

LAW OFFICES
JAMES M. CAPLINGER, CHARTERED
823 S.W. 10TH AVE.
TOPEKA, KS 66612-1618

JAMES M. CAPLINGER (1929 - 2015)
JAMES M. CAPLINGER, JR.
COLLEEN R. JAMISON

(785) 232-0495
Fax (785) 232-0724
jrcaplinger@caplinger.net
colleen@caplinger.net

June 19, 2017

Lynn M. Retz, Secretary
Kansas Corporation Commission
1500 Arrowhead Rd
Topeka, KS 66604

RE: Docket No. 17-RNBT- 555 -KSF
Rainbow Telecommunications Association, Inc.
Application for Increased Kansas Universal Service Fund Support

Dear Ms. Retz:

On behalf of Rainbow Telecommunications Association, Inc., attached please its application for an increase in its cost-based Kansas Universal Service Fund Support.

Section 15 of this filing, Rainbow's audited financial statement, has been marked as confidential; the company believes that the information is of such competitive and financial sensitivity that its disclosure to any person other than the company, the Commission, and Staff is prohibited by K.S.A. 66-1220a. As always, if you have any questions, please do not hesitate to contact me.

Cordially yours,



Colleen R. Jamison

cc: Jason Smith
Daniel Meszler

Encl.

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

In the Matter the Application of Rainbow)	
Telecommunications Association, Inc., for)	
an Increase in its Cost-Based Kansas)	Docket No. 17-RNBT-_____ -KSF
Universal Service Fund Support.)	

**APPLICATION OF RAINBOW TELECOMMUNICATIONS ASSOCIATION, INC.
FOR AN INCREASE IN ITS COST-BASED
KANSAS UNIVERSAL SERVICE FUND SUPPORT**

COME NOW Rainbow Telecommunications Association, Inc. (RTA) by and through its attorney Colleen R. Jamison and hereby files with the Commission this application requesting the Commission review RTA's enclosed schedules filed in conformity with the requirements of K.A.R. 82-1-231 and determine that RTA's demonstrated revenue requirement necessary to provide sufficient and efficient service is such that its Kansas Universal Service Fund (KUSF) support must be increased. In support of this application, RTA respectfully shows the Commission as follows:

1. RTA is a Kansas Corporation holding one or more Certificates of Convenience and Authority to engage in the business of providing local exchange and exchange access telecommunications services in designated geographic areas within the State of Kansas. It is a rural telephone company as defined in K.S.A. 66-1,187(l).
2. RTA's principal place of business is at 608 Main St., P.O. Box 147, Everest, KS 66424.
3. RTA operates under traditional rate of return regulation pursuant to K.S.A. 66-2005 and serves as the carrier of last resort for telecommunications customers within its

designated service area pursuant to K.S.A. 66-2009. The Commission designated RTA an eligible telecommunications carrier in an order dated December 5, 1997, in Docket No. 98-GIMT-241-GIT.

4. RTA's intrastate access and local exchange service rates set by the Commission pursuant to K.S.A. 66-2005(c) and K.S.A. 66-2005(e), together with presently-authorized KUSF support are insufficient to afford RTA a reasonable opportunity to recover its costs and investments, and are insufficient to afford RTA a reasonable opportunity to earn a reasonable return on such investments. Such insufficiencies are contrary to the public's interest in reliable, affordable, sufficient, and efficient telecommunications public utility service. Such insufficiencies are also further contrary to RTA's rights under traditional rate of return regulation.

5. The proposed increase in RTA's receipt of KUSF support is based on RTA's embedded costs, revenue requirements, investments and expenses, and is necessary to allow RTA to continue the provision of sufficient and efficient telecommunications service and is in the public interest.

6. The test year to be used in the evaluation of this application is the year ending December 31, 2016.

WHEREFORE, for the reasons set forth, above, RTA respectfully requests the Commission review its application for increased KUSF support based on RTA's embedded costs, revenue requirements, investments, and expenses, filed contemporaneously herewith and as appropriately reflected in the schedules included with this application, and for such other and further relief as the Commission deems just and equitable.

Respectfully submitted,

JAMES M. CAPLINGER, CHARTERED



Colleen R. Jamison (#16121)

823 S.W. 10th Ave.

Topeka, KS 66612

Voice: (785) 232-0495

Fax (785) 232-0724

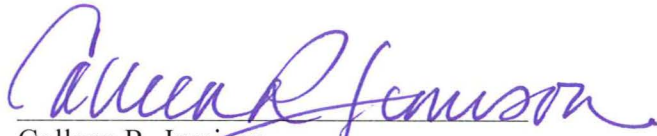
colleen@caplinger.net

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

I, Colleen R. Jamison, of lawful age, being first duly sworn upon her oath states:

That she is an attorney for Rainbow Telecommunications Association, Inc., that she has read the above and foregoing Application, and upon information and belief, states that the matters therein appearing are true and correct.

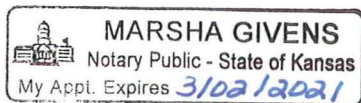

Colleen R. Jamison

SUBSCRIBED AND SWORN to before me this 19th day of June, 2017.


