

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

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

REDACTED

**DIRECT TESTIMONY
PREPARED BY
KATIE L. FIGGS
UTILITIES DIVISION
KANSAS CORPORATION COMMISSION
February 22, 2024**

1 **Table of Contents**

2 **I. INTRODUCTION** 2

3 **II. OVERVIEW**..... 5

4 **III. ANALYSIS** 7

5 **IV. STAFF ACCOUNTING SCHEDULES**..... 9

6 **V. RATE BASE ADJUSTMENTS** 11

7 **A. PLANT-IN-SERVICE** 11

8 **B. ACCUMULATED DEPRECIATION**..... 12

9 **C. TELEPHONE PLANT UNDER CONSTRUCTION** 13

10 **D. CASH WORKING CAPITAL** 14

11 **VI. INCOME STATEMENT ADJUSTMENTS**..... 15

12 **A. DEPRECIATION EXPENSE** 15

13 **B. PAYROLL EXPENSE**..... 16

14 **C. EMPLOYEE BENEFIT AND PAYROLL TAX EXPENSE** 18

15 **D. INTEREST EXPENSE** 18

16 **E. INCOME TAXES**..... 19

17 **VII. SUMMARY OF EXHIBITS** 20

18
19
20
21
22
23
24
25
26
27

1 **I. INTRODUCTION**

2
3 **Q. Would you please state your name and business address?**

4 A. My name is Katie L. Figgs. My business address is 1500 Southwest Arrowhead Road,
5 Topeka, Kansas, 66604.
6

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

8 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as a
9 Managing Auditor.
10

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

12 A. I received a Bachelor's of Business Administration with an emphasis in Accounting from
13 Washburn University in May of 2011. I began employment with the Commission as a
14 Regulatory Auditor in August 2012, and was promoted to my current position in August
15 2020.
16

17 **Q. Have you ever testified before the Commission?**

18 A. Yes. I have filed testimony before the Commission in Docket Nos. 12-LHPT-875-AUD,
19 13-JBNT-437-KSF, 13-PLTT-678-KSF, 14-ATMG-320-RTS, 14-S&TT-525-KSF, 15-
20 MRGT-097-AUD, 15-WSEE-115-RTS, 15-TWVT-213-AUD, 16-ATMG-079-RTS, 17-
21 RNBT-555-KSF, 18-WSEE-328-RTS, 18-KGSG-560-RTS, 19-EPDE-223-RTS, 19-
22 GNBT-505-KSF, 20-UTAT-032-KSF, 20-BLVT-218-KSF, 22-CRKT-087-KSF, 22-
23 COST-546-KSF, and 23-EKCE-775-RTS.

1 **Q. What were your responsibilities in the review of Totah Communications, Inc.'s**
2 **(Applicant or Totah) October 18, 2023, Application?**

3 A. My responsibilities as the lead auditor in this case were to analyze, audit, and review
4 Totah's filing before the Commission to determine its cost-based Kansas Universal
5 Service Fund (KUSF) support to reflect its current revenue requirement and business
6 circumstances. I reviewed the Company's filing, requested and analyzed additional
7 information, and participated in an on-site review at the Company's headquarters in
8 Ochelata, Oklahoma, to inspect records, tour the Company's facilities, and to confer with
9 Totah's management and consultants. In addition, I calculated and am sponsoring
10 selected Staff adjustments to Totah's Pro Forma Rate Base and Income Statement, as
11 well as Staff's schedules. My duties were carried out under the direction of the Deputy
12 Chief of Revenue Requirements, Cost of Service, and Finance, Andria Jackson, and the
13 Chief of Revenue Requirements, Cost of Service, and Finance, Justin Grady.

14
15 **Q. What is the purpose of your testimony in this proceeding?**

16 A. The purpose of my testimony is to sponsor adjustments and schedules based on Staff's
17 review of Totah's Application. My testimony will be presented in the following manner:

- 18 ▪ Overview
- 19 ▪ Background
- 20 ▪ Staff Accounting Schedules
- 21 ▪ Rate Base Adjustments
- 22 ▪ Income Statement Adjustments

1 **Q. Please provide the list of Staff witnesses and a brief description of the testimony they**
2 **are sponsoring.**

3 A. Daniel Buller: Mr. Buller sponsors testimony related to various income statement
4 adjustments including KUSF support, audit expense, property taxes, dues, legal services
5 expenses, Board of Directors expenses, and travel and training expenses.

6 Adam Gatewood: Mr. Gatewood sponsors testimony related to capital structure, cost of
7 long term debt, and return on equity.

8 Roxie McCullar: Ms. McCullar sponsors testimony related to the Federal
9 Communications Commission’s separations process and the application of Federal
10 Alternative Connect America Cost Model (“A-CAM”) support.

11

12 **Q. How is the rest of your testimony organized?**

13 A. The remainder of my testimony is organized as follows:

14 **Overview** – I provide an overview, which presents a background of Totah’s operations
15 and the components of its KUSF filing.

16 **Analysis** – I discuss Staff’s revenue requirement analysis. I also present a table of Staff’s
17 adjustments to the pro forma rate base and income statement.

18 **Staff Schedules** – I describe Staff’s accounting schedules detailing the elements of
19 Staff’s proposed revenue requirement.

20 **Rate Base Adjustments**- I discuss Staff’s Adjustments to Plant in Service, Accumulated
21 Depreciation, Telephone Plant Under Construction (TPUC), and Cash Working Capital,
22 and the effect they have on the Company’s Rate Base.

1 **Income Statement Adjustments-** I discuss Staff's Adjustments to Depreciation
2 Expense, Payroll Expense, Employee Benefit & Payroll Tax Expense, Interest Expense,
3 and the effect they have on the Company's Income Statement.
4

5 **II. OVERVIEW**
6

7 **Q. Please provide an overview of Totah's corporate structure.**

8 A. Totah Communications, Inc. is an Oklahoma corporation holding one or more
9 Certificates of Convenience and Authority to engage in the business of providing local
10 exchange and exchange access telecommunications service within the State of Kansas.
11 Totah provides local exchange telecommunication service, as the carrier of last resort,
12 serving approximately 472 access lines in southeastern Kansas, including the local
13 exchange areas of Elgin, Elk City, Havana, Hewins, Liberty, and Tyro, Kansas.
14 In Docket No. 98-GIMT-241-GIT, the Commission approved the Order dated December
15 5, 1997, designating Totah Telephone Company an Eligible Telecommunications Carrier.
16 The change of name from Totah Telephone Company to Totah Communications, Inc.,
17 was subsequently approved by the Commission by Order dated January 26, 2005.¹ Totah
18 Communications, Inc. (previously Totah Telephone Company) continues to serve under
19 traditional rate of return regulation as the incumbent local exchange carrier, and as carrier
20 of last resort for telecommunications customers within its designated service area
21 pursuant to K.S.A. 66-2009.
22

¹ Docket No. 05-TTHT-567-CCN.

1 **Q. How do Totah’s local rates compare to other Local Exchange Carriers (LEC) in the**
2 **area?**

3 A. The chart below illustrates that the residential and business rates for Totah are relatively
4 comparable to the other LECs in the area.

Company	Residential	Business
Totah	\$18.85	\$18.85
South Central	\$18.65	\$21.50
Kan-Okla	\$18.50	\$21.50
LaHarpe	\$18.65	\$20.75
Madison	\$18.65	\$21.50

5
6 **Q. Has the Commission previously audited Totah to determine its appropriate, cost-**
7 **based level of KUSF?**

8 A. Yes. Totah filed an Application for additional support from the KUSF in Docket No. 05-
9 TTHT-895-AUD (05-895 Docket). The test year in the 05-895 Docket was the period
10 ending December 31, 2004, and was adjusted for known and measurable changes. Totah
11 is currently requesting to increase its level of KUSF support to \$827,051 from its current
12 level of \$199,589² per year, an increase of \$627,462 per year.³

13
14
15

² See October 18, 2023, Application, Section 3, Schedule 1.

