Center - HQ	7,143.00			3,294.79		3,294.79
Rush Center Remodel/Addition	Rush Center - HQ	33,762.09			15,573.17		15,573.17
Rush Center Addition	Rush Center - HQ	187,012.72			86,261.87		86,261.87
Rush Center Pole Shed	Rush Center - Pole Shed	19,526.23				14,981.75	14,981.75
Rush Center pole shed with drive thru 20x120x10	Rush Center - Pole Shed	20,745.04				15,916.90	15,916.90
Rush Center Mower/Generator Storage	Rush Center - Storage	14,652.37				11,242.22	11,242.22
Rush Center Warehouse Building	Rush Center - Warehouse	17,841.47				13,689.10	13,689.10
New Warehouse Building WO #2937	Rush Center - Warehouse	32,645.83				25,047.94	25,047.94

Golden Belt Telephone Association
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Cost Allocation Factors
Land & Building Study

Attachment AD-2

	Location	Bal @ 12-31-18	REG % 100.00%	REG % 59.06% ALLOC ALL EMPL	REG % 46.13% ALLOC RC OFFICE EMPL	REG % 76.73% ALLOC PLANT EMPL	TOTAL REGULATED
New Warehouse Building heater WO #2952	Rush Center - Warehouse	2,988.25				2,292.77	2,292.77
Down payment on warehouse	Rush Center - Warehouse	3,000.00				2,301.79	2,301.79
Rush Center Warehouse	Rush Center - Warehouse	512.50				393.22	393.22
Chain Link Fence on hill	Rush Center - Warehouse	5,768.15				4,425.69	4,425.69
Rush Center Warehouse on the hill	Rush Center - Warehouse	49,107.73				37,678.55	37,678.55
Garage door openers and wiring	Rush Center - Warehouse	9,175.42				7,039.96	7,039.96
New door RC hill building	Rush Center - Warehouse	4,549.96				3,491.02	3,491.02
4 Liftmaster Garage Door Openers	Rush Center - Warehouse	4,717.95				3,619.91	3,619.91
Timken New CDO Building	Timken	72,132.87	72,132.87				72,132.87
Timken CO HVAC	Timken	7,257.66	7,257.66				7,257.66
Timken CO AC Controller	Timken	1,088.69	1,088.69				1,088.69
Utica CDO Building	Utica	37,661.26	37,661.26				37,661.26
Utica CO HVAC	Utica	7,257.66	7,257.66				7,257.66
Utica CO AC Controller	Utica	1,088.65	1,088.65				1,088.65
Unidentified Diff to Balance to GL		(6,076.69)	(6,076.69)				(6,076.69)
Balance - GL 12/31/18		2,876,742.01	1,255,112.93	-	601,295.67	238,090.74	2,094,499.34
Calculate Total Regulated %							72.81%
Calculate Total Nonregulated %							27.19%

Source: Buildings List per CPR List provided on site

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Golden Belt Telephone Association
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Cost Allocation Factors
Subscriber Counts

Attachment AD-2

MONTH	REG TEL SVC (1)	%	NON-REG SVCS (2) CATV ONLY	INTERNET ONLY	BOTH CATV/INT	TOTAL NONREG	%	TOTAL REG & NR	TOTAL $ BILLED TO GBTC
1/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2/28/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
4/30/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
5/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
6/30/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
7/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
8/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
9/30/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
10/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
11/30/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
12/31/2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
									$ -
1/31/2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2/28/2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3/31/2019	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
4/30/2019	[redacted]	48.34%	[redacted]	[redacted]	[redacted]	[redacted]	51.66%	[redacted]	[redacted]

(1) Source: DR 15
(2) Source: Monthly GTA Billings to GT Communications @ $[redacted]

Golden Belt Telephone Association
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Attachment AD-3

Staff Workpaper RB-1
GSF Plant and Depreciation Reserve Adjustment

ACCOUNT	DESCRIPTION	STAFF ADJ	INTRAST FACTOR	INTRAST ADJ
	Increase (Decrease) to GSF Plant			
2111	Land	$ (2,900)	0.659593	$ (1,913)
2112	Vehicles	$ (24,293)	0.659593	$ (16,023)
2116	Other Work Equipment	$ (46,274)	0.659593	$ (30,522)
2121	Buildings	$ (248,927)	0.659593	$ (164,190)
2122	Furniture	$ (13,812)	0.659593	$ (9,110)
2123	Office Equipment	$ (32,805)	0.659593	$ (21,638)
2123.2	Communication Equipment	$ (434)	0.659593	$ (286)
2123.3	Office Equipment - Mailroom	$ (1,103)	0.659593	$ (728)
2124.14	General Purpose Computers	$ (266,218)	0.659593	$ (175,595)
2124.15	General Purpose Computers	$ (74,376)	0.659593	$ (49,058)
	Total General Support Facilities	$ (711,142)		$ (469,064)
	(Increase) Decrease to GSF A/D			
3100	Acc Dep - Vehicles	$ 24,293	0.652378	$ 15,848
3100	Acc Dep - Other Work Equipment	$ 46,274	0.652378	$ 30,188
3100	Acc Dep - Buildings	$ 248,927	0.652378	$ 162,394
3100	Acc Dep - Furniture	$ 13,812	0.652378	$ 9,011
3100	Acc Dep - Office Equipment	$ 27,573	0.652378	$ 17,988
3100	Acc Dep - Communication Equipment	$ 434	0.652378	$ 283
3100	Acc Dep - Office Equipment - Mailroom	$ 1,103	0.652378	$ 720
3100	Acc Dep - General Purpose Computers	$ 266,218	0.652378	$ 173,675
3100	Acc Dep - General Purpose Computers	$ 74,376	0.652378	$ 48,521
	Total A/D - General Support Facilities	$ 703,010		$ 458,628
	TOTAL STAFF ADJ	$ (8,132)		$ (10,436)

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Staff Workpaper RB-1.1
Nonregulated Rate Base Allocation Calculation

Attachment AD-3

ACT	DESC	ACTUAL GL BAL	(1) CO'S NONREG%	CO'S ALLOC TO NONREG	STAFF NONREG %	BASIS OF STAFF'S NONREG %	STAFF'S ALLOC TO NONREG	STAFF ADJ INC (DEC) REG RB
2111	LAND	33,519	18.54%	6,214	27.19%	AVG NONREG - ALL BUILDINGS	9,114	(2,900)
2112	VEHICLES	108,432	18.54%	20,102	40.94%	PRO FORMA WAGES-ALL EMPL	44,395	(24,293)
2116	OTHER WORK EQUIP	977,311	18.54%	181,183	23.27%	PRO FORMA WAGES-PLANT EMPL	227,456	(46,274)
2121	BUILDINGS	2,876,742	18.54%	533,316	27.19%	AVG NONREG - ALL BUILDINGS	782,243	(248,927)
2122	FURNITURE	61,651	18.54%	11,429	40.94%	PRO FORMA WAGES-ALL EMPL	25,242	(13,812)
2123	OFFICE EQUIP	146,425	18.54%	27,146	40.94%	PRO FORMA WAGES-ALL EMPL	59,950	(32,805)
2123.2	COMM EQUIP	1,936	18.54%	359	40.94%	PRO FORMA WAGES-ALL EMPL	793	(434)
2123.3	OFFICE EQUIP - MAILROOM	4,925	18.54%	913	40.94%	PRO FORMA WAGES-ALL EMPL	2,016	(1,103)
2124.14	GEN PURPOSE COMP	1,188,270	18.54%	220,292	40.94%	PRO FORMA WAGES-ALL EMPL	486,510	(266,218)
2124.15	GEN PURPOSE COMP	331,979	18.54%	61,545	40.94%	PRO FORMA WAGES-ALL EMPL	135,921	(74,376)
	TOTAL GSF ASSETS	5,731,190		1,062,499			1,773,641	(711,142)
3112	ACCUM DEPR-VEHICLE	(108,432)	18.54%	(20,102)	40.94%	PRO FORMA WAGES-ALL EMPL	(44,395)	24,293
3116	ACCUM DEPR-OTHER WORK EQUIP	(977,311)	18.54%	(181,183)	23.27%	PRO FORMA WAGES-PLANT EMPL	(227,456)	46,274
3121	ACCUM DEPR-BUILDINGS	(2,876,742)	18.54%	(533,316)	27.19%	AVG NONREG - ALL BUILDINGS	(782,243)	248,927
3122	ACCUM DEPR-FURNITURE	(61,651)	18.54%	(11,429)	40.94%	PRO FORMA WAGES-ALL EMPL	(25,242)	13,812
3123.1	ACCUM DEPR-OFFICE EQUIP	(123,074)	18.54%	(22,817)	40.94%	PRO FORMA WAGES-ALL EMPL	(50,390)	27,573
3123.2	ACCUM DEPR-CO COMM EQUIP	(1,936)	18.54%	(359)	40.94%	PRO FORMA WAGES-ALL EMPL	(793)	434
3123.3	ACCUM DEPR - OFFICE EQUIP MAILROOM	(4,925)	18.54%	(913)	40.94%	PRO FORMA WAGES-ALL EMPL	(2,016)	1,103
3124.14	ACCUM DEPR-GEN PURPOSE COMP	(1,188,270)	18.54%	(220,292)	40.94%	PRO FORMA WAGES-ALL EMPL	(486,510)	266,218
3124.15	ACCUM DEPR-GEN PURPOSE COMP	(331,979)	18.54%	(61,545)	40.94%	PRO FORMA WAGES-ALL EMPL	(135,921)	74,376
	TOTAL GSF ACCUM DEPR	(5,674,320)		(1,051,956)			(1,754,966)	703,010
	TOTAL	56,870		10,543			18,675	(8,132)