Notary Public

My Commission Expires:

March 2, 2021



LAW OFFICES
JAMES M. CAPLINGER, CHARTERED
823 S.W. 10TH AVE.
TOPEKA, KS 66612-1618

JAMES M. CAPLINGER (1929 – 2015)
JAMES M. CAPLINGER, JR.
COLLEEN R. JAMISON

(785) 232-0495
FAX (785) 232-0724
jrcaplinger@caplinger.net
colleen@caplinger.net

May 3, 2017

Amy Green, Secretary
Kansas Corporation Commission
1500 S.W. Arrowhead Rd
Topeka, KS 66604

RE: Rainbow Telecommunications Association, Inc.
Intent to file application for additional Kansas Universal Service Fund Support
Notice Pursuant to K.A.R. 82-1-214

Dear Ms. Green:

By this letter I am notifying the Commission that Rainbow Telecommunications Association, Inc. intends to file an application with the Commission within 30 – 90 days from the date of this letter. This application will demonstrate that, based upon a review of its embedded costs, revenue requirement, investments and expenses, Rainbow should receive additional cost-based KUSF support sufficient to enable it to provide sufficient and efficient service to its end user customers.

If you have any questions, please do not hesitate to contact me.

Cordially yours,



Colleen R. Jamison

cc: Jason Smith
Daniel Meszler

SECTION 1

DIRECT TESTIMONY OF DANIEL MESZLER

Introduction

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

Q. What is your name?

A. My name is Daniel Meszler.

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

A. I am employed by TCA, Inc - Telcom Consulting Associates (“TCA”), as a Senior Regulatory Consultant. TCA provides financial, regulatory, marketing and management consulting services to small and mid-size carriers throughout the United States.

Q. Briefly describe your educational background and work experience.

A. I received a Bachelor of Arts degree in accounting from Fort Lewis College, Durango, Colorado in 2002. From 2002 to 2004 I was employed as an accountant for Jones Media Networks. From 2004 to 2007 I served as Chief Financial Officer of Majestic Paint and Body. In 2007-2008 I was employed as a Financial Adviser for Edward D. Jones Investments, having successfully passed Series 7 and 66 Securities and Exchange Commission examinations.

In 2008 I began employment with TCA. Some of my responsibilities at TCA have included but are not limited to: National Exchange Carrier Association (“NECA”) interstate cost separations studies, High Cost Loop Support (“HCLS”) filings, federal and state compliance filings and interpretation of Federal Communications Commission (“FCC”) and orders and rules. I have participated in previous Kansas

1 Universal Service Fund (“KUSF”) proceedings, as well as similar state high cost fund
2 dockets in Oklahoma and Utah. Most of these proceedings have involved the
3 determination of jurisdictional revenue requirement for rate-of-return (“RoR”)
4 regulated local exchange carriers (“LECs”). I have worked directly with the companies
5 in these proceedings on the measurement, gathering, and allocation of the costs
6 necessary to provide regulated telecommunications services in compliance with FCC
7 rules contained in Part 32 (Uniform System of Accounts), Part 64 (Subpart I, Allocation
8 of Costs), and Part 36 (Jurisdictional Separations Procedures).

9
10 **Q. On whose behalf are you presenting testimony?**

11 A. I am presenting testimony on behalf of Rainbow Telecommunications Association
12 (“RTA”), supporting its application for funding from the KUSF. On May 3, 2017, RTA
13 filed notice with the Commission, indicating that it would be filing an application with
14 the Commission requesting a review of its embedded costs, revenue requirement,
15 investments and expenses to allow the Commission to determine the increase necessary
16 in its cost-based KUSF support to enable RTA to continue to provide sufficient and
17 efficient service to its end user customers.

18 **Summary**

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

20 A. The purpose of my testimony is to explain the schedules filed by RTA as required by
21 K.A.R. 82-1-231. I will also explain the adjustments RTA has made to the test year
22 results of operations. Finally, I will address RTA’s cost allocation procedures and cost
23 of capital issues.

1

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

4 A. Yes, they were.

5

6 **Q. How much additional support from the KUSF is RTA requesting in this**
7 **application?**

8 A. The schedules in RTA's application reflect an intrastate revenue deficiency of
9 \$1,387,985 and RTA requests the Commission issue an order increasing its KUSF draw
10 by this amount.

11

12 **Q. Please briefly explain the process used to generate the total company and**
13 **jurisdictional amounts reflected in the Schedules contained in RTA's application.**

14 A. RTA is a rate-of-return regulated LEC in both federal and state jurisdictions.
15 Accordingly, RTA follows FCC rules guiding the measurement, gathering, and
16 allocation of the costs necessary to provide regulated telecommunications services.
17 The Commission has historically required its jurisdictional LECs to follow the FCC
18 rules. Therefore, RTA has prepared this application using the FCC rules contained in
19 Part 32 (Uniform System of Accounts), Part 64 (Subpart I, Allocation of Costs), and
20 Part 36 (Jurisdictional Separations Procedures).

21

22 **Q. Please describe the Part 36 jurisdictional separations study process RTA used in**
23 **this application.**

1 A. As mentioned above, Part 36 separations rules are used to allocate investment and
2 expenses between the interstate and intrastate jurisdictions. As a member of NECA,
3 RTA files an annual interstate cost study, which determines its revenue requirement
4 recovery attributable to investment and expenses allocated to the interstate jurisdiction.
5 The company's NECA study is then adjusted to include end-of-period balances to more
6 accurately correspond with the Commission's eligibility for KUSF determinates. This
7 version of the study is also included in Section 12 and is the basis for the jurisdictional
8 allocation factors used throughout the filing.