³ The level of KUSF recorded in the test year in the amount of \$199,589 differs from Totah’s current KUSF draw as of December 1, 2023, which is \$206,678, due to proration (Docket No. 24-GIMT-229-GIT).

1 **Q. What test year did Totah use in its Application in this proceeding?**

2 A. Totah used a test year ending December 31, 2022, with cost study and pro forma
3 adjustments to revenues, expenses, and plant in service to capture pro forma changes.

4 **III. ANALYSIS**

5

6 **Q. What is Staff's proposed level of cost-based KUSF support after incorporating
7 Staff's adjustments to the Company's filed position?**

8 A. The total effect of Staff's recommended adjustments results in an intrastate revenue
9 increase of \$261,943 and an equal increase to the Company's current KUSF support.
10 Therefore, Staff recommends the Commission set Totah's KUSF draw to \$461,532.
11 Below is a chart comparing the Company's filed position and Staff's recommendation for
12 net intrastate rate base, requested rate of return on assets, pro forma intrastate income,
13 and the level of KUSF support.

14

Description	Totah	Staff
Net Intrastate Rate Base	\$5,535,006	\$3,720,826
Rate of Return	9.75%	6.98%
Income (Loss)	\$452,805	\$259,659
Change in KUSF Support	\$627,462	\$261,943

15

16 **Q. Please summarize the adjustments Staff is proposing in this Docket.**

17 A. The following table presents a summarized list of Staff's adjustments, witnesses, and the
18 effect of the adjustments on Rate Base or Operating Income. For the Income Statement

1 Adjustments presented in the table below, an increase in operating income results in a
 2 reduction of the revenue requirement, and vice versa. For instance, Staff’s Adjustment
 3 No. IS-2 increases depreciation expense by \$292,402, which decreases operating income
 4 by the same amount, and increases the revenue requirement accordingly.

5

Adj No.	Witness	Description	Amount
RB-1	Katie Figgs	Update Plant in Service	(\$2,383,354)
RB-2	Katie Figgs	Update Accumulated Depreciation	(643,527)
RB-3	Katie Figgs	Telephone Plant Under Construction	(133,058)
RB-4	Katie Figgs	Cash Working Capital	(4,245)
IS-1	Roxie McCullar	A-CAM	63,828
IS-2	Katie Figgs	Depreciation Expense	(292,402)
IS-3	Katie Figgs	Payroll Expense	12,439
IS-4	Katie Figgs	Employee Benefit & Payroll Tax Expense	1,614
IS-5	Daniel Buller	KUSF	7,089
IS-6	Daniel Buller	Audit Expense	12,010
IS-7	Daniel Buller	Property Tax Expense	18,391
IS-8	Daniel Buller	Dues	270
IS-9	Daniel Buller	Legal Services	1,424
IS-10	Daniel Buller	Board of Directors Expense	28,166
IS-11	Daniel Buller	Travel & Training Expense	6,679
IS-12	Katie Figgs	Interest Expense	77,399
IS-13	Katie Figgs	Income Tax Expense	16,434

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

IV. STAFF ACCOUNTING SCHEDULES

Q. Are you sponsoring Staff accounting schedules?

A. Yes.

Q. Please summarize how Staff’s accounting schedules are organized.

A. Summary schedules are presented first, with the schedules showing the derivation of the recommended adjustments following. The elements comprising the proposed revenue requirements are summarized on Staff Schedule REV REQ. Staff’s proposed rate base is sourced from Staff Schedule A-1, Staff Adjusted and Pro Forma Rate Base. Similarly, Staff’s adjusted Net Operating Income Recommendations are sourced from Staff Schedule B-1, Staff Adjusted and Pro Forma Operating Income Statement. Staff’s cost of capital recommendation is set forth on Staff Schedule C-1, Capital Structure. The Schedules are organized as follows:

- REV REQ lists individual components of Staff’s pro forma revenue requirement calculation, delineated between total company, interstate, and intrastate.
- A-1 shows Test Year Rate Base, as adjusted by the Company and Staff, on a total company basis, interstate/intrastate separations factors, and amounts allocated to the intrastate jurisdiction.
- A-2 lists Staff’s individual adjustments to the Company’s pro forma test year rate base.

- 1 ▪ A-3 calculates Cash Working Capital (CWC), as adjusted by the Company
- 2 and Staff.
- 3 ▪ A-4 contains an explanation of Staff’s rate base adjustments.
- 4 ▪ B-1 contains the test year income statement, as adjusted by the Company and
- 5 Staff, delineated on a total-company basis, separations factors, and amounts
- 6 allocated to the intrastate jurisdiction.
- 7 ▪ B-2 lists Staff’s individual adjustments to the Company’s pro forma test year
- 8 income statement.
- 9 ▪ B-3 contains an explanation of Staff’s adjustments to the income statement.
- 10 ▪ B-4-1 shows the calculation of the Company’s interest expense.
- 11 ▪ C-1 shows the Company’s test year and Staff adjusted capital structure.
- 12 ▪ C-2 lists Staff’s individual adjustments to the Company’s pro forma capital
- 13 structure.
- 14 ▪ C-3 contains an explanation of Staff’s adjustment to the capital structure.

15

16 **Q. Are Staff’s adjustments allocated to the interstate and intrastate jurisdictions prior**
17 **to inclusion in Staff’s schedules?**

18 A. No. Staff calculated its adjustments on a total company basis, with the adjustments
19 allocated between the interstate and intrastate jurisdictions, based on separations factors.
20 Some amounts, such as audit expense, are directly assigned to the appropriate
21 jurisdiction. Staff witness Roxie McCullar sponsors testimony regarding the review of
22 Totah’s separations study.

23

1 **Q. Does Staff's KUSF revenue requirement increase calculation match Totah's**
2 **calculation, prior to Staff making any accounting adjustments?**

3 A. No. Staff's calculation of Totah's Intrastate KUSF revenue requirement increase
4 amounts to: \$564,172 compared to Totah's requested \$627,462. The revenue
5 requirement calculation in Staff's schedules differs from Totah's requested amount due to
6 Totah's calculations containing the following errors:

- 7 • Totah included interest expense in the operating income statement as a
8 reduction to operating income (an increase to the revenue requirement). This
9 is incorrect and acts to double count Totah's interest expense. Interest
10 expense is calculated in Staff's accounting schedules as a component of the
11 Weighted Average Cost of Capital (WACC) on Schedule C-1. Because
12 interest expense is a component of the WACC, it would be inappropriate to
13 also include interest in the operating income statement;

- 14 • Totah's calculation of cash working capital and income taxes uses incorrect and
15 non-synchronized interest expense. Staff's calculation of cash working capital
16 and income taxes uses the appropriate amount of interest expense, as
17 synchronized using the WACC and Staff's adjusted Rate Base.