(1) Basis of Co's non-regulated allocation factor is Total Non-Reg Labor / Total Labor To Date at 12-31-18
(387,980.14 / 2,092,790.69) per 2018 CSA

Golden Belt Telephone Association
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Attachment AD-3

Staff Workpaper IS-1
Nonregulated Expense Allocation Adjustment

Description	Act	Staff Adjustment	Intrastate Factor	Intrastate Adjustment
Plant Specific Operations Expense				
Network Support Expense	6110	$ (2,001)	0.659593	$ (1,320)
General Support Expense	6120	$ (93,427)	0.659593	$ (61,624)
Central Office Switching Expense	6210		0.549271	$ -
Central Office Transmission Expense	6230		0.549271	$ -
Cable and Wire Facilities Expense	6410		0.721998	$ -
Total Plant Specific Operations Expense		$ (95,429)		$ (62,944)
Plant Non-Specific Operations Expenses				
Network Operations Expense	6530	$ 11,149	0.659593	$ 7,354
Access Expense	6540		-	$ -
Depreciation & Amortization Expense	6560	$ 16,749	0.637236	$ 10,673
Total Plant Non-Specific Operations Expense		$ 27,899		$ 18,027
Customer Operations Expense				
Marketing Expense	6610		0.612150	$ -
Directory Expense	6620		0.612150	
Services Expense	6620	$ -	0.612150	$ -
Total Customer Opertions Expense		$ -		$ -
Corporate Operations Expense				
Executive and Planning Expense	6710	$ (11,056)	0.646369	$ (7,146)
General and Administrative Expense	6720	$ (128,092)	0.581891	$ (74,536)
Total Corporate Operations Expense		$ (139,148)		$ (81,682)
Operating Taxes & Other Operating Expenses				
Other Operating Taxes	7240	$ (29)	0.659593	$ (19)
Total Adjustment		$ (206,706)		$ (126,617)

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Staff Workpaper IS-1.1
Nonregulated Expense Allocation Calculation

ACT	DESC	ACTUAL EXP PRIOR TO CO'S ALLOC	CALC CO'S EFFECTIVE NONREG%	CO'S NONREG ALLOC	STAFF NONREG %	BASIS OF STAFF'S NONREG %	STAFF'S NONREG ALLOC	STAFF ADJ EXPENSE INC (DEC) REG EXP	Note
Accounts allocated by Monthly Journal Entries									
7240.1000	PROPERTY TAX - HDQTRS & WAREHOUSE	[redacted]	19.85%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6561.0000	DEPR EXP - ALL BUILDINGS	[redacted]	19.81%	[redacted]	0.00%	PRO FORMA WAGES-ALL EMPL	-	[redacted]	(B)
6728.7000	PROPERTY INS	[redacted]	19.81%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6112.1100.40	VEHICLE EXP - OTHER	[redacted]	19.88%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6534.0100.10	PLANT OP ADMIN - SAL	[redacted]	20.59%	[redacted]	23.27%	PRO FORMA WAGES-PLANT EMPL	[redacted]	[redacted]	(A)
6534.0100.20	PLANT OP ADMIN - BEN	[redacted]	19.83%	[redacted]	23.27%	PRO FORMA WAGES-PLANT EMPL	[redacted]	[redacted]	
6534.0100.40	PLANT OP ADMIN - OTHER	[redacted]	19.85%	[redacted]	23.27%	PRO FORMA WAGES-PLANT EMPL	[redacted]	[redacted]	
6711.0100.10	CORP - SAL	[redacted]	19.71%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	(A)
6711.0100.20	CORP - BEN	[redacted]	19.82%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6711.0100.40	CORP - OTHER	[redacted]	19.66%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6721.1100.10	G&A- ACT - SAL	[redacted]	19.69%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	(A)
6721.1100.20	G&A- ACT - BEN	[redacted]	19.82%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6721.1100.40	G&A- ACT - OTHER	[redacted]	19.81%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
	TOTAL NONREG ADJS PER CO'S MO JES	1,572,703		311,529			304,702	6,827	

Note - Monthly JE's - Co allocated to nonreg:
19.93% Jan-Nov 18
18.54% Dec 18
19.81% Weighted average for TY

Accounts allocated by Company's 2018 Cost Study Adjustments

ACT	DESC	ACTUAL GL BAL	CO'S NONREG%	CO'S ALLOC TO NONREG	STAFF NONREG %	BASIS OF STAFF'S NONREG %	STAFF'S NONREG ALLOC	STAFF ADJ EXPENSE INC (DEC) REG EXP
6561	DEPR EXP - FURN & OFFICE EQUIP	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6561	DEPR EXP - VEHICLES & WORK EQUIP	[redacted]	18.54%	[redacted]	23.27%	PRO FORMA WAGES-PLANT EMPL	[redacted]	[redacted]
6561	DEPR EXP - COMPUTER EQUIP	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
	TOTAL DEPR EXP	54,568		10,116			21,901	(11,785)
6121.0100.10	LAND & BLDG - SAL	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6121.0100.20	LAND & BLDG - BEN	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6121.0100.40	LAND & BLDG - OTHER	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6121.0300.40	LAND & BLDG - RENTAL	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6122.0400.40	FURNITURE	-	18.54%	-	40.94%	PRO FORMA WAGES-ALL EMPL	-	-
6123.0400.00	OFFICE EQ EXP - OFFC SUPP	-	18.54%	-	40.94%	PRO FORMA WAGES-ALL EMPL	-	-
6123.0400.4	OFFICE EQ EXP - OFFC SUPP-OTHER	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6123.3400.40	OFFICE EQUIP - MAILROOM	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6124.0100.10	GEN PURPOSE COMPUTER EXP - SAL	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]
6124.0100.20	GEN PURPOSE COMPUTER EXP - BEN	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]

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Golden Belt Telephone Association
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Staff Workpaper IS-1.1
Nonregulated Expense Allocation Calculation

ACT	DESC	ACTUAL EXP PRIOR TO CO'S ALLOC	CALC CO'S EFFECTIVE NONREG%	CO'S NONREG ALLOC	STAFF NONREG %	BASIS OF STAFF'S NONREG %	STAFF'S NONREG ALLOC	STAFF ADJ EXPENSE INC (DEC) REG EXP	Note
6124.0100.40	GEN PURPOSE COMPUTER EXP - OTHER	[redacted]	18.54%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
	TOTAL GSF EXP	417,015		77,310			170,737	(93,427)	
6623.4100.10	CUST SVC - BILL REND - SAL	[redacted]	28.0677%	[redacted]	51.66%	SUBSCRIBER COUNT	(C)	(C)	
6623.4100.20	CUST SVC - BILL REND - BEN	[redacted]	28.0677%	[redacted]	51.66%	SUBSCRIBER COUNT	(C)	(C)	
6623.4100.4	CUST SVC - BILL REND - OTHER	[redacted]	28.0677%	[redacted]	51.66%	SUBSCRIBER COUNT	(C)	(C)	
		106,805		29,978			-	-	
	TOTAL ALLOCATED TO NR IN CSA'S			117,404					
Other non-regulated allocations									
6711.6000.40	DIRECTORS - TOTAL EXP - GBTA	[redacted]		-					
6711.6000.00	ADD DIRECTORS FEES PD - GB COMM	[redacted]		[redacted]					
6711.6000.40	LESS AMT REMOVED IN CSA EXP8 (DR 114)	[redacted]							
	TOTAL DIRECTORS FEES - GBTA + COMM	[redacted]	11.7815%	[redacted]	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6723.0100.10	HR - SAL	[redacted]	0.0000%	-	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6723.0100.20	HR - BEN	[redacted]	0.0000%	-	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6723.0100.40	HR - OTHER	[redacted]	0.0000%						
	TOTAL HR	[redacted]		-			[redacted]	[redacted]	
6728.0100.20	OTHER GEN/ADMIN - BEN	[redacted]	0.0000%	-	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6728.0100.40	OTHER GEN/ADMIN - OTHER	[redacted]	0.0000%	-	40.94%	PRO FORMA WAGES-ALL EMPL	[redacted]	[redacted]	
6728.0100.40	LESS AMT REMOVED IN CSA EXP8 (DR 114)	[redacted]							
	TOTAL OTHER GEN/ADMIN	[redacted]		-			[redacted]	[redacted]	
	TOTAL STAFF ADJ - NONREG EXPENSE ALLOCATION							(206,706)	

(A) N/A - Adj to Nonreg included in Staff's PR Adj
(B) Buildings are fully depreciated in 2018 test year. No depreciation expense should be allocated to Non-Reg.
(C) N/A - Adj to Nonreg included in Staff's B&C Adj - Bill Rend-Other exp were billed monthly to Comm.