9
10 **Q. Do you propose to reflect updated separations factors once Staff's audit is**
11 **complete?**

12 A. No, I do not. Based on previous audits and Staff testimony related thereto, RTA agrees
13 that updating allocation factors is not necessary.

14
15 **Q. What is the next step once the Part 36 separations study is complete?**

16 A. The amounts shown throughout RTA's application as "test year unadjusted" or "cost
17 study" amounts are 2016 book amounts applied to the 2016 Part 36 study included in
18 the application. Already embedded in these numbers are adjustments made in
19 compliance with Part 32 and Part 64 rules, and other NECA guidelines. As a result,
20 RTA has presented Schedules that begin with book amounts, and then add or subtract
21 2016 cost study adjustments to arrive at the cost study balance.

22

1 **Q. Please describe the remaining steps to determine RTA's adjusted intrastate**
2 **revenue requirement.**

3 A. Next, RTA identified and quantified normalizing adjustments, which are discussed
4 later in my testimony. These normalized balances were then allocated to the interstate
5 and intrastate jurisdictions using the allocation ratios from the KUSF version of the
6 study.

7

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

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

12

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

14 A. Section 4 contains information required by K.A.R. 82-1-231 relating to plant
15 investments. Schedule 1 is the summary of rate base, and Schedule 2 shows total
16 company plant investment by primary account for the years 2013-2016.

17

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

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

21

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

1 A. According to K.A.R. 82-1-231, Section 6 is to contain information pertaining to
2 working capital. The calculation of cash working capital that is included in RTA's
3 adjusted test year rate base is shown here.

4
5 **Q. Please continue with a description of the information contained in Section 7.**

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

9
10 **Q. Please describe the schedules contained in Section 8.**

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

13
14 **Q. What is contained in Section 9?**

15 A. Section 9 contains the test year and normalized income statement and related
16 information. Schedule 1 contains the summary information, and Schedule 2 contains
17 a summary of the test year revenue and expense adjustments. Finally, the test year
18 adjustments are further supported by workpapers IS1 through IS7.

19
20 **Q. Does the information contained in Section 10 comply with K.A.R. 82-1-**
21 **231(c)(4)(J)?**

22 A. Yes. RTA's test year and normalized depreciation expense is reflected by primary plant
23 account classification.

1

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

3 A. Yes. Section 11 contains the required information regarding taxes chargeable to
4 operations.

5

6 **Q. Please describe the information RTA has included in Section 12.**

7 A. K.A.R. 82-1-231(c)(4)(L) asks for information regarding the ratios used for the
8 allocations of amounts between jurisdictions and areas of operations. K.A.R. 82-1-
9 231(c)(4)(L) "Section 12: allocation ratios" states in full:

10 This section shall contain complete detail for all ratios used in the
11 allocations between jurisdictions, areas of operations, departments,
12 classes of customers and other allocable items. In addition, this section
13 shall include a narrative description of the rationale for the allocation
14 ratio, the components included in the calculation of the ratio and their
15 source, the allocation percentages applicable to jurisdictions or
16 departments and what is being allocated by the ratio.

17

18 RTA has provided its cost allocation procedures in Section 12, addressing the issues
19 brought up in K.A.R. 82-1-231(c)(4)(L). Specifically, RTA provides a narrative of its
20 1) lines of business, 2) time reporting and allocation procedures, and 3) cost allocation
21 procedures. Section 12 also contains a summary of RTA's Part 36 jurisdictional
22 allocation ratios for the 2016 interstate cost study.

23

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

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

Rate Base Adjustments

Q. Has RTA made any adjustments to Rate Base?

A. Yes, it has. RTA's RB1 includes estimated work order closures that are expected to be in service prior to Staff's on-site visit.

Q. Please explain RTA's Adjustment RB2.

A. RB2 coincides with RB1 and recognizes the retirement of assets that are being replaced by the facilities added in 2017.

Income Statement Adjustments

Q. Please explain RTA's Adjustment IS1.

A. RTA's Adjustment IS1 recognizes the most recent "known and measurable" level of ongoing High-Cost Loop Support ("HCLS").

Q. Please explain RTA's Adjustment IS2.

A. RTA's Adjustment IS2 recognizes the Year 21 KUSF revenues for RTA as calculated in the testimony of Sandy Reams.¹

Q. Please explain RTA's Adjustment IS3.

¹ See Direct Testimony of Sandy Reams in KCC Docket No. 17-GIMT-008-GIT (December 15, 2016).

1 A. Adjustment IS3 recognizes the decrease in test year intrastate terminating switched
2 access revenues as mandated by the FCC's transition to bill-and-keep intercarrier
3 compensation ("ICC") regime.²
4

5 **Q. Please continue with a discussion of Adjustment IS4.**

6 A. RTA's Adjustment IS4 normalizes test period payroll to allow for changes to
7 employees and wages. This adjustment is necessary in order to reflect the known and
8 measurable level of payroll on a going-forward basis.
9

10 **Q. Please continue with a discussion of Adjustment IS5.**

11 A. RTA's Adjustment IS5 normalizes external accounting charges to an ongoing level.
12 Test period accounting expenses included billings for an outside accounting firm to
13 serve as RTA's Chief Financial Officer ("CFO"). During 2016 RTA hired a CFO,
14 which is recognized in IS4. IS5 removes the external CFO expenses as those duties are
15 now performed in-house.
16