18
19 **V. RATE BASE ADJUSTMENTS**

20
21 **A. PLANT-IN-SERVICE**

22
23 **Q. Please begin by discussing Staff Adjustment No. 1 to Rate Base.**

1 A. Staff Adjustment No. 1 (RB-1) decreases Totah’s Rate Base by \$2,383,354 on a total
2 company basis or \$1,393,559 on an intrastate basis.⁴ Staff’s adjustment updates the
3 Company’s plant balances included in the Application through September 30, 2023.
4 Staff contends that it is appropriate to update this amount to ensure that Totah’s plant
5 balances reflect the most updated ongoing investment available, thus more accurately
6 calculating Totah’s cost of universal service. This ensures that Totah has an opportunity
7 to earn a ‘return on’ and a ‘return of’ plant that is currently being utilized to provide
8 regulated telecommunications services, while ensuring that the Company does not
9 continue to earn a return on or of plant that is no longer in service.

10

11 **B. ACCUMULATED DEPRECIATION**

12

13 **Q. Please continue by discussing Staff Adjustment No. 2 to the Rate Base.**

14 A. Staff Adjustment No. 2 (RB-2) decreases Totah’s Rate Base by reflecting the increase in
15 the accumulated depreciation account by \$643,527 on a total company basis or \$341,801
16 on an intrastate basis.⁵ This adjustment updates accumulated depreciation through
17 September 30, 2023. This approach corresponds with the time period through which
18 Staff updated plant balances in Adjustment RB-1 and is necessary for the synchronization
19 of plant in service balances with accumulated depreciation. Updating accumulated
20 depreciation ensures the proper amount of capital that has been returned to Totah is
21 recognized and, therefore, a ‘return on’ is no longer needed.

22

⁴ See Exhibit KLF-1 and KLF-1a.

⁵ See Exhibit KLF-2 and KLF-2a.

1 **C. TELEPHONE PLANT UNDER CONSTRUCTION**

2
3 **Q. Please continue by discussing Staff Adjustment No. 3 to the Rate Base.**

4 A. Staff Adjustment No. 3 (RB-3) decreases Totah's Rate Base by \$133,058 on a total
5 company basis or \$73,327 on an intrastate basis.⁶ Staff's Adjustment removes the balance
6 of Telephone Plant Under Construction (TPUC) included in Totah's Application.

7
8 **Q. Please provide an explanation of how TPUC has been treated in previous KUSF**
9 **Applications.**

10 A. TPUC are costs incurred during the construction of a company's plant. These costs remain
11 in TPUC during the construction period and are not transferred to a company's depreciable
12 plant until construction is complete. In recent base rate cases, Staff has made adjustments
13 to a utility's construction work in progress (CWIP), similar to TPUC, balance in
14 accordance with K.S.A. 66-128, which states:

15 “(b)(1) For the purposes of this act, except as provided by subsection (b)(2),
16 property of any public utility which has not been completed and dedicated to
17 commercial service shall not be deemed to be used and require to be used in the
18 public utility's service to the public. (2) Any public utility property described in
19 subsection (b)(1) shall be deemed to be completed and dedicated to commercial
20 service if: (A) Construction of the property will be commenced and completed in
21 one year or less; (B) the property is an electric generation facility that converts
22 wind, solar, biomass, landfill gas or any other renewable source of energy; (C) the
23 property is an electric generation facility or addition to an electric generation
24 facility; or (D) the property is an electric transmission line, including all towers,
25 poles and other necessary appurtenances to such lines, which will be connected to
26 an electric generation facility.”
27

⁶ See Exhibit KLF-3.

1 In accordance with the statute above, Staff removes CWIP, or TPUC, that is not in service
2 12 months after the end of the test year. In this case, that means no TPUC shall be included
3 for KUSF support.

4
5 **D. CASH WORKING CAPITAL**

6
7 **Q. Please discuss Staff's proposed adjustment to Cash Working Capital (CWC).**

8 A. Staff Adjustment No. 4 (RB-4) to Rate Base decreases total company CWC by \$4,245
9 and directly assigns to intrastate operations a CWC level of \$65,580.⁷ This adjustment
10 computes a CWC allowance using Staff's adjusted expense amounts and the standard
11 allowance method (SAM). This adjustment is shown on Schedule A-3 of the Staff
12 Accounting Schedules.

13 While CWC is usually calculated using a lead-lag study, Staff's calculation is based on
14 the 15-day standard allowance method. This methodology is consistent with the
15 Commission Order in Docket No. 01-SNKT-554-AUD (01-554 Docket), in which the
16 Commission stated that, while it prefers an individualized company lead-lag study, it
17 recognizes that such a study could be cost prohibitive to some companies. The
18 Commission also concluded that if a company uses the SAM to calculate CWC in its
19 filings with the Federal Communications Commission (FCC) and National Exchange
20 Carriers Association (NECA), the Commission will accept a company's use of the SAM
21 in these KUSF audits.⁸ Through discovery, Staff was able to verify that Totah utilizes

⁷ Staff's adjustment decreases Totah's CWC balance of \$69,825 by \$4,245, resulting in a total CWC balance of \$65,580. Of that amount, \$29,186 is then allocated to intrastate operations.

⁸ *Order Setting Revenue Requirements*, 01-544 Docket, p. 25, ¶ 62 (Sept. 11, 2001).

1 the SAM to calculate CWC in its filings with the FCC and NECA. Therefore, consistent
2 with the Commission's Order in the 01-544 Docket, Staff's adjustment also utilizes the
3 same methodology in its CWC calculation.

4 Additionally, the Commission stated: "The Commission will not routinely adopt an
5 adjustment to the Standard Allowance Method, proposed either by the company or by
6 Staff, unless it reflects a factual circumstance of that company that has a material impact
7 on its CWC need and that is not otherwise captured in the methodology."

8
9 **Q. Will the CWC requirement need to be updated if Staff's adjusted income statement**
10 **changes?**

11 A. Yes. Any Commission decision that results in changes to Staff's adjusted income
12 statement will also result in a change to Totah's CWC requirements.

13
14 **VI. INCOME STATEMENT ADJUSTMENTS**

15
16 **A. DEPRECIATION EXPENSE**

17
18 **Q. Please continue by discussing Staff Adjustment No. 2 to the Income Statement.**

19 A. Staff Adjustment No. 2 (IS-2) increases Totah's depreciation expense by \$292,402 on a
20 total company basis or \$149,073 on an intrastate basis.⁹ Staff calculates depreciation
21 expense on a going-forward basis based upon the plant account balances of Totah's
22 depreciable assets and accumulated depreciation reflected in Adjustment Nos. RB-1 and

⁹ See Exhibit KLF-4 and KLF-4a.

1 RB-2. Staff multiplied its adjusted net depreciable plant balances by Totah's
2 Commission-approved depreciation rates to yield an updated annualized depreciation
3 expense for each plant account. Staff's annualized regulated depreciation expense is then
4 compared against Totah's annualized depreciation expense, with the difference being
5 Staff's adjustment. Staff's calculations are detailed on Exhibit KLF-3 and 3a. This
6 adjustment may change with any changes in the plant in service and accumulated
7 depreciation balances.

8
9 **B. PAYROLL EXPENSE**

10
11 **Q. Please continue by discussing Staff Adjustment No. 3 to the Income Statement.**

12 A. Staff Adjustment No. 3 (IS-3) decreases Totah's payroll expense by \$12,439 on a total
13 company basis or \$4,392 on an intrastate basis.¹⁰ Staff normalized test year payroll using
14 current salary information, and utilized current labor distribution, from the pay period of
15 January 2023 through August 2023. Staff's total payroll adjustment was then calculated
16 from the difference between the account distributed pro forma wages and the actual,
17 account distributed wages recorded in the 2022 test year. The factor contributing most to
18 Staff's pro forma payroll expense are several open positions that had not been filled as of
19 August 2023.

20 Staff contends that annualizing actual wages from January 2023 through August 2023, is
21 appropriate to establish the Company's most current level of overtime, position levels,
22 and plant and construction activities on a going-forward basis.