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Attachment AD-3

Staff Workpaper IS-1.2
Company's Monthly Journal Entry to Shift Exp to Non-Reg

		TOTAL 2018		PR ACTS
ACT	DESC	TOT EXP	ACTUAL NON-REG CREDIT	
7240.1000	Prop. Tax - GSF Assets	[redacted]	[redacted]	
6561.0000	Depr Exp - Bldgs	[redacted]	[redacted]	
6728.7000	Prop. Ins - GSF Assets	[redacted]	[redacted]	
6112.11 (40)	Vehicle Exp	[redacted]	[redacted]	
6534.01 (10)	Plant Op	[redacted]	[redacted]	[redacted]
6534.01 (20)	Plant Op	[redacted]	[redacted]	
6534.01 (40)	Plant Op	[redacted]	[redacted]	
6711.01 (10)	Exec	[redacted]	[redacted]	[redacted]
6711.01 (20)	Exec	[redacted]	[redacted]	
6711.01 (40)	Exec	[redacted]	[redacted]	
6721.11 (10)	Accounting	[redacted]	[redacted]	[redacted]
6721.11 (20)	Accounting	[redacted]	[redacted]	
6721.11 (40)	Accounting	[redacted]	[redacted]	
		1,572,703	311,529	124,422

Effective Non-Reg Rate 19.81%

Source: DR 56 - Non-Reg Exp Shift 2018

Golden Belt Telephone Association
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Attachment AD-3

Staff Workpaper IS-2
Payroll Expense Normalization & Distribution Adjustment

Description	Act	Staff Adjustment	Intrastate Factor	Intrastate Adjustment
Plant Specific Operations Expense				
Network Support Expense	6110	$ -	0.659593	$ -
General Support Expense	6120	$ 1,138	0.659593	$ 751
Central Office Switching Expense	6210	$ (2,976)	0.549271	$ (1,635)
Central Office Transmission Expense	6230	$ 5,596	0.549271	$ 3,074
Cable and Wire Facilities Expense	6410	$ (16,221)	0.721998	$ (11,711)
Total Plant Specific Operations Expense		$ (12,463)		$ (9,522)
Plant Non-Specific Operations Expenses				
Network Operations Expense	6530	$ (31,276)	0.659593	$ (20,630)
Access Expense	6540	$ -	-	$ -
Depreciation & Amortization Expense	6560	$ -	0.637236	$ -
Total Plant Non-Specific Operations Expense		$ (31,276)		$ (20,630)
Customer Operations Expense				
Marketing Expense	6610	$ (16,880)	0.612150	$ (10,333)
Directory Expense	6620		0.612150	
Services Expense	6620	$ (12,902)	0.612150	$ (7,898)
Total Customer Opertions Expense		$ (29,782)		$ (18,231)
Corporate Operations Expense				
Executive and Planning Expense	6710	$ (160,529)	0.646369	$ (103,761)
General and Administrative Expense	6720	$ (91,618)	0.581891	$ (53,312)
Total Corporate Operations Expense		$ (252,147)		$ (157,073)
Total Adjustment		$ (325,669)		$ (205,455)

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
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Attachment AD-3

Staff Workpaper IS-2.1
Payroll Expense Adjustment

Description	Act	Payroll Exp Actual TY 2018	Payroll Exp Staff Pro Forma	Staff Adj Inc (Dec) Regulated Exp	% Staff Pro Forma
TPUC - Work Orders	2003	[redacted]	[redacted]		2.73%
Depreciation Reserve	3110	[redacted]	[redacted]		0.02%
ADJS TO REGULATED EXPENSE					
Plant Specific Operations Expense					
Network Support Expense	6110	-	-	-	
General Support Expense	6120	[redacted]	[redacted]	[redacted]	4.39%
Central Office Switching Expense	6210	[redacted]	[redacted]	[redacted]	1.38%
Central Office Transmission Expense	6230	[redacted]	[redacted]	[redacted]	7.25%
Cable and Wire Facilities Expense	6410	[redacted]	[redacted]	[redacted]	16.61%
Total Plant Specific Operations Expense		[redacted]	[redacted]	[redacted]	29.62%
Plant Non-Specific Operations Expenses					
Network Operations Expense	6530	[redacted]	[redacted]	[redacted]	17.42%
Access Expense	6540			-	0.00%
Depreciation & Amortization Expense	6560			-	0.00%
Total Plant Non-Specific Operations Expense		[redacted]	[redacted]	[redacted]	17.42%
Customer Operations Expense					
Marketing Expense	6610	[redacted]	[redacted]	[redacted]	4.06%
Directory Expense	6620			-	0.00%
Services Expense	6620	[redacted]	[redacted]	[redacted]	4.88%
Total Customer Opertions Expense		[redacted]	[redacted]	[redacted]	8.94%
Corporate Operations Expense					
Executive and Planning Expense	6710	[redacted]	[redacted]	[redacted]	1.62%
General and Administrative Expense	6720	[redacted]	[redacted]	[redacted]	6.38%
Total Corporate Operations Expense		[redacted]	[redacted]	[redacted]	8.00%
TOTAL ADJS TO REGULATED EXPENSE		1,775,760	1,450,091	(325,669)	63.98%
Non-Regulated Expense	7990	[redacted]	[redacted]	[redacted]	33.28%
Total Payroll Expenses		[redacted]	[redacted]	[redacted]	100.00%

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Golden Belt Telephone Association
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Test Year Ended 12/31/2018

Staff Workpaper IS-2.2
Pro Forma Payroll Expense Calculation

Attachment AD-3

Staff Pro Forma Normalized Wage Expense
Source: DR 60

						Pro Forma							
						Tot Salary +					Common	Vehicle	
					Notes	Bonus (1)	Notes	TPUC	Regulated	Non-Reg	Allocate CSA's	Clearing	PR Clear
OFFICE EMPLOYEES:													
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL OFFICE EMPLOYEES						[redacted]		[redacted]	[redacted]	[redacted]	[redacted]		[redacted]
									47.38%	52.62%	$ -		
PLANT											$ -		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
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Staff Workpaper IS-2.2
Pro Forma Payroll Expense Calculation

Attachment AD-3

Staff Pro Forma Normalized Wage Expense
Source: DR 60

	Notes	Pro Forma Tot Salary + Bonus (1)	Notes	TPUC	Regulated	Non-Reg	Common Allocate CSA's	Vehicle Clearing	PR Clear
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
TOTAL PLANT EMPLOYEES		[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
					76.73%	23.27%			
TOTAL ALL EMPLOYEES		$ [redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
					62.84%	37.16%			
Spread PR Clearing									
Spread Vehicle Exp									
Allocate Monthly JE NR %'s									
Total PR Exp - Staff Pro Forma		[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
					59.06%	40.94%			

Notes on Salaries:

[redacted]

Notes on Distributions

[redacted]

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Golden Belt Telephone Association
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Test Year Ended 12/31/2018

Staff Workpaper IS-2.3
Actual Test Year Payroll Expense

Attachment AD-3

				Actual Sal + Bonus	TPUC	Regulated	Non-Reg	Vehicle Clearing	PR Clearing
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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Golden Belt Telephone Association
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Staff Workpaper IS-2.3
Actual Test Year Payroll Expense

Attachment AD-3

				Actual Sal + Bonus	TPUC	Regulated	Non-Reg	Vehicle Clearing	PR Clearing
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total				[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
						75.20%	24.80%		
Spread PR Clearing					[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Spread Vehicle Clearing					[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]					[redacted]	[redacted]	[redacted]	[redacted] $ -	$ -
Total PR Exp - 2018 Actual					[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
						67.98%	32.02%		

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-2.4
Salary and Bonus Compensation Analysis

Attachment AD-3

Source: NTCA 2018 Survey reports Compensation and Benefits as of January 1, 2018

				Operating Revenues		Access Lines						Base Salary		TY Wage
				$	8,987,975	[redacted]		FTE - 40		Region - Plains		Avg All Criteria		Greater / (Less Than)
		Gross	Survey	First	Third	First	Third	First	Third	First	Third	First	Third	Avg All Criteria
Employee	Title	Wages	Code	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile	Quartile	Third Quartile
[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The NTCA Survey states: Together, the 25th percentile and the 75th percentile define the middle 50% of all salaries paid for the job. This midrange, based on the reported rates for the position, generally is considered the most reliable indicator of prevailing rates of pay.