17 **Q. Please continue with a discussion of Adjustment IS6.**

18 A. RTA's Adjustment IS6 normalizes depreciation expense based on adjusted plant
19 balances. This adjustment is necessary in order to reflect the level of depreciation
20 expense RTA can expect to incur on a going-forward basis. The net change to

² See Connect America Fund, WC Docket No. 10-90, A National Broadband Plan for Our Future, GN Docket No. 09-51, Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135, High-Cost Universal Service Support, WC Docket No. 05-337, Developing an Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, Lifeline and Link-Up, WC Docket No. 03-109, Universal Service Reform – Mobility Fund, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov.18, 2011) at para. 851. ("*USF/ICC Transformation Order*")

1 depreciation expense also recognizes decreases related to the net balance in specific
2 accounts. In other words, if a particular plant account was anticipated to become fully
3 depreciated, RTA accordingly reduced the test year pro forma depreciation expense.
4

5 **Q. Please discuss RTA's Adjustment IS7.**

6 A. Adjustment IS7 increases test year expenses to reflect an estimated amount of expense
7 RTA will incur as a result of this proceeding. The total estimated expense is amortized
8 over a 5-year period, consistent with what the Commission has granted in prior KUSF
9 rate cases. As usual, this amount must be updated and adjusted as this proceeding nears
10 completion. Also, RTA has not included in this estimate the cost of a return on equity
11 rebuttal witness, which, if necessary, could add substantially to RTA's total cost related
12 to this proceeding.
13

14 **Cost of Capital**

15 **Q. What authorized RoR has RTA proposed in its KUSF filing?**

16 A. RTA has used the federal authorized RoR effective July 1, 2017 of 10.75% in
17 calculating its Kansas jurisdictional revenue requirement.³
18

19 **Q. Has RTA provided any additional information related to its capital structure?**

20 A. Yes. Section 7 contains RTA's actual capital structure as of December 31, 2016,
21 accompanied by a calculation of its cost of debt financing.

³ See Connect America Fund et al., WC Docket No. 10-90 et al., Report and Order, Order and Order on Reconsideration and Further Notice of Proposed Rulemaking, FCC 16-33, para. 326 (2016) ("Rate-of-Return Reform Order").

1

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

3 A. Yes, many states have chosen to use the RoR authorized by the FCC in state high-cost
4 fund proceedings. For example, both the Nebraska and Wyoming commissions used
5 the FCC's authorized RoR for years, and the Utah Legislature has recently passed
6 legislation requiring the use of the FCC's prescribed RoR for state high cost fund
7 proceedings.⁴

8

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

10 A. Yes it does.

⁴ [Utah Code § C54-8b-15-5a](#)

SECTION 2

DIRECT TESTIMONY OF JASON SMITH

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

2 A. My name is Jason M. Smith. My business address is 608 Main, Everest, KS 66424.

3

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

5 A. I am employed as the General Manager/Chief Executive Officer of the Rainbow
6 Telecommunication Association, Inc. ("RTA").

7

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

9 A. I earned my B.S. in Agribusiness from Kansas State University in 1993. I completed my
10 Masters in Business Administration from Baker University in 2009. I have been
11 employed 20 years by RTA, spending 8 years as Assistant General Manager prior to
12 becoming the General Manager/CEO.

13 **Q. Have you testified previously before this Commission?**

14 A. Yes, I provided direct testimony in RTA's last application for increased KUSF, Docket
15 11-RNBT-608-KSF.

16

17 **Q. Please begin with a discussion of RTA's corporate structure.**

18 A. RTA provides local exchange telecommunication service, as the carrier of last resort, to
19 eight exchanges in Northeast Kansas. RTA is the parent company of Rainbow
20 Communications, which offers several non-regulated services, including cable television
21 service, DSL, internet and long distance.

22

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

Jason M. Smith

SECTION 3
COMPUTATION OF EARNINGS

Rainbow Telecommunications Association
Dkt No.
Computation of Earnings
YE 12/31/16

Section 3
Schedule 1

		(A)	(B)
	Source	Total Company	Total State
(1) Rate Base	Section 4	\$ 13,736,812	\$ 9,733,318
(2) Rate of Return	Section 7	10.75%	10.75%
(3) Allowable Return	(1) x (2)	1,476,707	1,046,332
(4) Operating Income	Section 9	246,529	(341,653)
(5) Deficiency (Excess)	(3) - (4)	1,230,178	1,387,985
(6) Net to Gross Multiplier	N/A	1.000000	1.000000
(7) Revenue Deficiency (Excess)	(5) x (6)	1,230,178	1,387,985
Realized return on rate base	(4) / (1)	1.79%	-3.51%