¹⁰ See Exhibit KLF-5 through KLF-5c.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

Q. Does Staff have additional information regarding the reasonableness of the Company’s labor expenses?

A. Yes. Staff prepared a comparative analysis of Totah’s employee compensation to other similarly-sized phone companies. Staff’s analysis is presented as confidential work papers included in Staff Exhibits KLF-5d and KLF-5e.

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

A. No, Staff has prepared the comparative 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 2022 NTCA Compensation + Benefits Report utilizes salaries in effect as of January 2022. Therefore, Staff used Totah salaries that went into effect July 1, 2021, to compare to the report. Staff’s analysis shows that 16 out of the 17 Totah employees that allocate time to the regulated side of the business, are below or within the 2022 NTCA Compensation + Benefits Report’s midrange. The one employee whose salary exceeded the 75th percentile has been with the Company since 1997, and is approaching retirement. The successor of this position most likely won’t possess the years of experience or history with the Company, therefore won’t be compensated in the same degree. Consequently, Staff contends that Totah employees are compensated fairly and within a reasonable range to provide Universal service.

1 **C. EMPLOYEE BENEFIT AND PAYROLL TAX EXPENSE**

2

3 **Q. Please continue by discussing Staff Adjustment No. 4 to the Income Statement.**

4 A. Staff Adjustment No. 4 (IS-4) decreases Totah's employee benefit and payroll tax
5 expense by \$1,613 on a total company basis or decreases \$829 on an intrastate basis.¹¹
6 Staff's adjustment updates the Company's current employee benefit and payroll tax
7 expenses, including group health plans, long-term care, dental, vision, life insurance,
8 short-term and long-term disability, as well as FICA and Medicare payroll taxes. Staff
9 utilized the updated labor distribution calculated in Staff Exhibit KLF-5a to allocate these
10 expenses.

11

12 **D. INTEREST EXPENSE**

13

14 **Q. Please continue by discussing Staff Adjustment No. 12 to the Income Statement.**

15 A. Staff Adjustment No. 12 (IS-12) decreases Totah's interest expense by \$77,399 on a total
16 company basis or \$44,767 on an intrastate basis.¹² Staff's adjustment removes the interest
17 expense recorded in the test year. Since interest expense is included as a deduction for
18 income tax purposes, and is included in Staff's weighted average cost of capital, which is
19 applied to rate base to determine the appropriate operating income, it is not appropriate to
20 also include it as an expense in the income statement.

21

22 **Q. Do Staff schedules include an interest expense calculation?**

¹¹ See Exhibit KLF-6 through KLF-6d.

¹² See exhibit KLF-7.

1 A. Yes, Staff's schedule B-4 and B-4-1 include the proper calculation of interest expense for
2 income tax purposes.

3

4 **E. INCOME TAXES**

5

6 **Q. Please continue by discussing Staff Adjustment No. 13 to the Income Statement.**

7 A. Staff Adjustment No. 13 (IS-13) decreases Totah's total company federal and state income
8 taxes by \$16,434 and directly assigns to intrastate operations federal and state income taxes
9 level of \$22,212.

10

11 **Q. Will the federal and state income taxes need to be updated if the Commission makes
12 any changes to Staff's schedules?**

13 A. Yes. Staff's adjustment synchronizes income taxes with all of the other adjustment to the
14 rate base and income statement. If there are any revisions to Staff's other accounting
15 adjustments, then this adjustment will need to be revised as well.

16

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

18 A. Yes, thank you.

19

20

21

22

VII. SUMMARY OF EXHIBITS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

<u>Exhibit No.</u>	<u>Description</u>
KLF-1	Work paper for Plant in Service Adjustment
KLF -1a	Work paper for calculation of Staff Plant in Service Adjustment
KLF-2	Work paper for Accumulated Depreciation Adjustment
KLF-2a	Work paper for calculation of Staff Accumulated Depreciation Adjustment
KLF-3	Work paper for Telephone Plant Under Construction
KLF-4	Work paper for Depreciation Expense Adjustment
KLF-4a	Detail paper for Depreciation Expense Adjustment
KLF-5	Work paper for Payroll Expense Adjustment
KLF-5a	Summary for Payroll Expense Adjustment
KLF-5b	Detail paper for Updated Labor Distribution - CONFIDENTIAL
KLF-5c	Detail paper for Test Year Labor Distribution - CONFIDENTIAL
KLF-5d	Payroll Analysis - CONFIDENTIAL
KLF-5e	Salary + Bonus Comparison by Position - CONFIDENTIAL
KLF-6	Work paper for Employee Benefit & Payroll Tax Expense Adjustment
KLF-6a	Employee Benefit & Payroll Tax Expense Adjustment Distribution
KLF-6b	Summary for Employee Benefit & Payroll Tax Expense Adjustment
KLF-6c	Detail paper for Employee Benefit Expense Adjustment
KLF-6d	Detail paper for Payroll Tax Expense Adjustment
KLF-7	Work paper for Interest Expense Adjustment

Totah Communications, Inc.
 Plant in Service
 Rate Base Adjustment No. 1
 Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
 Exhibit KLF-1

Line No.	Acct	Description	Staff Adjustment to Update Plant Balance	Staff Regulated Percentage	Staff Regulated Plant Adjustment	Intrastate Separations	Intrastate Adjustment
1	2123.000	Office Equipment	(1,285)	100%	(1,285)	0.551088	(708)
2	2232.000	Circuit Equipment	(48,917)	100%	(48,917)	0.381410	(18,657)
3	2423.000	Buried Cable	(2,333,152)	100%	(2,333,152)	0.588986	(1,374,194)
4			<u>\$ (2,383,354)</u>		<u>\$ (2,383,354)</u>		<u>\$ (1,393,559)</u>

Source: Exhibit KLF-1a

Totah Communications, Inc.
Plant in Service
Rate Base Adjustment No. 1
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-1a

Line No.	Acct	Description	(A) Plant Book Balance Per Application	(B) Company Cost Study Adjustments	(C) Company Normalizing Adjustments	(D) Company Normalized Balance	(E) Trial Balance as of September 30, 2023	(F) Staff Adjustment to Plant Balance	(G) Staff Adjusted Plant Balance
						(a) + (b) + (c)		(e) - [(a) + (c)]	(d) + (f)
General Support Assets									
1	2111.000	Land	11,688	(168)	-	11,520	11,688	0	11,520
2	2112.000	Motor Vehicles	-	-	-	-	-	-	-
3	2115.000	Garage Work Equipment	-	-	-	-	-	-	-
4	2116.000	Other Work Equipment	52,668	-	-	52,668	52,668	(0)	52,668
5	2121.000	Buildings	228,911	(3,289)	-	225,622	228,911	(0)	225,622
6	2122.000	Furniture	-	-	-	-	-	-	-
7	2123.000	Office Equipment	21,780	-	-	21,780	20,495	(1,285)	20,495
8	2124.000	General Purpose Computers	-	-	-	-	-	-	-
9		Total General Support Facilities	315,047	(3,457)	-	311,590	313,762	(1,285)	310,305
Central Office Assets									
10	2210.000	Digital Electric Switching Equipment	728,006	(165,069)	-	562,937	728,006	0	562,937
11	2232.000	Circuit Equipment	2,124,170	162,735	32,000	2,318,905	2,107,253	(48,917)	2,269,988
12		Total Central Office Equipment	2,852,176	(2,334)	32,000	2,881,842	2,835,260	(48,916)	2,832,926
Cable & Wire Facilities Assets									
13	2411.000	Poles	-	-	-	-	-	-	-
14	2421.000	Aerial Cable	-	-	-	-	-	-	-
15	2423.000	Buried Cable	16,276,209	(120,416)	1,181,000	17,336,793	15,124,057	(2,333,152)	15,003,641
16	2431.000	Aerial Wire	-	-	-	-	-	-	-
17	2441.000	Conduit Systems	42,229	-	-	42,229	42,229	(0)	42,229
18		Total Cable & Wire Facilities	16,318,438	(120,416)	1,181,000	17,379,022	15,166,286	(2,333,152)	15,045,870
19	2690.000	Intangibles	-	-	-	-	-	-	-
20		Total Regulated Plant	\$ 19,485,661	\$ (126,207)	\$ 1,213,000	\$ 20,572,454	\$ 18,315,307	\$ (2,383,354)	\$ 18,189,100