Golden Belt Telephone Association
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Attachment AD-3

Staff Workpaper IS-2.5
PR Distribution of Managers' Hours

	Common Accounts			Other Reg Acts		
	6534	6711	6721	Tot Other Reg Acts	Non-Reg Acts 7990	Total All Accts
General Manager						
Washburn (Left Employment in 2011)						
2008		1,210.00		-	6.00	1,216.00
2009		1,815.00		-		1,815.00
2010		1,790.00		-		1,790.00
2011		1,118.00		-	-	1,118.00
Rebel						
2008		78.00		761.34	440.00	1,279.34
2009		255.50	114.00	936.00	556.00	1,861.50
2010		1,513.00	346.00	3.00	1.00	1,863.00
2011		1,879.00		-	-	1,879.00
2012		1,874.00		-	-	1,874.00
2013		1,879.00		-	-	1,879.00
2014		1,901.00		-	-	1,901.00
2015		1,910.00		-	-	1,910.00
2016		1,877.00		-	-	1,877.00
2017		1,894.00		-	-	1,894.00
2018		1,894.00		-	-	1,894.00
2019 Jan-May		766.50		-	-	766.50
Office Manager						
Tuzicka						
2008			576.00	625.25	132.00	1,333.25
2009			1,838.00	18.00	6.00	1,862.00
2010			1,825.00	-		1,825.00
2011			1,816.00	-	-	1,816.00
2012			1,830.00	-	-	1,830.00
2013			1,823.00	-	-	1,823.00
2014			1,812.00	-	-	1,812.00
2015			1,785.00	4.00	-	1,789.00
2016			1,751.00	16.00	-	1,767.00
2017			1,786.00	-	-	1,786.00
2018			1,601.00	-	-	1,601.00
2019 Jan-May			700.50	3.00	-	703.50
Plant Manager						
Hagan						
2008	997.84			144.00	139.00	1,280.84
2009	1,862.00			-		1,862.00
2010	1,885.00			-		1,885.00
2011	1,845.00			-	-	1,845.00
2012	1,880.00			-	-	1,880.00
2013	1,849.00			-	-	1,849.00
2014	1,847.00			8.50	-	1,855.50
2015	1,810.00			-	-	1,810.00
2016	1,854.00			-	-	1,854.00
2017	1,829.00			-	-	1,829.00
2018	1,199.00			469.00	102.50	1,770.50
2019 Jan-May	170.50			-	-	170.50

Source DR 128 & DR 11(e)

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Attachment AD-3

Staff Workpaper IS-3
Employee Benefit and PR Tax Adjustment

Description	Act	Staff Adjustment	Intrastate Factor	Intrastate Adjustment
Plant Specific Operations Expense				
Network Support Expense	6110	$ -	0.659593	$ -
General Support Expense	6120	$ (2,569)	0.659593	$ (1,694)
Central Office Switching Expense	6210	$ (13,279)	0.549271	$ (7,294)
Central Office Transmission Expense	6230	$ (1,257)	0.549271	$ (691)
Cable and Wire Facilities Expense	6410	$ (71,095)	0.721998	$ (51,331)
Total Plant Specific Operations Expense		$ (88,200)		$ (61,009)
Plant Non-Specific Operations Expenses				
Network Operations Expense	6530	$ (12,038)	0.659593	$ (7,940)
Access Expense	6540		-	$ -
Depreciation & Amortization Expense	6560		0.637236	$ -
Total Plant Non-Specific Operations Expense		$ (12,038)		$ (7,940)
Customer Operations Expense				
Marketing Expense	6610	$ (3,342)	0.612150	$ (2,046)
Directory Expense	6620		0.612150	
Services Expense	6620	$ (31,901)	0.612150	$ (19,528)
Total Customer Opertions Expense		$ (35,242)		$ (21,574)
Corporate Operations Expense				
Executive and Planning Expense	6710	$ (281)	0.646369	$ (181)
General and Administrative Expense	6720	$ (31,536)	0.581891	$ (18,351)
Total Corporate Operations Expense		$ (31,817)		$ (18,532)
Total Adjustment		$ (167,297)		$ (109,055)

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Attachment AD-3

Staff Workpaper IS-3.1
Employee Benefit & PR Tax Expense Adjustment - PR Clearing Distribution

DESCRIPTION	ACT	BEN ADJ DISTRIBUTION STAFF'S PR DIST %	BEN ADJ DISTRIBUTION DIST OF STAFF'S BEN ADJ $	ADD STAFF'S BEN ADJS NOT INCL IN PR CLEARING	STAFF'S TOTAL REG BEN ADJS
TPUC	2300	2.7%	$ (477)	$ -	$ (477)
PLANT SPECIFIC OPERATIONS EXPENSE					
Network Support Expense	6110				
General Support Expense	6120	4.4%	$ (761)	$ (1,808)	$ (2,569)
Central Office Switching Expense	6210	1.4%	$ (239)	$ (13,039)	$ (13,279)
Central Office Transmission Expense	6230	7.2%	$ (1,257)		$ (1,257)
Cable and Wire Facilities Expense	6410	16.6%	$ (2,881)	$ (68,214)	$ (71,095)
Total Plant Specific Operations Expense			$ (5,139)	$ (83,061)	$ (88,200)
PLANT NON-SPECIFIC OPERATIONS EXPENSE					
Network Operations Expense	6530	17.4%	$ (3,021)	$ (9,017)	$ (12,038)
Access Expense	6540				
Depreciation & Amortization Expense	6560				
Total Plant Non-Specific Operations Expense			$ (3,021)	$ (9,017)	$ (12,038)
CUSTOMER OPERATIONS EXPENSE					
Marketing Expense	6610	4.1%	$ (704)	$ (2,637)	$ (3,342)
Services Expense	6620	4.9%	$ (846)	$ (31,055)	$ (31,901)
Total Customer Opertions Expense			$ (1,550)	$ (33,692)	$ (35,242)
CORPORATE OPERATIONS EXPENSE					
Executive and Planning Expense	6710	1.6%	$ (281)	$ -	$ (281)
General and Administrative Expense	6720	6.4%	$ (1,107)	$ (30,429)	$ (31,536)
Total Corporate Operations Expense			$ (1,388)	$ (30,429)	$ (31,817)
NON-REGULATED PR EXPENSE		33.3%	$ (5,773)	$ -	$ (5,773)
TOTAL ALL ACCTS		100.0%	$ (17,348)	$ (156,199)	$ (173,547)
TOTAL STAFF ADJUSTMENT - REGULATED EXPENSE ACTS			**$ (11,098)**	**$ (156,199)**	**$ (167,297)**

Source: Staff Workpaper - IS-21.2-Pro Forma PR-Staff

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-3.2
Employee Benefit and Payroll Tax Expense Adjustment Calculation

Attachment AD-3

		+ 1310.0000.00 EMPL MED & DENTAL	+ 1310.0700.00 WORKERS COMP	+ 1330.1400.00 NTCA RETIREMENT	+ 1330.1500.00 EMPL DISABIL	+ 1330.1600.00 GROUP/DEP LIFE	= TOTAL SUBJECT TO PR DIST	6711.6000.40 DIRECTORS	6728.0100.40 HI LIMIT EMPL	TOTAL
1 Adjustment to NTCA Employee Insurance Expense:										
Per Company - TY Employee Insurance Exp		$ [redacted]			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Per Staff - Annualized Expense:										
Actual per GL - Dist July 2019 (DR 99)		$ [redacted]			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Annualize Pro Forma Exp		$ [redacted]			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Staff Adjustment - NTCA Employee Ins Exp		$ [redacted]			[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2 Adjustment to FICA & Medicare Taxes										
Company's TY Wages	[redacted]									
Staff's Pro Forma Wages	[redacted]									
Decrease in Wages subject to PR Tax	(89,197.96)									
X Employer's Share of FICA + Medicare Taxes	7.65%									
Staff Adjustment-Increase in FICA + Medicare Taxes	**(6,823.64)**	$ -					$ (6,823.64)			$ (6,823.64)
3 Adjustment to Retirement/Security Prog										
Per Company - TY R&S Exp				[redacted]			[redacted]			[redacted]
Per Staff - Annualized Expense:										
Actual per 8-1-19 NTCA Inv - Emplyer Cont				[redacted]			[redacted]			[redacted]
Annualize Pro Forma Exp				[redacted]			[redacted]			[redacted]
Staff Adjustment - NTCA Employee Ins Exp				[redacted]			[redacted]			[redacted]
4 Adjustment to Workers Comp Ins:										
Per Company - TY Workers Comp Exp			[redacted]				[redacted]			[redacted]
Per Staff - Annualized Expense:										
Latest Annual Bill-Travelers Ins - 12-19-18			[redacted]				[redacted]			[redacted]
Staff Adjustment - NTCA Employee Ins Exp			[redacted]				[redacted]			[redacted]
Total Staff Adjustments - Employee Benefit & PR Tax		$ [redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ (17,347.83)	$ -	$ (3,631.92)	$ (20,979.75)
Staff's Regulated %									**59.06%**	
Staff's Regulated Adj									$ (2,144.91)	

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-3.3
Disallow TY Concessions for CATV & Internet Pd to GBTC

Attachment AD-3

	6721.1100.40	6728.0100.40	6212.0100.40	6124.0100.40	6623.0100.40	6711.0100.40	6613.0100.40	6423.0100.40	6534.0100.40	Total
Jan 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Feb 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Mar 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Apr 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
May 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jun 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jul 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Aug 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Sep 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Oct 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Nov 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dec 2018	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	15,279	23,936	13,039	3,061	31,055	8,678	2,637	68,214	11,752	177,652
REG %	59.06%	59%	100%	59%	100%	59%	100%	100%	77%	
	Mo JE	Staff Bd Alloc		Staff Alloc		Staff Alloc			Mo JE	
Adj to Reg Exp	9,023	14,136	13,039	1,808	31,055	5,125	2,637	68,214	9,017	154,054