SECTION 4
PLANT INVESTMENT

Rainbow Telecommunications Association
Dkt No.
Summary of Rate Base
YE 12/31/16

Section 4
Schedule 1

Line	Acct	Description	(A) Book Balance	(B) Cost Study Adjustments	(C) Cost Study Balance	(D) Normalizing Adjustments	(E) Normalized Balance	(F) Allocation--/	(G) Allocation--/	(H) Interstate	(I) Intrastate
1	2111	Land	30,532	(8,334.71)	\$ 22,197		\$ 22,197	0.323566	0.676434	\$ 7,182	\$ 15,015
2	2112	Vehicles-Plant	534,097	(233,012.75)	301,084	8,775	309,859	0.323566	0.676434	100,260	209,599
3	2112	Vehicles-Non Plant	-	-	-	-	-	0.323566	0.676434	-	-
4	2115	Garage Work Equipment	-	-	-	-	-	0.323566	0.676434	-	-
5	2116	Other Work Equipment	424,304	(129,742.09)	294,562	58,615	353,177	0.323566	0.676434	114,276	238,901
6	2121	Buildings	1,762,833	(544,167.45)	1,218,665	-	1,218,665	0.323566	0.676434	394,319	824,347
7	2122	Furniture	95,266	(43,526.04)	51,740	-	51,740	0.323566	0.676434	16,741	34,998
8	2123	Office Support Equipment	13,926	192.04	14,118	-	14,118	0.323566	0.676434	4,568	9,550
9	2123.2	Other Communications Equipmen	143,150	(27,611.30)	115,539	-	115,539	0.323566	0.676434	37,384	78,154
	2124	General Purpose Computers	133,515	(70,206.27)	63,308	4,600	67,908	0.323566	0.676434	21,973	45,936
10	2124.1	General Purpose Computers	23,052	-	23,052	18,312	41,364	0.323566	0.676434	13,384	27,980
11											
12		Total General Support Facilities	3,160,674	(1,056,409)	2,104,265	90,302	2,194,567			710,087	1,484,480
13											
14	2212	COE Digital	768,744	(21,883)	746,861	(75,000)	671,861	0.701046	0.298954	471,005	200,855
15	2212.1	COE Digital Equipment	-	-	-	-	-	0.701046	0.298954	-	-
16	2230	COE Transmission	4,746,641	-	4,746,641	(61,114)	4,685,527	0.506171	0.493829	2,371,678	2,313,849
17	2230.2	COE Transmission DSL	-	-	-	-	-	0.506171	0.493829	-	-
18											
19		Total Central Office Equipment	5,515,384	(21,883)	5,493,501	(136,114)	5,357,387			2,842,683	2,514,704
20											
21	2351	Public Telephone Equipment	-	-	-	-	-			-	-
22											
23		Total Info Orig/Term Equipment	-	-	-	-	-			-	-
24											
25	2411	Pole Lines	-	-	-	-	-	0.270340	0.729660	-	-
26	2421	Aerial Cable	-	-	-	-	-	0.270340	0.729660	-	-
27	2423	Buried Cable	19,112,474	-	19,112,474	5,000	19,117,474	0.270340	0.729660	5,168,218	13,949,256
28	2423.1	Buried Cable-Fiber Optic	687,654	-	687,654	-	687,654	0.270340	0.729660	185,900	501,754
29	2423.2	Buried Cable-Fiber Ring	1,202,519	-	1,202,519	-	1,202,519	0.270340	0.729660	325,089	877,430
30	2431	Aerial Wire	-	-	-	-	-	0.270340	0.729660	-	-
31	2441	Conduit Systems	-	-	-	-	-	0.270340	0.729660	-	-
32											
33		Total Cable and Wire Facilities	21,002,647	-	21,002,647	5,000	21,007,647			5,679,207	15,328,440
34											
35	2681	Capital Lease	-	-	-	-	-	-	1.000000	-	-
36	2690	Intangibles	1,023	-	1,023	-	1,023	0.323566	0.676434	331	692
37											
38											
39		Telephone Plant	29,679,728	(1,078,292)	28,601,436	(40,812)	28,560,624			9,232,308	19,328,316
40											
41	3100	Accumulated Depreciation	(17,078,119)	626,871	(16,451,248)	791,924	(15,659,324)	0.351637	0.648363	(5,506,402)	(10,152,922)
42	MISC	Misc Accum. Depr and Amort	-	-	-	-	-	-	-	-	-
43											
44		Net Telephone Plant	12,601,609	(451,421)	12,150,188	751,112	12,901,300			3,725,906	9,175,394
45											
46	1220	Materials and Supplies	58,867	-	58,867	-	58,867	0.270340	0.729660	15,914	42,953
47	1402	RTB Stock	-	-	-	-	-	0.323566	0.676434	-	-
48	1403	Goodwill	-	-	-	-	-	-	-	-	-
49	1410	Other Noncurrent Asset	672,159	-	672,159	-	672,159	0.323566	0.676434	217,488	454,671
50	2003	TPUC - Short Term	429,149	-	429,149	(429,149)	-	0.323566	0.676434	-	-
51	4361	Deferred Income Taxes	-	-	-	-	-	0.323566	0.676434	-	-
52	4040	Customer Deposits	(8,650)	-	(8,650)	-	(8,650)	0.323566	0.676434	(2,799)	(5,851)
53	MISC	Other Credit Accounts	-	-	-	-	-	0.323566	0.676434	-	-
54											
55		Net Investment	13,753,134	(451,421)	13,301,713	321,963	13,623,676			3,956,509	9,667,166
56											
57		Cash Working Capital	113,136	-	113,136	-	113,136			46,985	66,152
58											
59		Total Rate Base	\$ 13,866,270	\$ (451,421)	\$ 13,414,849	\$ 321,963	\$ 13,736,812	1.000000		\$ 4,003,494	\$ 9,733,318

Rainbow Telecommunications Association
Dkt No.
Comparative Plant Balances

Section 4
Schedule 2

KCC REPORT - KANSAS ONLY. SCHEDULE 8.