Sources: Totah Communications, Inc.'s Application, Section 4
Totah Communications, Inc.'s Response to Staff Data Request No. 4, Trial Balance
Totah Communications, Inc.'s Response to Staff Data Request No. 66, Updated Trial Balance

Totah Communications, Inc.
Accumulated Depreciation
Rate Base Adjustment No. 2
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-2

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Accumulated Depreciation (Acct. 3100)	\$ 643,527	0.531136	\$ 341,801
		(A)	(B)	(C)
Line No.	Account Description	Staff Adjustment to Accum. Depr.	Staff Regulated %	Staff Regulated Accum. Depr. Adjustment
General Support Assets				
2	3121.120 Motor Vehicles	-	100%	-
3	3121.150 Garage Work Equipment	-	100%	-
4	3121.160 Other Work Equipment	-	100%	-
5	3121.210 Buildings	3,299	100%	3,299
6	3121.220 Furniture	-	100%	-
7	3121.230 Office Equipment	(3,292)	100%	(3,292)
8	3121.240 General Purpose Computers	-	100%	-
9	Total General Support Facilities	\$ 7		\$ 7
Central Office Equipment				
10	3122.000 Digital Electric Switching Equipment	-	100%	-
11	3122.320 Circuit Equipment	205,881	100%	205,880.50
12	Total Central Office Transmission	\$ 205,881		\$ 205,881
Cable & Wire Facilities Assets				
13	3124.111 Poles	-	100%	-
14	3124.211 Aerial Cable	-	100%	-
15	3124.231 Buried Cable	437,640	100%	437,640
16	3124.310 Aerial Wire	-	100%	-
17	3421.230 Conduit Systems	-	100%	-
18	Total Cable & Wire Facilities Assets	\$ 437,640		\$ 437,640
19	Intangibles	-	100%	-
20	Total Accumulated Depreciation	\$ 643,527		\$ 643,527

Source: Exhibit KLF-2a

Totah Communications, Inc.
Accumulated Depreciation
Rate Base Adjustment No. 2
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-2a

Line No.	Account	Description	(A) Company Book Balance Per Application	(B) Company Cost Study Adjustments	(C) Company Normalizing Adjustments	(D) Company Normalized Balance (a) + (b) + (c)	(E) Trial Balance as of September 30, 2023	(F) Staff Adjustment to Accum. Depr. (e) - [(a) + (c)]	(G) Staff Adjusted Accum. Depr. (d) + (f)
General Support Assets									
1	3121.120	Motor Vehicles	-	-	-	-	-	-	-
2	3121.150	Garage Work Equipment	-	-	-	-	-	-	-
3	3121.160	Other Work Equipment	52,668	-	-	52,668	52,668	-	52,668
4	3121.210	Buildings	178,463	(1,516)	-	176,947	181,763	3,299	180,247
5	3121.220	Furniture	-	-	-	-	-	-	-
6	3121.230	Office Equipment	18,024	-	-	18,024	14,732	(3,292)	14,732
7	3121.240	General Purpose Computers	-	-	-	-	-	-	-
8		Total General Support Facilities	249,155	(1,516)	-	247,639	249,162	7	247,646
Central Office Equipment									
9	3122.000	Digital Electric Switching Equipment	728,006	(172,802)	-	555,204	728,006	-	555,204
10	3122.320	Circuit Equipment	1,682,320	170,468	(89,765)	1,763,023	1,798,435	205,881	1,968,903
11		Total Central Office Equipment	2,410,326	(2,334)	(89,765)	2,318,227	2,526,441	205,881	2,524,107
Cable & Wire Facilities Assets									
12	3124.111	Poles	-	-	-	-	-	-	-
13	3124.211	Aerial Cable	-	-	-	-	-	-	-
14	3124.231	Buried Cable	8,387,692	(62,054)	(1,784,724)	6,540,914	7,040,607	437,640	6,978,553
15	3124.310	Aerial Wire	-	-	-	-	-	-	-
16	3421.230	Conduit Systems	42,229	-	-	42,229	42,229	-	42,229
17		Total Cable & Wire Facilities Assets	8,429,921	(62,054)	(1,784,724)	6,583,143	7,082,836	437,640	7,020,782
18	3690	Intangibles	-	-	-	-	-	-	-
19		Total Accumulated Depreciation	\$ 11,089,402	\$ (65,904)	\$ (1,874,489)	\$ 9,149,009	\$ 9,858,440	\$ 643,527	\$ 9,792,536

Sources: Totah Communications, Inc.'s Application, Section 5
Totah Communications, Inc.'s Response to Staff Data Request No. 4, Trial Balance
Totah Communications, Inc.'s Response to Staff Data Request No. 66, Updated Trial Balance

Total Communications, Inc.
Telephone Plant Under Construction
Rate Base Adjustment No. 3
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-3

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Telephone Plant Under Construction (Acct. 2003)	<u>\$ (133,058)</u>	0.551091	<u>\$ (73,327)</u>

Sources: Total Communications, Inc.'s Application, Section 4

Totah Communications, Inc.
 Depreciation Expense
 Income Statement Adjustment No. 2
 Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
 Exhibit KLF-4

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Depreciation Expense (Acct. 6560)	<u>\$ 292,402</u>	0.509820	<u>\$ 149,073</u>
<u>Breakdown of Adjustment:</u>				
2	Staff normalized regulated depreciation expense		\$ 1,097,958	
3	Totah's depreciation expense pro forma	<u>\$ 805,556</u>		
4	Totah's Pro Forma Depreciation after Staff Adjustment		<u>805,556</u>	
5	Staff Adjustment to Depreciation Expense (Acct. 6560)		<u><u>\$ 292,402</u></u>	

Sources: Totah Communications, Inc.'s Application, Section 9
 Exhibit KLF-4a

Totah Communications, Inc.
 Depreciation Expense Detail
 Income State Adjustment No. 2
 Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
 Exhibit KLF-4a