Source: DR 62

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Attachment AD-3

Staff Workpaper IS-4
Billing & Collection Expense Adjustment

Description	Act	Staff Adjustment	Intrastate Factor	Intrastate Adjustment
Miscellaneous Revenue - Staff Adj to Dec Rev	5270	$ (33,521)		$ (33,521)
Plant Specific Operations Expense				
Network Support Expense	6110		0.659593	$ -
General Support Expense	6120		0.659593	$ -
Central Office Switching Expense	6210		0.549271	$ -
Central Office Transmission Expense	6230		0.549271	$ -
Cable and Wire Facilities Expense	6410		0.721998	$ -
Total Plant Specific Operations Expense		$ -		$ -
Plant Non-Specific Operations Expenses				
Network Operations Expense	6530		0.659593	$ -
Access Expense	6540		-	$ -
Depreciation & Amortization Expense	6560		0.637236	$ -
Total Plant Non-Specific Operations Expense		$ -		$ -
Customer Operations Expense				
Marketing Expense	6610		0.612150	$ -
Directory Expense	6620		0.612150	
Services Expense	6620	$ (25,207)	0.612150	$ (15,431)
Total Customer Opertions Expense		$ (25,207)		$ (15,431)
Corporate Operations Expense				
Executive and Planning Expense	6710		0.646369	$ -
General and Administrative Expense	6720		0.581891	$ -
Total Corporate Operations Expense		$ -		$ -
Net Adjustment - Increase to COS		$ 8,314		$ 18,090

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-4.1
Billing & Collection Expense Adjustment Calculation

Attachment AD-3

			ALLOC TO NONREG PER STAFF			ALLOCATE TO NONREG PER CO					STAFF ADJ
ACT	DESCRIPTION	TY CHGS	NONREG ALLOC %	TOT ALLOC TO NONREG	REG EXP PER STAFF	NONREG ALLOC %	ALLOC CSA RB3	MO CUST BILLINGS	NONREG TOTAL	REG EXP PER CO	INC (DEC) TO REG
5260.0000.00	MISC REV [redacted] /NR CUST)			$ -	$ -			[redacted]	[redacted]	[redacted]	[redacted]
6623.4100.10	CUST SVC - BILL REND - SAL	[redacted]	51.66%	$ [redacted]	[redacted]	28.06%	[redacted]		[redacted]	[redacted]	[redacted]
6623.4100.20	CUST SVC - BILL REND - BEN	[redacted]	51.66%	$ [redacted]	[redacted]	28.06%	[redacted]		[redacted]	[redacted]	[redacted]
6623.4100.40	CUST SVC - BILL REND - OTHER	[redacted]	51.66%	$ [redacted]	[redacted]	28.06%	[redacted]		[redacted]	[redacted]	[redacted]
6623.4100	TOTAL NET	[redacted]		$ [redacted]	$ 51,630.98		[redacted]	[redacted]	[redacted]	$ 43,317.31	$ 8,313.67

REDACTED

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Attachment AD-3

Staff Workpaper IS-4.2
Calculate Test Year B&C Charges to GBTC

Calculated based on # non-regulated customers @ [redacted] /cust

	Act
	5260.000
Jan	$ [redacted]
Feb	$ [redacted]
Mar	$ [redacted]
Apr	$ [redacted]
May	$ [redacted]
Jun	$ [redacted]
Jul	$ [redacted]
Aug	$ [redacted]
Sep	$ [redacted]
Oct	$ [redacted]
Nov	$ [redacted]
Dec	$ [redacted]
Total	$ [redacted]

Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-5
Building & Vehicle Lease Expense Adjustment

Attachment AD-3

Description	Act	Staff Pro Forma PR Dist %	Staff Adj Vehicle Lease	Staff Adj Land & Bldg Lease	Total Staff Adjustment Regulated Acts	Intrastate Factor	Intrastate Adjustment
TPUC and Non-Regulated Accounts		36.02%	$ (19,175)				
Regulated Accounts:							
Plant Specific Operations Expense							
Network Support Expense	6110				$ -	0.659593	$ -
General Support Expense	6120	4.39%	$ (2,335)	4,367	$ 2,032	0.659593	$ 1,340
Central Office Switching Expense	6210	1.38%	$ (735)		$ (735)	0.549271	$ (404)
Central Office Transmission Expense	6230	7.25%	$ (3,857)		$ (3,857)	0.549271	$ (2,119)
Cable and Wire Facilities Expense	6410	16.61%	$ (8,841)		$ (8,841)	0.721998	$ (6,383)
Total Plant Specific Operations Expense					$ (11,401)		$ (7,565)
Plant Non-Specific Operations Expenses							
Network Operations Expense	6530	17.42%	$ (9,269)		$ (9,269)	0.659593	$ (6,114)
Access Expense	6540	0.00%	$ -		$ -	-	$ -
Depreciation & Amortization Expense	6560	0.00%	$ -		$ -	0.637236	$ -
Total Plant Non-Specific Operations Expense					$ (9,269)		$ (6,114)
Customer Operations Expense							
Marketing Expense	6610	4.06%	$ (2,161)		$ (2,161)	0.612150	$ (1,323)
Directory Expense	6620	0.00%	$ -		$ -	0.612150	
Services Expense	6620	4.88%	$ (2,596)		$ (2,596)	0.612150	$ (1,589)
Total Customer Opertions Expense					$ (4,757)		$ (2,912)
Corporate Operations Expense							
Executive and Planning Expense	6710	1.62%	$ (861)		$ (861)	0.646369	$ (557)
General and Administrative Expense	6720	6.38%	$ (3,397)		$ (3,397)	0.581891	$ (1,976)
Total Corporate Operations Expense					$ (4,258)		$ (2,533)
Total Regulated Acts			$ (34,052)	$ 4,367	$ (29,685)		$ (19,124)
Total - All Accounts		100.00%	$ (53,227)	$ 4,367			

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-5.1
Vehicle Lease Adjustment Calculation

Attachment AD-3

Lease Adjustment - Vehicles

						Monthly Lease Calculation by Company									Monthly Lease Calculation by Staff										
							26.27%								7.22%	26.27%									
Vehicle #	Year & Model	Started/ Updated Lease	ROR	Cost	Avg Net Invest	Return	Depr	Repairs	Tot Ann.	Reg %	Reg Ann.	Mo	FMV	Mo Per Co	Return	Depr	Repairs	Tot Ann.	Reg %	Reg Ann. - Alloc by PR Clearing	Mo	FMV	Mo Per Staff	Staff Adj - Monthly	Total Staff Adj - Annual
[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
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	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	
Total Vehicles								$111,490						$ 16,018									$11,663	$ (4,354)	$ (52,251)
	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ 1,226	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	$ 1,145	$ (81)	$ (976)

Source: GBT Communications Carrying Charge Lease Payment calculations provided on site.

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Golden Belt Telephone Association
Docket 19-GNBT-505-KSF
Test Year Ended 12/31/2018

Staff Workpaper IS-5.2
Building Lease Adjustment Calculation

Attachment AD-3

								Calculate Annual Lease Expense - Per Company							Calculate Annual Lease Expense - Per Staff						
Act	Desc	Started Lease	Cost - Land	Cost - Building	Cost - Total Investment	Avg Investment	Depr Rate	Co's ROR	Co's Reg %	ROR on Avg Invest	Depr Exp	Annual Tot Lease Amt	Annual Reg. Lease Amt	Actual Lease Exp in TY	Staff's ROR	ROR on Avg Net Invest	Depr Exp	Annual Tot Lease Amt	Staff Adj	Staff's Reg %	Staff Adj - Reg
6121.0100.40	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
6121.0100.40	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
6121.0100.40	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]			
6121.0100.40	Total		[redacted]	[redacted]	[redacted]					[redacted]	[redacted]	[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	$ 7,395	59.06%	$ 4,367

Kansas Corporation Commission
Information Request

Request No: **56**

Company Name	GOLDEN BELT TELEPHONE ASSOCIATION.	GNBT
Docket Number	19-GNBT-505-KSF	
Request Date	July 22, 2019	
Date Information Needed	July 31, 2019	

RE: Monthly Expense Shift to Non-Reg

Please Provide the Following:

Provide all calculations and documentation supporting each of the monthly journal entries during the test year described as "monthly expense shift to non-reg". If set allocations factors are used to allocate the monthly expenses, provide calculations and documentation supporting the derivation of the allocation factors, state how often the allocation factors are updated, and provide the allocation factors that were in effect during the 12 months prior to the test year, during the test year, and subsequent to the test year.