Line	Description	2013	2014	2015	2016
1	2111 Land	\$ 20,674	\$ 20,865	\$ 20,914	\$ 20,937
2	2112 Vehicles	265,647	289,908	306,745	366,258
3	2114 Special Purpose Vehicles				
4	2115 Garage Work Equipment				
5	2116 Other Work Equipment	223,474	247,549	257,446	290,968
6	2121 Buildings	771,346	806,694	808,621	1,208,866
7	2122 Furniture	7,195	7,262	7,279	65,329
8	2123 Office Equipment	72,587	71,481	71,651	107,715
9	2124 General Purpose Computers	98,522	115,790	89,770	107,366
10	2212 Digital Electric Switching Equip.	220,191	216,811	228,364	229,814
11	2231 Radio Systems				
12	2232 Circuit Equipment	2,300,264	2,232,978	2,528,909	2,467,152
13	2311 Station Apparatus				
14	2321 Customer Premises Wiring				
15	2351 Public Telephone Equipment				
16	2362 Other Terminal Equipment				
17	2411 Poles				
18	2421 Aerial Cable				
19	2422 Underground Cable				
20	2423 Buried Cable	15,559,278	15,420,827	15,422,511	15,432,913
21	2424 Submarine Cable				
22	2426 Intrabuilding Network Cable				
23	2431 Aerial Wire				
24	2441 Conduit Systems				
25	2690 Intangibles	170,706	174,660	182,598	182,798
26	2005 Telephone Plant Adjustment	0	0	0	0
27					
28	Total	\$ 19,709,884	\$ 19,604,825	\$ 19,924,808	\$ 20,480,116

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P RB 1

Purpose:

To Include 2017 Work Order Closings

Acct	Description	Adjustment
2112	Motor Vehicles	\$108,200
2116	Other Work Equipment	\$122,000
2124	General Purpose Computers	\$22,912
2212	Central Office Switching	\$156,000
2232	Circuit Equipment	\$337,000
2423	Buried Cable	\$5,000
2003	Telephone Plant Under Construction	(\$429,149)

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P RB 2

Purpose:

To Include 2017 Retirements

Acct	Description	Adjustment
2112	Motor Vehicles	(\$99,425)
2116	Other Work Equipment	(\$63,385)
2212	Central Office Switching	(\$231,000)
2232	Circuit Equipment	(\$398,114)
3112	Acc. Depr. Motor Vehicles	\$99,425
3116	Acc. Depr. Other Work Equipment	\$63,385
3212	Acc. Depr. Central Office Switching	\$231,000
3232	Acc. Depr. Circuit Equipment	\$398,114
Total		<u>\$0</u>

SECTION 5

ACCUMULATED DEPRECIATION AND AMORTIZATION

Rainbow Telecommunications Association
Dkt No.
Accumulated Depreciation and Amortization
YE 12/31/16

Section 5
Schedule 1

Line	Account	Description	(A) Book Balance	(B) Cost Study Adjustments	(C) Cost Study Balance	(D) Normalizing Adjustments	(E) Normalized Balance	(F) /--Allocation--/ Interstate	(G) Intrastate	(H) Interstate	(I) Intrastate
1	3112	Vehicles-Plant	(511,025)	\$ 155,135	(355,890)	\$ 99,425	(256,465)	0.323566	0.676434	\$ (82,983)	\$ (173,481)
2	3112.2	Vehicles-Non Plant	-	\$ -	-	-	-	0.323566	0.676434	-	-
3	3115	Garage Work Equipment	-	\$ -	-	-	-	0.323566	0.676434	-	-
4	3116	Other Work Equipment	(371,691)	\$ 112,837	(258,854)	63,385	(195,469)	0.323566	0.676434	(63,247)	(132,222)
5	3121	Buildings	(955,521)	\$ 290,074	(665,447)	-	(665,447)	0.323566	0.676434	(215,316)	(450,131)
6	3122	Furniture	(7,251)	\$ 2,201	(5,049)	-	(5,049)	0.323566	0.676434	(1,634)	(3,416)
7	3123.1	Office Support Equipment	(1,172)	\$ 356	(816)	-	(816)	0.323566	0.676434	(264)	(552)
8	3123.2	Other Communications Equipment	(12,333)	\$ 3,744	(8,589)	-	(8,589)	0.323566	0.676434	(2,779)	(5,810)
9	3124	General Purpose Computers	(133,875)	\$ 40,641	(93,234)	-	(93,234)	0.323566	0.676434	(30,167)	(63,066)
10											
11		General Support Facilities	(1,992,867)	604,988	(1,387,879)	162,810	(1,225,069)	0.323566	0.676434	(396,391)	(828,678)
12											
13	3212	COE Digital	(768,744)	179,925	(588,819)	231,000	(357,819)	0.701046	0.298954	(250,847)	(106,971)
14	3212.1	COE Digital Equipment	-	-	-	-	-	0.701046	0.298954	-	-
15											
16		Total Central Office Switching	(768,744)	179,925	(588,819)	231,000	(357,819)	0.701046	0.298954	(250,847)	(106,971)
17											
18	3232	COE Transmission	(4,708,273)	(158,042)	(4,866,315)	398,114	(4,468,201)	0.506171	0.493829	(2,261,674)	(2,206,527)
19	3232.1	COE Transmission DSL	-	-	-	-	-	0.506171	0.493829	-	-
20											
21		Total Central Office Transmission	(4,708,273)	(158,042)	(4,866,315)	398,114	(4,468,201)	0.506171	0.493829	(2,261,674)	(2,206,527)
22											
23	3351	Public Telephone Equipment	-	-	-	-	-	0.000000	0.000000	-	-
24											
25		Total Info Orig/Term Equipment	-	-	-	-	-	-	-	-	-
26											
27	3411	Pole Lines	-	-	-	-	-	0.27034	0.729660	-	-
28	3421	Aerial Cable	-	-	-	-	-	0.27034	0.729660	-	-
29	3124.23	Buried Cable	(7,718,063)	-	(7,718,063)	-	(7,718,063)	0.27034	0.729660	(2,086,501)	(5,631,561)
30	2124.231	Buried Cable-Fiber Optic	(687,654)	-	(687,654)	-	(687,654)	0.27034	0.729660	(185,900)	(501,754)
31	2124.232	Buried Cable-Fiber Ring	(1,202,519)	-	(1,202,519)	-	(1,202,519)	0.27034	0.729660	(325,089)	(877,430)
32	3431	Aerial Wire	-	-	-	-	-	0.27034	0.729660	-	-
33	3441	Conduit Systems	-	-	-	-	-	0.27034	0.729660	-	-
34											
35		Cable and Wire Facilities	(9,608,236)	-	(9,608,236)	-	(9,608,236)	0.27034	0.729660	(2,597,490)	(7,010,745)
36											
37		Total Accumulated Depreciation	(17,078,119)	626,871	(16,451,248)	791,924	(15,659,324)	0.351637	0.648363	(5,506,402)	(10,152,922)
38											
39		Intangibles	-	-	-	-	-	0.323566	0.000000	-	-
40											
41		Total Accum. Depr and Amort.	\$ (17,078,119)	\$ 626,871	\$ (16,451,248)	\$ 791,924	\$ (15,659,324)	0.351637	0.648363	\$ (5,506,402)	\$ (10,152,922)