Line No.	Plant FERC Account	(A) Plant Book Balance	(B) Cost Study Adjustment	(C) Normalizing Adjustment	(D) Staff Adjustment	(E) Staff Adjusted Gross Plant	(F) Acc. Dep. Book Balance	(G) Cost Study Adjustment	(H) Normalizing Adjustment	(I) Staff Adjustment	(J) Staff Adjusted Acc. Dep.	(K) Staff Adjusted Net Book	(L) Depreciation Rate	(M) Annual Depreciation	(N) Staff Annualized Depreciation	(O) Staff's Regulated Percentage	(P) Staff's Regulated Depreciation
					See exhibit KLF-1a	(a) + (b) + (c) + (d)				See exhibit KLF-2a	(f) + (g) + (h) + (i)	(e) + (j)		(e) * (l)			(n) * (o)
1	2111.000 Land	11,688	(168)	-	0	11,520	-	-	-	-	-	11,520	0.00%	-	-	100%	-
2	2112.000 Motor Vehicles	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
3	2115.000 Garage Work Equipment	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
4	2116.000 Other Work Equipment	52,668	-	-	(0)	52,668	(52,668)	-	-	-	(52,668)	-	22.34%	11,766	-	100%	-
5	2121.000 Buildings	228,911	(3,289)	-	(0)	225,622	(178,463)	1,516	-	(3,299)	(180,247)	45,375	4.70%	10,604	10,604	100%	10,604
6	2122.000 Furniture	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
7	2123.000 Office Equipment	21,780	-	-	(1,285)	20,495	(18,024)	-	-	3,292	(14,732)	5,764	17.07%	3,499	3,499	100%	3,499
8	2124.000 General Purpose Computers	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
9	Total General Support Facilities	315,047	(3,457)	-	(1,285)	310,305	(249,155)	1,516	-	(7)	(247,646)	62,659		25,869	14,103		14,103
10	2210.000 Digital Electric Switching Equipment	728,006	(165,069)	-	0	562,937	(728,006)	172,802	-	-	(555,204)	7,733	10.84%	61,022	7,733	100%	7,733.00
11	2232.000 Circuit Equipment	2,124,170	162,735	32,000	(48,917)	2,269,988	(1,682,320)	(170,468)	89,765	(205,881)	(1,968,903)	301,085	11.12%	252,423	252,423	100%	252,423
12	Total Central Office Equipment	2,852,176	(2,334)	32,000	(48,916)	2,832,926	(2,410,326)	2,334	89,765	(205,881)	(2,524,107)	308,818		313,445	260,156		260,156
13	2411.000 Poles	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
14	2421.000 Aerial Cable	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
15	2423.000 Buried Cable	16,276,209	(120,416)	1,181,000	(2,333,152)	15,003,641	(8,387,692)	62,054	1,784,724	(437,640)	(6,978,553)	8,025,087	5.49%	823,700	823,700	100%	823,700
16	2431.000 Aerial Wire	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
17	2441.000 Conduit Systems	42,229	-	-	(0)	42,229	(42,229)	-	-	-	(42,229)	-	6.25%	2,639	-	100%	-
18	Total Cable & Wire Facilities	16,318,438	(120,416)	1,181,000	(2,333,152)	15,045,870	(8,429,921)	62,054	1,784,724	(437,640)	(7,020,782)	8,025,087		826,339	823,700		823,700
19	2690.000 Intangibles	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
20	Total	\$ 19,485,661	\$ (126,207)	\$ 1,213,000	\$ (2,383,354)	\$ 18,189,100	\$ (11,089,402)	\$ 65,904	\$ 1,874,489	\$ (643,527)	\$ (9,792,536)	\$ 8,396,564		\$ 1,165,653	\$ 1,097,958		\$ 1,097,958

⁽¹⁾ The value in column (N) is limited to the lesser of col (K) or col (M). If negative, value was increased to zero.

Sources: Totah Communications, Inc.'s Application, Sections 4 and 5
 Exhibit KLF-1a
 Exhibit KLF-2a

Totah Communications, Inc.
Payroll Expense Adjustment
Income Statement Adjustment No. 3
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-5

Line No.	Acct	Description	Staff Adjustment Pro Forma Wage & Distribution	Intrastate Separations	Intrastate Adjustment
		Plant Specific Operations Expense			
1	6110	Network Support Expense	-	0.551088	-
2	6120	General Support Expense	3,125	0.551088	1,722
3	6210	Central Office Switching Expense	513	0.335699	172
4	6230	Central Office Transmission Expense	6,015	0.335699	2,019
5	6310	Information Orig/Term Expense	-	1.000000	-
6	6410	Cable and Wire Facilities Expense	2,990	0.588986	1,761
7		Total Plant Specific Operations Expense	<u>\$ 12,642</u>		<u>\$ 5,674</u>
		Plant Non-Specific Operations Expense			
8	6510	Other Plant Expense	(3,445)	0.551091	(1,898)
9	6530	Network Operations Expense	(13,601)	0.551091	(7,495)
10	6540	Access Expense	-	-	-
11	6560	Depreciation & Amortization Expense	-	0.509820	-
12		Total Plant Non-Specific Operations Expense	<u>\$ (17,045)</u>		<u>\$ (7,495)</u>
		Customer Operations Expense			
13	6610	Marketing Expense	-	0.705321	-
14	6620	Directory Expense	319	1.000000	319
15	6623	Customer Services Expense	4,815	0.626409	3,016
16		Total Customer Operations Expense	<u>\$ 5,134</u>		<u>\$ 3,336</u>
		Corporate Operations Expense			
17	6710	Executive and Planning Expense	(12,621)	0.463871	(5,855)
18	6720	General and Administrative Expense	(549)	0.445192	(244)
19		Total Corporate Operations Expense	<u>\$ (13,170)</u>		<u>\$ (6,099)</u>
20		Total Staff Adjustment	<u>\$ (12,439)</u>		<u>\$ (4,584)</u>

Source: Exhibit KLF-5a

Totah Communications, Inc.
Payroll Expense Adjustment Summary
Income Statement Adjustment No. 3
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-5a