Submitted By Ann Diggs

Submitted To Stacey Brigham

Response:

See Attached

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

Verification of Response

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

Signed:

Date: 7/31/19

DR#56 Monthly Expense Shift to Non-Reg
File name "NONREGEXPSHIFT2018"
Tab "013118"

GOLDEN BELT TELEPHONE
XFER TO NONREG EXPENSES
1/31/2018

PERCENT OF UNREGULATED LABOR TO TOTAL LABOR

2003.0000.00	42,687.46				
7990.0100.10	-				
7990.0500.10	-				
7990.0800.10	-				
7990.0850.10	2,971.12				
7990.1100.10	5,578.60				
7990.2100.10	1,777.01				
7990.3100.10	1,169.37				
7990.4100.10	5,004.82	LEAVE THIS NUMBER FOR THE PERCENTAGE THE SAME (came from 12/31/17)			
7990.5100.10	56.33	CHANGE IN DEC 2018 (GET NEW FIGURES FROM DEBBIE)			
7990.5400.00	-				
7990.6000.10	50.87				
7990.6010.10	77,681.84				
7990.6050.10	10,667.82				
7990.6060.10	57,300.71				
7990.6100.10	122,639.63				
7990.6500.10	3,771.54				
7990.7100.10	-				
7990.7500.10	33,212.41				
7990.8100.10	-				
7990.9100.10	49,173.76				
			TOTAL WAGES TO DATE	TOTAL NONREG LABOR AT 12/31/17	THIS ALSO COMES FROM
	413,743.29		2,076,087.36	413,743.29	
		0.1992899229	NON REG WAGES TO TOTAL WAGES AT 12/31/17		

PROPERTY TAX

311735.72/72897181.53		0.0042763755	PROPERTY TAX EXP TO TOTAL PLANT	leave and change in 12/18
ASSESSED VALUE:				
HDQUTRS	28,506	121.90	leave and change in 12/18	
WRHSE	4,112	17.58	leave and change in 12/18	
A/C 7240.1		11.62		
DEPR RATE	0.0502			
ACCUM DEPR BLDGS	2,859,048.09	11,960.35		
A/C 6561		11,960.35		

GBTA ENTRY RJ200 MANUAL ENTRY #012317

				CREDIT
7240.1000	11.62			2.32
6561.0000	11,960.35			2,383.58
6728.7000	6,194.00			1,234.40
6112.11 (40)	749.67			149.40
6534.01 (10)	10,354.78			2,063.60
6534.01 (20)	8,188.98			1,631.98
6534.01 (40)	3,287.56			655.18
6711.01 (10)	33,143.13			6,605.09
6711.01 (20)	13,768.37			2,743.90
6711.01 (40)	2,356.47			469.62
6721.11 (10)	22,884.73			4,560.70
6721.11 (20)	17,713.90			3,530.20
6721.11 (40)	12,270.57			2,445.40
	142,884.14	0.1992899229	28,475.37	28,475.37

GBTCOM ENTRY RJ200 MANUAL ENTRY #000238
TOTAL OF A/C
0.0610

		DEBIT
7990.0100 (00)	-	-
7990.0500 (00)	4,029.99	246.00
7990.0600 (00)	11,650.50	711.19
7990.0800 (00)	1,375.75	83.98
7990.0850 (00)	690.58	42.16
7990.1100 (00)	651.85	39.79
7990.2100 (00)	4,954.02	302.41
7990.3100 (00)	363.38	22.18
7990.4100 (00)	896.19	54.71
7990.5100 (00)	5,268.17	321.59
7990.6000 (00)	28,374.21	1,732.06
7990.6010 (00)	102,314.30	6,245.62
7990.6050 (00)	9,646.08	588.83
7990.6060 (00)	16,278.31	993.68
7990.6100 (10)	215,753.55	13,170.34
7990.6500 (10)	6,988.43	426.60
7990.7500 (10)	12,119.11	739.79
7990.9100 (10)	45,122.62	2,754.44
	466,477.04	28,475.37

Kansas Corporation Commission
Information Request

Request No: **63**

Company Name	GOLDEN BELT TELEPHONE ASSOCIATION.	GNBT
Docket Number	19-GNBT-505-KSF	
Request Date	July 22, 2019	
Date Information Needed	July 31, 2019	

RE: General Manager

Please Provide the Following:

In the company's prior KUSF Docket 10-GNBT-526-KSF, the company agreed in the Stipulated Settlement Agreement (Paragraph 10), to "instruct management employees, who currently record all of their time to one account, to directly record time spent on regulated or non-regulated activities whenever possible and record the remainder of the time into a common cost account to be allocated between regulated and non-regulated operations". Please explain why all of the general manager's hours worked were recorded to only one account 6711.0100 in the test year, and no effort was taken to record any time directly to non-regulated activities.

Submitted By Ann Diggs

Submitted To Stacey Brigham

Response:

Account 6711 is subject to a rigorous allocation method, demonstrated in DR56 that ensures the general manager's time is appropriately allocated between regulated and non-regulated activities. This allocation is derived from direct reporting. If he were to code time to other accounts, it would cause "double dipping" of his time towards regulated and non-regulated activities.

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

Verification of Response

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

Signed: [signature]

Date: 7/31/19

Kansas Corporation Commission
Information Request

Request No: **86**

Company Name	GOLDEN BELT TELEPHONE ASSOCIATION.	GNBT
Docket Number	19-GNBT-505-KSF	
Request Date	August 6, 2019	
Date Information Needed	August 15, 2019	

RE: General Manager Payroll Costs

Please Provide the Following:

Regarding the response to DR 63:

(a) State how labor costs for the general manager were charged and allocated during the most recent prior docket.

(b) State the changes the company made to the way labor costs for the general manager were charged and/or allocated subsequent to the prior docket, and state the date(s) the changes were implemented and were in effect.

(c) If no changes were implemented subsequent to the prior docket, state why the company stipulated under the Settlement Agreement to directly record management time spent on regulated or non-regulated activities whenever possible, and record the remainder to a common cost account to be allocated.

(d) Explain how allocating all of the general manager's payroll costs between regulated and non-regulated operations using a proxy allocation factor derived from other employee's time "ensures the general manager's time is appropriately allocated".

Submitted By Ann Diggs
Submitted To Stacey Brigham

Response:

GM labor costs are allocated using the total employee labor activities to most accurately reflect the total company oversight duties of this position. In addition, there are limitations with the company's software that do not readily allow exceptions to time reporting allocations to be made.

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

Verification of Response

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

Signed:

Date: 8/15/19

Kansas Corporation Commission
Information Request

Request No: **87**

Company Name	GOLDEN BELT TELEPHONE ASSOCIATION.	GNBT
Docket Number	19-GNBT-505-KSF	
Request Date	August 6, 2019	
Date Information Needed	August 15, 2019	

RE: Management Agreement

Please Provide the Following:

The Management Agreement included in Section 15 of the Company's Application is dated January 1, 2019. Please provide the Management Agreement between GBTA and GBTC that was in effect during the test year.

Submitted By Ann Diggs

Submitted To Stacey Brigham

Response:

See Attached

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

Verification of Response

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

Signed: [signature]

Date: 8/15/19

GOLDENBELT TELEPHONE COMPANY, INC.

MANAGEMENT AGREEMENT

THIS AGREEMENT is entered into as of January 1, 2018, by and between GBT Communications, Inc., a Kansas company (hereinafter "GBTC"), having its principal place of business at Rush Center, Kansas, and Golden Belt Telephone Association, Inc., a Kansas corporation (hereinafter "GBTA"), having its principal place of business at Rush Center, Kansas.

RECITALS

A. GBTC is organized to provide Internet, video, and other "non-regulated" services and is certified by the State Corporate Commission of the State of Kansas to provide local and long distance telecommunications services, as well as certain information services, such as Internet access, as determined by the Federal Communications Commission.

B. GBTA is a KCC regulated and certified Telephone Company with the capability to provide management, administrative and operating services to third party telecommunications companies.

C. GBTC desires to obtain and GBTA desires to provide management, administrative, operating services and to lease joint-use assets as necessary to support its business activities.

AGREEMENTS

FOR AND IN CONSIDERATION of the mutual covenants herein, the parties agree:

1. Management and Operational Services. GBTA shall provide services to GBTC for the management and operations of GBTC's business, which shall include but not be limited to the following scope of work:

A. Assist GBTC in establishing budgets, financial analyses, pro forma estimates or projections, future investment plans and any other financial services or advisory service as requested by GBTC, including necessary documentation and analyses in support of independent financing sought by GBTC;

B. Assist GBTC in collecting, storing and disseminating data and information necessary for the administration and operation of the activities of GBTC;

C. Carry out the general management, executive functions and coordinating activities related to all business activities of GBTC, including providing executive personnel for GBTC and securing insurance policies;

D. Maintain all financial books and records of GBTC and obtain external accounting support as needed, such as an annual audit of GBTC's financial statements and records;

E. Compute and prepare statements of charges due to GBTC for services rendered by GBTC to its end user customers promptly when billing information is available to GBTA, which such statements may be included in billing statements issued by GBTA for its business purposes and with appropriate designations of GBTC services for which the latter provides;

F. Demand, collect, receive payments from GBTC customers, and negotiate payment plans, and if necessary take all appropriate legal actions to collect outstanding charges issued by GBTA pursuant to subsection E. All collections by GBTA of charges due GBTC shall be held by GBTA for the account of GBTC, remitted to GBTC or deposited in a joint account of GBTA and GBTC for GBTC's credit.

G. At GBTC's request, establish and maintain one or more bank accounts for the handling of funds of GBTC, which bank accounts may be joint accounts with GBTA provided that the funds of GBTA and GBTC shall be capable of being determined from the books and records of GBTC maintained by GBTA;

H. Prepare and file, or cause to be prepared and filed, all legal documents/forms, applications, information requests and other reports to regulatory agencies which are required of GBTC, and which may to the extent required or permitted by applicable law or in the best judgment of GBTA and GBTC be consolidated with those of GBTA, such as tax returns, authorization of service, tariffs, annual reports, etc.;

I. Provide administrative and operations personnel necessary for carrying on the business of GBTC;

J. Provide building space, office furniture and equipment adequate to conduct the activities of GBTC;

K. Any other duties reasonably requested by GBTC to which GBTA has agreed, including any duties specifically set forth in an Exhibit A to this Agreement, which Exhibit A may be modified from time to time by the parties.