SECTION 6
CASH WORKING CAPITAL

Rainbow Telecommunications Association
Dkt No.
YE 12/31/16

Purpose:

To include the intrastate portion of cash working capital in rate base

Cash Working Capital

	Total Company	Interstate	Intrastate
Total Expenses	\$ 4,470,417	\$ 1,757,461	\$ 2,712,956
Less non-cash expenses:			
Depreciation and Amortization	1,717,644	614,254	1,103,391
Net Cash Expense before taxes	2,752,773	1,143,208	1,609,565
Federal Income Taxes	-	-	-
State Income Taxes	-	-	-
Interest Expense	-	-	-
Total Cash Expenses	2,752,773	1,143,208	1,609,565
Cash Working Capital (15 days)	\$ 113,136	\$ 46,985	\$ 66,152
<i>(Total cash exp * .041096)</i>			

SECTION 7
CAPITAL STRUCTURE

Rainbow Telecommunications Association
Dkt No.
Capital and Cost of Money
YE 12/31/16

Requested Capital Structure/Rate of Return

(A)		(B)	(C)	(D)
Ln	Description	12/31/2016	Allocation	Average Cost
1	Total Long Term Debt	218,152	0.54%	5.00%
2	Total Equity	40,089,261	99.46%	
3	Total Capital	<u>\$ 40,307,413</u>	<u>100.00%</u>	
4	<i>Requested Cost of Capital</i>			10.75%

Rainbow Telecommunications Association
Dkt No.
Long Term Debt Schedule
YE 12/31/16

Section 7
Schedule 2

Ln	Issuer	Loan ID	12/31/2010	Rate	Annual Interest
1	Rural Utilities Service (RUS)	12110	337,560.66	5.000%	16,878
2	Rural Utilities Service (RUS)	12111	11,429.54	5.000%	571
3	Rural Utilities Service (RUS)	12150	466,260.70	5.000%	23,313
4	Rural Utilities Service (RUS)	12151	1,465,974.54	5.000%	73,299
5	Rural Utilities Service (RUS)	12152	1,015,488.51	5.000%	50,774
6	Rural Utilities Service (RUS)	12153	717,215.64	5.000%	35,861
7	Rural Utilities Service (RUS)	12154	2,786,761.21	5.000%	139,338
8	Rural Utilities Service (RUS)	12155	1,002,636.92	5.000%	50,132
9	Rural Utilities Service (RUS)				-
10	Rural Utilities Service (RUS)	9J990	(7,585,176.29)	5.000%	(379,259)
11					-
12					-
13					-
14					-
15					-
16	Total		218,151	5.0000%	10,908
Total Long Term Debt			218,151		

SECTION 8
COMPARITIVE FINANCIALS

Rainbow Telecommunications Association
Dkt No.
Four Year Comparative Balance Sheet

Section 8
Schedule 1

KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.