Line No.	Acct	Description	Actual 2022 Test Year Wage & Distribution	% Actual 2022 Test Year	Staff Pro Forma Wage & Distribution	% Staff Pro Forma	Staff Adjustment Pro Forma Wage & Distribution	Staff Regulated Percentage	Subtotal Staff Adjustment Regulated
		Plant Specific Operations Expense							
1	6110	Network Support Expense	-	0.00%	-	0.00%	-	100%	-
2	6120	General Support Expense	7,072	0.40%	10,197	0.58%	3,125	100%	3,125
3	6210	Central Office Switching Expense	67	0.00%	580	0.03%	513	100%	513
4	6230	Central Office Transmission Expense	103,625	5.91%	109,639	6.25%	6,015	100%	6,015
5	6310	Information Orig/Term Expense	-	0.00%	-	0.00%	-	100%	-
6	6410	Cable and Wire Facilities Expense	93,872	5.36%	96,861	5.52%	2,990	100%	2,990
7		Total Plant Specific Operations Expense	<u>\$ 204,635</u>	<u>11.67%</u>	<u>\$ 217,277</u>	<u>12.38%</u>	<u>\$ 12,642</u>		<u>\$ 12,642</u>
		Plant Non-Specific Operations Expense							
8	6510	Other Plant Expense	8,276	0.47%	4,831	0.28%	(3,445)	100%	(3,444.54)
9	6530	Network Operations Expense	39,385	2.25%	25,785	1.47%	(13,601)	100%	(13,601)
10	6540	Access Expense	-	0.00%	-	0.00%	-	100%	-
11	6560	Depreciation & Amortization Expense	-	0.00%	-	0.00%	-	100%	-
12		Total Plant Non-Specific Operations Expense	<u>\$ 47,661</u>	<u>2.72%</u>	<u>\$ 30,616</u>	<u>1.74%</u>	<u>\$ (17,045)</u>		<u>\$ (17,045)</u>
		Customer Operations Expense							
13	6610	Marketing Expense	-	0.00%	-	0.00%	-	100%	-
14	6620	Directory Expense	-	0.00%	-	0.00%	-	100%	-
15	6622	Number Services Expense	1,477	0.08%	1,796	0.10%	319	100%	319
16	6623	Service Order Processing	1,530	0.09%	2,235	0.13%	704	100%	704
17	6623.1	End User Payment & Collections	14,632	0.83%	18,190	1.04%	3,558	100%	3,558
18	6623.2	End User Billing Inquiry	630	0.04%	421	0.02%	(209)	100%	(209)
19	6623.3	Rev Acct - CABS	-	0.00%	-	0.00%	-	100%	-
20	6623.4	IXC Service Order Processing	2,364	0.13%	2,775	0.16%	411	100%	411
21	6623.5	IXC Payment & Collections	16,991	0.97%	17,342	0.99%	350	100%	350
22	6623.6	B&C Expense	-	0.00%	-	0.00%	-	100%	-
23	6623.7	Toll Ticket Processing	-	0.00%	-	0.00%	-	100%	-
24	6629	Other B&C-KS-NR	-	0.00%	-	0.00%	-	100%	-
25		Total Customer Operations Expense	<u>\$ 37,624</u>	<u>2.15%</u>	<u>\$ 42,759</u>	<u>2.44%</u>	<u>\$ 5,134</u>		<u>\$ 5,134</u>
		Corporate Operations Expense							
26	6710	Executive and Board Expense	69,546	3.97%	56,924	3.24%	(12,621)	100%	(12,621)
27	6721	Accounting/Finance Expense	134,580	7.68%	138,719	7.90%	4,139	100%	4,139
28	6722	External Relations	6,233	0.36%	2,811	0.16%	(3,422)	100%	(3,422)
29	6723	Human Resources	4,970	0.28%	3,629	0.21%	(1,341)	100%	(1,341)
30	6726	Procurement	54	0.00%	73	0.00%	19	100%	19
31	6728	Other G&A Expense	1,302	0.07%	1,359	0.08%	57	100%	57
32		Total Corporate Operations Expense	<u>\$ 216,685</u>	<u>12.36%</u>	<u>\$ 203,515</u>	<u>11.60%</u>	<u>\$ (13,170)</u>		<u>\$ (13,170)</u>
33		Total Regulated Expense	<u>\$ 506,606</u>	<u>28.90%</u>	<u>\$ 494,168</u>	<u>28.16%</u>	<u>\$ (12,439)</u>		<u>\$ (12,439)</u>
34		Direct Non-Regulated Expense	1,093,017	62.36%	1,045,271	59.56%	(47,746)		
35	2003	Telephone Plant Under Construction	153,228	8.74%	215,495	12.28%	62,267		
36		Total Salary: TPUC + Reg Expense + Non-Reg Expense	<u>\$ 1,752,851</u>	<u>100.00%</u>	<u>\$ 1,754,934</u>	<u>100.00%</u>	<u>\$ 2,083</u>		

Sources: Exhibits KLF-5b and KLF-5c

2022 Payroll Distribution

Exhibit KLF-5b

CONFIDENTIAL

2023 Payroll Distribution

Exhibit KLF-5c

CONFIDENTIAL

Compensation Analysis

Exhibit KLF-5d

CONFIDENTIAL

Payroll Analysis
Exhibit KLF-5e
CONFIDENTIAL

Totah Communications, Inc.
Employee Benefit and Payroll Tax Adjustment
Income Statement Adjustment No. 4
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-6

Line No.	Acct	Description	Staff Adjustment	Intrastate Separations	Intrastate Adjustment
		Plant Specific Operations Expense			
1	6110	Network Support Expense	-	0.551088	-
2	6120	General Support Expense	270	0.551088	149
3	6210	Central Office Switching Expense	45	0.335699	15
4	6230	Central Office Transmission Expense	429	0.335699	144
5	6310	Information Orig/Term Expense	-	1.000000	-
6	6410	Cable and Wire Facilities Expense	171	0.588986	101
7		Total Plant Specific Operations Expense	<u>\$ 916</u>		<u>\$ 409</u>
		Plant Non-Specific Operations Expense			
8	6510	Other Plant Expense	(314)	0.551091	(173)
9	6530	Network Operations Expense	(1,246)	0.551091	(687)
10	6540	Access Expense	-	-	-
11	6560	Depreciation & Amortization Expense	-	0.509820	-
12		Total Plant Non-Specific Operations Expense	<u>\$ (1,560)</u>		<u>\$ (860)</u>
		Customer Operations Expense			
13	6610	Marketing Expense	-	0.705321	-
14	6620	Directory Expense	-	-	-
15	6623	Customer Services Expense	418	0.626409	262
16		Total Customer Operations Expense	<u>\$ 418</u>		<u>\$ 262</u>
		Corporate Operations Expense			
17	6710	Executive and Planning Expense	(1,190)	0.463871	(552)
18	6720	General and Administrative Expense	(197)	0.445192	(88)
19		Total Corporate Operations Expense	<u>\$ (1,386)</u>		<u>\$ (639)</u>
20		Total Staff Adjustment	<u><u>\$ (1,613)</u></u>		<u><u>\$ (829)</u></u>

Source: Exhibit KLF-6a

Totah Communications, Inc.
Employee Benefit Payroll Tax Expense Adjustment Distribution
Income Statement Adjustment No. 4
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-6a

Line No.	Acct	Description	% Actual 2022 Test Year Distribution	Total Actual 2022 Test Year Benefit & Payroll Tax	% Staff Pro Forma Distribution	Total Staff Pro Forma Benefit & Payroll Tax	Staff Adjustment Benefit & Payroll Tax	Staff Regulated Percentage	Subtotal Staff Adjustment Regulated
Plant Specific Operations Expense									
1	6110	Network Support Expense	0.00%	-	0.00%	-	-	100%	-
2	6120	General Support Expense	0.40%	634	0.58%	905	270	100%	270
3	6210	Central Office Switching Expense	0.00%	6	0.03%	51	45	100%	45
4	6230	Central Office Transmission Expense	5.91%	9,297	6.25%	9,726	429	100%	429
5	6310	Information Orig/Term Expense	0.00%	-	0.00%	-	-	100%	-
6	6410	Cable and Wire Facilities Expense	5.36%	8,422	5.52%	8,592	171	100%	171
7		Total Plant Specific Operations Expense	11.67%	\$ 18,359	12.38%	\$ 19,274	\$ 916		\$ 916
Plant Non-Specific Operations Expense									
8	6510	Other Plant Expense	0.47%	742	0.28%	429	(314)	100%	(314)
9	6530	Network Operations Expense	2.25%	3,533	1.47%	2,287	(1,246)	100%	(1,246)
10	6540	Access Expense	0.00%	-	0.00%	-	-	100%	-
11	6560	Depreciation & Amortization Expense	0.00%	-	0.00%	-	-	100%	-
12		Total Plant Non-Specific Operations Expense	2.72%	\$ 4,276	1.74%	\$ 2,716	\$ (1,560)		\$ (1,560)
Customer Operations Expense									
13	6610	Marketing Expense	0.00%	-	0.00%	-	-	100%	-
14	6620	Directory Expense	0.00%	-	0.00%	-	-	100%	-
15	6622	Number Services Expense	0.08%	132	0.10%	159	27	100%	27
16	6623	Service Order Processing	0.09%	137	0.13%	198	61	100%	61
17	6623.1	End User Payment & Collections	0.83%	1,313	1.04%	1,614	301	100%	301
18	6623.2	End User Billing Inquiry	0.04%	57	0.02%	37	(19)	100%	(19)
19	6623.3	Rev Acct - CABS	0.00%	-	0.00%	-	-	100%	-
20	6623.4	IXC Service Order Processing	0.13%	212	0.16%	246	34	100%	34
21	6623.5	IXC Payment & Collections	0.97%	1,524	0.99%	1,538	14	100%	14
22	6623.6	B&C Expense	0.00%	-	0.00%	-	-	100%	-
23	6623.7	Toll Ticket Processing	0.00%	-	0.00%	-	-	100%	-
24	6629	Other B&C-KS-NR	0.00%	-	0.00%	-	-	100%	-
25		Total Customer Operations Expense	2.15%	\$ 3,375	2.44%	\$ 3,793	\$ 418		\$ 418
Corporate Operations Expense									
26	6710	Executive and Board Expense	3.97%	6,239	3.24%	5,050	(1,190)	100%	(1,190)
27	6721	Accounting/Finance Expense	7.68%	12,074	7.90%	12,306	232	100%	232
28	6722	External Relations	0.36%	559	0.16%	249	(310)	100%	(310)
29	6723	Human Resources	0.28%	446	0.21%	322	(124)	100%	(124)
30	6726	Procurement	0.00%	5	0.00%	6	2	100%	2
31	6728	Other G&A Expense	0.07%	117	0.08%	121	4	100%	4
32		Total Corporate Operations Expense	12.36%	\$ 19,440	11.60%	\$ 18,054	\$ (1,386)		\$ (1,386)
33		Total Regulated Expense	28.90%	\$ 45,450	28.16%	\$ 43,837	\$ (1,613)		\$ (1,613)
34		Direct Non-Regulated Expense	62.36%	98,060	59.56%	92,725	(5,335)		
35	2003	Telephone Plant Under Construction	8.74%	13,747	12.28%	19,116	5,369		
36		Total: TPUC + Reg Expense + Non-Reg Expense	100.00%	\$ 157,257	100.00%	\$ 155,678	\$ (1,579)		