Exhibit A provides the charges for services offered in this Section 1. It shall also contain any additional provisions, limitations or instructions under which the services identified in Section 1 are provided.

2. Office Management, Financial, Secretarial and Operating Personnel. GBTA shall provide office management, financial, secretarial and operating personnel to GBTC as are necessary to carry out the scope of work in a reasonable manner, as required by the laws of the State of Kansas applicable to GBTC and the policies and directions established by GBTC.

3. General Personnel Matters. GBTC recognizes that the GBTA management team and other GBTA personnel will also perform duties to carry out their responsibilities to GBTA and possibly to other organizations with which GBTA may have agreements similar to this Agreement, but GBTA shall be responsible for ensuring that the GBTA General Manager and other GBTA personnel who perform duties for GBTC under this Agreement will carry out the terms of this Agreement to the best of their abilities and that sufficient time will be devoted to carry out the scope of work. GBTA and GBTC shall discuss from time to time the amount of full-time equivalent personnel and skill levels that may be necessary to perform services for GBTC.

4. Joint-Use Facilities. GBTA, at its discretion, may make available to GBTC access and use of GBTA facilities in support of GBTC's business activities. Terms and conditions of such joint-use shall be included in a separate Exhibit to be incorporated into this Agreement. Charges for joint-use assets shall be set at market rates to the extent possible. If market rates are not readily available, then GBTA shall determine its fully distributed cost for the access and use by GBTC of the joint-use asset and make that cost the basis for its charges. Because GBTA is a regulated telephone company it is obligated to charge GBTC the higher of its fully distributed cost or reasonably determined market rates. Tariff services to which GBTC avails itself are not included in this agreement.

Exhibit B provides the charges for services offered in this Section 4. It shall also contain any additional provisions, limitations or instructions under which the services identified in Section 4 are provided.

5. Vehicle Use. GBTC, at its discretion, may make available to GBTA access and use of GBTC vehicles in support of GBTA's business activities. Terms and conditions of such use shall be included in a separate Exhibit to be incorporated into this Agreement.

Exhibit A provides the charges for services offered in this Section 5. It shall also contain any additional provisions, limitations or instructions under which the services identified in Section 5 are provided.

6. Duties of GBTC. GBTC shall provide GBTA with sufficient directions and policies for GBTA to carry out the scope of work required of it under this Agreement. The management of GBTA and GBTC shall periodically review the services to be provided by GBTA pursuant to this Agreement.

7. Records. The books, records, financial accounts and documents of GBTC shall be maintained separately and shall be the sole and private property of GBTC and shall not be commingled with the books, records, financial accounts and documents of GBTA, except for the production of consolidated financial statements and tax returns required to be filed by GBTA with various taxing jurisdictions and regulatory agencies or to be utilized by GBTA in reporting the results of its operations and financial condition to its members. The books, records and financial accounts of GBTC shall be maintained in a confidential manner subject to the provisions of this Section and applicable law.

8. Payments. For the services and facilities provided to each entity under this Agreement, each entity shall pay the amounts agreed to and presented in Exhibit A, and other Exhibits as may be incorporated herein. Payments for services rendered shall be paid at such times and manner as specified in the currently applicable Exhibit A and other Exhibits or as the parties may otherwise agree in writing. At any time the parties agree to different payment terms they shall endeavor to prepare a revised Exhibit which shall replace the Exhibit previously in effect and shall be binding on the parties after its adoption and execution by the appropriate official of each entity until replaced by a subsequent Exhibit. Each entity shall be entitled to receive charges for all costs of services and facilities provided at rates which are reasonable within the communication industry.

9. Term. This Agreement shall take effect on the effective date specified above for a one year term and shall automatically renew year to year thereafter until one GBTC notifies the GBTA in writing that this Agreement shall terminate on a date which is at least ninety (90) days after the date of the notice.

10. Independent Contractors. The parties to this Agreement are independent contractors. The personnel of GBTA who perform services under the scope of work defined herein remain, at all times, the employees of GBTA. GBTA shall be responsible for payment of all compensation of the employees, together with all applicable employee taxes, social security, FICA taxes, other payroll taxes, workers' compensation insurance, and all fringe benefits, including, without limitation, medical and other insurance and retirement programs.

11. Insurance; Bonding. The parties recognize and acknowledge that it is imperative that GBTC have adequate insurance coverage for its business operations. The parties shall mutually undertake to determine the most effective and least costly means of providing all of the customary insurance for a company engaged in the business(es) of GBTC, including casualty and liability insurance and fidelity bonds covering GBTA, its employees and agents. The amounts of insurance shall be approved by GBTC's Board. If it can be properly arranged, GBTC may be covered under policies of insurance carried by GBTA.

12. Notices. All notices to be given by one party to the other pursuant to this Agreement shall be in writing and delivered in person or mailed to the other party, postage prepaid, by certified mail at 103 Lincoln Rush Center, KS 67575, subject to

written notice of change of address to the other party. Notices shall be effective when delivered or mailed.

13. Limitation of Liability. No party shall be liable to the other for any loss, defect, or equipment failure due to the conduct of the first party, its agents, contractors or other representatives acting in the aid or concert with the latter party, except in the case of gross negligence or willful misconduct. No party shall be liable to the other for any indirect, special, consequential, incidental or punitive damages, including but not limited to the loss of anticipated profits or revenue or other economic loss in connection with or arising from anything said, omitted or done hereunder, even if the other party has been advised of the possibility of such damages.

14. WARRANTIES. EXCEPT AS OTHERWISE PROVIDED HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OF IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTYAS TO MERCHANTABILITY OR FITNESS FOR INTENDED OR PARTICULAR PURPOSE WITH RESPECT TO THE SERVICE OR ASSETS PROVIDED HEREIN. ADDITIONALLY, NEITHER PARTY ASSUMES ANY RESPONSIBILITY WITH REGARD TO THE CORRECTNESS OF DATA OR INFORMATION SUPPLIED BY THE OTHER PARTY WHEN THIS DATA OR INFORMATION IS ACCESSED AND USED BY A THIRD-PARTY.

15. Headings. The headings used in this Agreement are inserted for convenience only and constitute neither a portion of this Agreement nor in any manner affect the provisions or interpretations of this Agreement.

16. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

17. Applicable Law. This Agreement is being executed and will be performed in the State of Kansas and shall be interpreted in accordance with the laws of that State.

18. Severability. If any provisions of this Agreement shall be held to be invalid by a court of competent jurisdiction, the remainder of this Agreement shall nevertheless remain fully enforceable as if the invalid provisions were not a part of the Agreement.

IN WITNESS WHEREOF, the parties have caused this Management Agreement to be executed by its duly authorized representative as of the date first above written.

GBT Communications, Inc.	Golden Belt Telephone Association, Inc.
By: ____________	By: ____________
Beau Rebel, General Manager	Beau Rebel, General Manager
Date: 1-1-18	Date: 1-1-18

GOLDENBELT TELEPHONE COMPANY, INC.

EXHIBIT A
to
MANAGEMENT AGREEMENT
Between
GBT Communications, Inc. (GBTC) and
Golden Belt Telephone Association, Inc. (GBTA)

For services in the Management Agreement between GBTA and GBTC as specified in Sections 1, 2 and 3, GBTC shall pay the following monthly amount:

A. Management/operational services assessed as monthly cost assignments:

All GBTA employees maintain individual time sheets and shall record their time worked on GBTC activities daily, weekly, or per GBTA practice using the account codes provided by GBTC. Any and all customary overhead expenses shall be assigned to GBTC in accordance with the labor expenses associated with the time expended on GBTC activities.

Executive labor shall be directly assigned as above. An additional allocation of indirect Executive labor costs may also be allocated to GBTC based on the direct assignment of Executive labor expenses and overheads or on a periodic time analysis and review study of such direct costs.

1) GBTA Shall Provide:

a) GBTA will receive and process service requests into their billing system.
b) GBTA will receive, bill, collect, and provide inquiry for GBTC customers.
c) There is full recourse by GBTA for all uncollectible GBTC subscriber accounts.
d) GBTA will provide a monthly billing summary to GBTC.
e) GBTA will compute, bill, collect, and remit all applicable taxes in accordance with its existing procedures.
f) Each party hereby agrees that it will make no disclosure of confidential information provided under this agreement without the prior written consent of the other party.
g) All data associated with the performance of services hereunder shall be maintained by GBTA for the longer of the following periods: the retention of time required by law or regulation for maintaining tax information or the retention time currently used by GBTA for its own billing information in compliance with legal or regulatory rulings.
h) GBTC and GBTA agree that upon 30 days written notice GBTC or external auditors will be allowed to conduct an audit of GBTC's specific data subject to this agreement.
i) Both parties agree that this agreement may not be modified without the written consent of both parties.

2) GBTC is responsible for:

   a) Compensating GBTA on a monthly basis, as invoiced by GBTA at a rate of $0.70 per account.
   b) Compensations to GBTA for GBTC toll billing:

      i) GBTA will receive $0.05 per Intrastate message.
      ii) GBTA will receive $0.02 per Interstate message.

B. Vehicles.

a. Plant Operations. In support of Plant Maintenance and operations, the amount assigned to its related company will be based on its related vehicles costs in accordance with the labor identified in paragraph A above.

1. Other vehicle and work equipment expenses incurred by GBTC will be charged to GBTA at a fixed monthly rate.

   a. 2011 Ford 350 4x4 VIN: 1FD8X3HT8BEB76875
      Monthly Lease Amount: $669.00
   b. 2012 GMC 1500 4x4 VIN: 1GTR2TE7CZ171234
      Monthly Lease Amount: $495.00
   c. 2014 Chevy Impala VIN: 1G11X5SL8EU130198
      Monthly Lease Amount: $385.00
   d. Reserved
      Monthly Lease Amount: $0.00
   e. 2011 GMC 2500 VIN: 1GT22ZCGXBZ180081
      Monthly Lease Amount: $399.00
   f. 2007 Chevy One Ton Truck VIN: 1GBJK39D97E104624
      Monthly Lease Amount: $354.00
   g. 2012 GMC 1500 4x4 VIN: 1GTR2TE75CZ170508
      Monthly Lease Amount: $454.00
   h. 2015 Chevy Silverado VIN: 1GB4KYC83FF107260
      Monthly Lease Amount: $749.00
   i. 2009 Chevy 1 ton PU VIN: 1GBJK79699E100990
      Monthly Lease Amount: $227.00
   j. 2012 GMC 1500 4x4 VIN: 1GTR2TE70CZ167323
      Monthly Lease Amount: $371.00
   k. Reserved
      Monthly Lease Amount: $0.00
   l. 2015 Chevy Silverado VIN: 1GCVKPECXFZ176425
      Monthly Lease Amount: $501.50
   m. 2011 Ford 350 4x4 VIN: 1FD8X3HT8BEB76876
      Monthly Lease Amount: $440.00

GOLDENBELT TELEPHONE COMPANY, INC.

n. Reserved
   Monthly Lease Amount: $0.00
o. 2012 Chevy Silverado 4wd VIN: 1GCRKPE75DZ185874
   Monthly Lease Amount: $588.00
p. 2015 Chevy Silverado VIN: 1GCVKPEC5FZ76736
   Monthly Lease Amount: $53.00
q. 2012 GMC 1500 4x4 VIN: 1GTR2TE79CZ155946
   Monthly Lease Amount: $494.00
r. 2015 Chevy Impala VIN: 2G11X5SLXF9141914
   Monthly Lease Amount: $367.00
s. 1984 Belshee Trailer VIN: T4014OLBKW8G00
   Monthly Lease Amount: $53.00
t. 2016 Chevy Silverado 1500 VIN: 1GCVKNEC1GZ179249
   Monthly Lease Amount: $891.00
u. 2016 Chevy Silverado 1500 VIN: 1GCVKNEC5GZ179514
   Monthly Lease Amount: $891.00
v. 2015 GMC Cargo Van VIN: 1GTW7FCF0F901123
   Monthly Lease Amount: $519.00

The parties agree to review the charges established above in this Exhibit A annually and at any time when and if additional personnel and services are required to carry out the needs of GBTC.

GBT Communications, Inc.

By: ______________________
Beau Rebel, General Manager

Golden Belt Telephone Association, Inc.

By: ______________________
Beau Rebel, General Manager

EXHIBIT B
To
MANAGEMENT AGREEMENT
between
GBT Communications, Inc. and
Golden Belt Telephone Association, Inc.

Joint-Use Facilities

Pursuant to the Management Agreement between GBT Communications, Inc. (GBTC) and Golden Belt Telephone Association, Inc. (GBTA), and in accordance with Section 4 of the Agreement, the parties establish the following additional terms and conditions to be incorporated into the Agreement.

Whereas, GBTA operates and maintains any facility in its territory; and
Whereas GBTC desires to lease a portion of the GBTA facilities for its individual use and benefit;

Now, therefore, in consideration of the terms and conditions specified below, and by incorporation of them into the Management Agreement to which this Exhibit B is attached, the parties agree as follows:

A. GBTA shall provide for switching:

1) GBTC, and its representatives, the switching process of interconnecting circuits to form a transmission path between users. The process may be conducted using a wide range of technologies and may include a number of peripheral functions.

GBTC is responsible for:

1) Compensating GBTA on a monthly basis, as invoiced by GBTA at a rate of $0.26 per access line.

B. GBTA shall provide for floor space, power and maintenance:

1. GBTA will furnish to GBTC the following services and facilities at the rate shown below in connection with the following equipment: Laser, Power Supplies, Amplifiers, Splitters, Inserters and Rack, owned by GBTC and installed in GBTA's Central Office quarters.
2. GBTA will furnish floor space and power for GBTC equipment. This floor space and power are for the operation of the above mentioned equipment.
3. This agreement shall not bind GBTA to furnishing additional space or power if, in GBTA opinion, such additions may be detrimental to GBTA's telephone operations, or in GBTA's opinion, there is a simple not additional space available for rent. Nor shall this agreement be modified or amended unless such

modification or amendment is in writing and executed with the same formality as this original agreement.

4. Neither GBTA nor GBTC shall have the right to assign its rights or obligations under this agreement without the express prior written consent of the other party.

GBTC shall utilize floor space, power, and maintenance:

1) GBTC shall have access at all reasonable times to the exchanges or offices of GBTA for the purpose of inspecting, repairing or removing its equipment described herein, and such access shall be controlled by GBTA. Access during GBTA's normal business hours may be obtained by entry of GBTC's personnel through GBTA's premises without advance notification. Access at hours during which GBTA does not normally staff its Central Office may be arranged only through advance notice to GBTA's management employees. Direct access without GBTA's employees being present shall not be permitted under this agreement unless GBTA gives such permission to GBTC in writing.
2) GBTC hereby agrees to indemnify and hold GBTA harmless from any damages, claims or causes of action which may arise during the term of this lease as a result of any action or negligence by GBTC, its agent, servants or employees, and to pay all reasonable costs and expenses, including but not limited to attorney's fees and court costs.
3) GBTC shall provide, on a form satisfactory to GBTA, evidence of insurance coverage in a minimum amount of $2,000,000 per occurrence, for personal injury, property damage, and business disruption caused by GBTC's personnel.
4) GBTC shall be responsible for all insurance coverage on any equipment housed in GBTA's Central Office.
5) GBTC shall be responsible for the payment of all personal property taxes attributable to GBTC's property and shall hold GBTA harmless from the payment thereof.

C. GBTC shall provide office space at the two locations listed below:

1. GBTC leases Boffice space located at 114 West Main Street Ness City, KS 67560.
2. GBTC leases office space located at 101 West 9th Street Ellis, KS 67637.
3. GBTC leases warehouse space located in Rush Center, KS 67575.

GBTA is responsible for:

1) Compensating GBTC on a monthly basis, $688.67 for the Ness City location, $931.58 for the Ellis location, and $2,162.62 for the Rush Center location for the rent of the office and/or warehouse space provided.
2) GBTA hereby agrees to indemnify and hold GBTC harmless from any damages, claims or causes of action which may arise during the term of this lease as a result of any action or negligence by GBTA, its agent, servants or employees, and to

pay all reasonable costs and expenses, including but not limited to attorney's fees and court costs.

3) GBTA shall provide, on a form satisfactory to GBTC, evidence of insurance coverage in a minimum amount of $2,000,000 per occurrence, for personal injury, property damage, and business disruption caused by GBTA's personnel.
4) GBTA shall be responsible for all insurance coverage on any equipment housed in GBTC's office space.

D. GBTC to provide wind tower generated power:

1) GBTC will shall maintain and provide KWH for power consumption for use.
2) The rate of $.129827 per KWH will be utilized for monthly billing purposes.
3) Of the monthly bill, the cost will be allocated by 19.93% to GBTC and 80.07% to GBTA for monthly consumption.

The term of this agreement shall run concurrent with the Management Agreement to which it is attached. Either party may terminate the specific agreement embodied in this Exhibit B upon 90 days written notice.

Either party shall have the right to assign its rights, duties and obligations herein to an affiliate company of either company without the consent of the other party, but only upon 90 days notice.

GBT Communications, Inc.

By: ______________________
Beau Rebel, General Manager

Golden Belt Telephone Association, Inc.

By: ______________________
Beau Rebel, General Manager

VERIFICATION

STATE OF NORTH CAROLINA)
) ss.
COUNTY OF NEW HANOVER)

Ann Diggs, being duly sworn upon her oath deposes and states that she is a Consultant for the Kansas Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Direct Testimony,* and that the statements contained therein are true and correct to the best of her knowledge, information and belief.

Ann Diggs
Ann Diggs
Consultant for Staff
Kansas Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 10 day of October, 2019.

Kathleen M Weidle
Notary Public

My Appointment Expires: 6/13/2024

KATHLEEN M WEIDLE
Notary Public
New Hanover Co., North Carolina
My Commission Expires June 13, 2024

CERTIFICATE OF SERVICE

19-GNBT-505-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 11th day of October, 2019, to the following:

BEAU REBEL, GENERAL MANAGER
GOLDEN BELT TELEPHONE ASSOCIATION.
103 LINCOLN ST
PO BOX 229
RUSH CENTER, KS 67575
Fax: 785-372-4210
brebel@gbtlive.com

DENNIS C SMITH
GVNW CONSULTING, INC.
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
Fax: 719-594-5803
dsmith@gvnw.com

COLLEEN JAMISON
JAMISON LAW, LLC
P O BOX 128
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