Source: Exhibit KLF-6b

Totah Communications, Inc.
Employee Benefit Payroll Tax Expense Summary
Income Statement Adjustment No. 4
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-6b

Line No.	Description	Amount
	Actual Test Year Benefit and Payroll Tax Expense:	
1	Employee Benefit Expense	16,379
2	Employer's Payroll Tax Expense	<u>140,877</u>
3	Total Benefit and Payroll Tax Expense	\$ 157,257
	Staff Pro Forma Adjustment Benefit and Payroll Tax Expense:	
4	Employee Benefit Expense	16,625
5	Employer's Payroll Tax Expense	<u>139,053</u>
6	Total Benefit and Payroll Tax Expense	\$ 155,678
7	Total Staff Adjustment Benefit and Payroll Tax Expense	<u><u>\$ (1,579)</u></u>

Sources: Exhibits KLF-6c and KLF-6d

Totah Communications, Inc.
 Normalized Employee Benefit Expense
 Income Statement Adjustment No. 4
 Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
 Exhibit KLF-6c

Line No.	Description	Account No. 6728042			Total Kansas Benefits
		Group Health	Long-Term Care	Dental/Vision/Life/STD-LTD	
<u>2022 Test Year Expense</u>					
1	January	248	266		514
2	February	1,183	266		1,449
3	March	1,183	266		1,449
4	April	1,183	266		1,449
5	May	1,183	266		1,449
6	June	1,183	266		1,449
7	July	1,183	266		1,449
8	August	1,183	266		1,449
9	September	1,183	266		1,449
10	October	1,183	266		1,449
11	November	1,183	266		1,449
12	December	1,183	190		1,373
13		\$ 13,261	\$ 3,118	\$ -	\$ 16,379
<u>January 2023 through September 2023</u>					
14	January	354	190	283	827
15	February	1,342	190	283	1,815
16	March	900	190	283	1,373
17	April	900	190	283	1,373
18	May	900	190	283	1,373
19	June	900	190	283	1,373
20	July	900	224	283	1,407
21	August	900	224	283	1,407
22	September	900	224	283	1,407
23	Staff Pro Forma Expense	11,542	2,533	2,550	16,625
24	Staff Adjustment	\$ (1,719)	\$ (585)	\$ 2,550	\$ 246

Sources: Totah Communications, Inc.'s responses to Staff Data Request No. 3, General Ledger
 Totah Communications, Inc.'s responses to Staff Data Request No. 68, Health Insurance

Totah Communications, Inc.
Payroll Tax Expense Adjustment
Income Statement Adjustment No. 4
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-6d

Line No.	Description	Amount
1	2022 Test Year Wages	1,752,851
2	Less: wages over 147,000 2022 FICA limit	(243,560)
3	Test Year Wages subject to FICA	<u>\$ 1,509,291</u>
4	Test Year FICA Tax - Employers Share (7.65%)	115,461
5	Test Year Medicare Tax - Employers Share (1.45%)	25,416
6	Total Test Year FICA + Medicare Tax	<u>\$ 140,877</u>
7	Staff's Pro Forma Wages	1,754,934
8	Less: wages over 160,200 2023 FICA limit	(269,885)
9	Pro Forma Wages subject to FICA	<u>\$ 1,485,049</u>
10	Pro Forma FICA Tax - Employers Share (7.65%)	113,606
11	Pro Forma Medicare Tax - Employers Share (1.45%)	25,447
12	Total Pro Forma FICA + Medicare Tax	<u>\$ 139,053</u>
13	Total Staff Adjustment - Employee Benefit & Payroll Tax	<u>\$ (1,824)</u>

Sources: Exhibits KLF-6a and KLF-6c

Total Communications, Inc.
Interest Expense
Income Statement Adjustment No. 12
Test Year Ending December 31, 2022

Docket No. 24-TTHT-343-KSF
Exhibit KLF-7

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Interest Expense (Acct. 7500)	<u>\$ (77,399)</u>	0.578397	<u>\$ (44,767)</u>

Sources: Total Communications, Inc.'s Application, Section 9

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

VERIFICATION

Katie Figgs, being duly sworn upon her oath deposes and states that she is a Managing Auditor for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that she has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of her knowledge, information and belief.




Katie Figgs
Managing Auditor
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 14 day of February, 2024.



Notary Public

My Appointment Expires: 4/28/25

 NOTARY PUBLIC - State of Kansas
ANN M. MURPHY
My Appt. Expires 4/28/25

CERTIFICATE OF SERVICE

24-TTHT-343-KSF

I, the undersigned, certify that a true copy of the attached testimony has been served to the following by means of electronic service on February 22, 2024.

* MARK DOTY, ATTORNEY
GLEASON & DOTY CHTD
401 S MAIN, SUITE 102
OTTAWA, KS 66067
doty.mark@gmail.com

* BRIAN G. FEDOTIN, GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
b.fedotin@kcc.ks.gov

* MARK M. GAILEY, PRESIDENT & GENERAL MANAGER
TOTAH COMMUNICATIONS, INC.
101 OCHELATA ST
PO BOX 300
OCHELATA, OK 74051-0300
mark@totahcomm.com

COLLEEN JAMISON
JAMISON LAW, LLC
P O BOX 128
TECUMSEH, KS 66542
colleen.jamison@jamisonlaw.legal

* CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
c.masenthin@kcc.ks.gov

JEREMIAH RAYA, SENIOR DIRECTOR, JSI
PROMINENT POINTE ONE
8310 N CAPITAL OF TEXAS HWY
STE 190
AUSTIN, TX 78731
jraya@jsitel.com

NICOLE STEPHENS, KUSF ADMINISTRATOR MANAGER
VANTAGE POINT SOLUTIONS
2930 MONTVALE DRIVE SUITE B
SPRINGFIELD, IL 62704
nicole.stephens@vantagepnt.com

ANTHONY K. VEACH
ANTHONY VEACH LAW
1575 BIRDIE WAY, A107
LAWRENCE, KS 66047
anthonyveach@anthonyveachlaw.com

/s/Abigail Emery
Abigail Emery

* Denotes those receiving the Confidential version