Acct No.	Account Title	12/31/13 Balance	12/31/14 Balance	12/31/15 Balance	12/31/16 Balance
<u>Current Assets</u>					
1130	Cash	\$ 15,526,795	\$ 9,907,584	\$ 12,388,520	\$ 11,117,551
1140	Special Cash Deposits				
1150	Working Cash Advance				
1160	Temporary Cash Investments	6,581,668	9,531,854	8,372,789	7,282,108
1180	Telecommunications Accounts Receivable				
1181	Accts Receivable Allowance-Telecommunications				
1190	Other Accounts Receivable				
1191	Accounts Receivable Allowance - Other				
1200	Notes Receivable				
1201	Notes Receivable Allowance				
1210	Interest and Dividends Receivable				
1220	Materials and Supplies	69,962	62,311	68,817	58,867
1290	Prepaid Rents				
1300	Prepaid Taxes				
1310	Prepaid Insurance				
1320	Prepaid Directory Expenses				
1330	Other Prepayments	236,547	358,796	255,067	134,649
1350	Other Current Assets	5,129	2,969	8,270	21,638
Total Current Assets		22,420,101	19,863,514	21,093,463	18,614,813
<u>NonCurrent Assets</u>					
1401	Investments in Affiliated Companies	6,268,260	6,173,330	6,326,369	6,678,528
1402	Investments in Nonaffiliated Companies	0	15,406	22,123	23,377
1406	Nonregulated Investments				
1407	Unamortized Debt Issuance Expense	0	0	0	0
1408	Sinking Funds	0	0	0	0
1410	Other Noncurrent Assets	1,454,540	1,573,230	1,636,158	2,373,771
1438	Deferred Maintenance and Retirements	0	0	0	0
1439	Deferred Charges	0	0	0	0
1500	Other Jurisdictional Assets - Net	0	0	0	0
Total Noncurrent Assets		7,722,800	7,761,966	7,984,650	9,075,676
<u>Property, Plant & Equipment</u>					
2001	Telecommunications Plant in Service	28,613,482	28,732,522	29,280,559	29,945,271
2002	Property Held for Future Telecommunications Use				
2003	Telecommunications Plant Under Const - Short Term	563	11,299	236,624	429,149
2004	Telecommunications Plant Under Const - Long Term				
2005	Telecommunications Plant Adjustment				
2006	Nonoperating Plant				
2007	Goodwill				
Gross Regulated Property, Plant & Equipment		28,614,045	28,743,821	29,517,183	30,374,420

Rainbow Telecommunications Association
Dkt No.
Four Year Comparative Balance Sheet

Section 8
Schedule 1

KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.

Acct No.	Account Title	12/31/13 Balance	12/31/14 Balance	12/31/15 Balance	12/31/16 Balance
<u>Depreciation and Amortization</u>					
3100	Accumulated Depreciation	11,787,718	14,418,747	15,741,176	17,078,119
3200	Accumulated Depreciation - Held for Future Use				
3300	Accumulated Depreciation - Nonoperating				
3410	Accumulated Amortization - Capitalized Leases				
3420	Accumulated Amortization - Leasehold Improve				
3500	Accumulated Amortization - Intangible	179,250	254,392	265,458	265,543
3600	Accumulated Amortization - Other				
	Total Depreciation and Amortization	11,966,968	14,673,139	16,006,634	17,343,662
	Total Assets and Other Debits	46,789,907	41,696,125	42,588,661	40,721,247
	Other Nonregulated Assets				
	Accumulated Depr & Amort-Other Nonreg Assets				
	Net Nonregulated Assets				
	Total Assets and Other Debits	\$ 46,789,907	\$ 41,696,125	\$ 42,588,661	\$ 40,721,247
<u>Current Liabilities</u>					
4010	Accounts Payable				
4020	Notes Payable	105,158	91,666	179,869	108,670
4030	Advance Billing and Payments				
4040	Customers' Deposits	7,350	8,000	7,950	8,650
4050	Current Maturities - Long Term				
4060	Current Maturities - Capital Leases				
4070	Income Taxes - Accrued				21,074
4080	Other Taxes - Accrued	19,012	41,368	48,573	36,262
4100	Net Current Deferred Operating Income Taxes				
4110	Net Current Deferred Nonoperating Income Taxes				
4120	Other Accrued Liabilities				
4130	Other Current Liabilities	302,235	246,388	225,612	237,943
	Total Current Liabilities	433,755	387,422	462,004	412,599
<u>Long Term Debt</u>					
4210	Funded Debt	8,937,261	1,669,445	1,745,580	218,151
4220	Premium on Long Term Debt	0	0	0	0
4230	Discount on Long Term Debt	0	0	0	0
4240	Reacquired Debt	0	0	0	0
4250	Obligations Under Capital Leases	0	0	0	0
4260	Advances from Affiliated Companies	0	0	0	0
4270	Other Long Term Debt	0	0	0	0
	Total Long Term Debt	8,937,261	1,669,445	1,745,580	218,151

Rainbow Telecommunications Association
Dkt No.
Four Year Comparative Balance Sheet

Section 8
Schedule 1

KCC REPORT - TOTAL COMPANY. SCHEDULE 3 & 5.

Acct No.	Account Title	12/31/13 Balance	12/31/14 Balance	12/31/15 Balance	12/31/16 Balance
<u>Other Liabilities and Deferred Credits</u>					
4310	Other Long Term Liabilities	19,034	0	0	0
4320	Unamortized Operating Investment Tax Credits-Net	0	0	0	0
4330	Unamortized Nonoperating Investment Tax Credits-Net	0	0	0	0
4340	Net Noncurrent Deferred Operating Income Taxes	0	0	0	0
4350	Net Noncurrent Deferred Nonoperating Income Taxes	0	0	0	0
4360	Other Deferred Credits	0	0	0	14,338
4370	Other Jurisdictional Liabilities and Deferred Credits-Net	0	0	0	0
Total Other Liabilities and Deferred Credits		19,034	0	0	14,338
<u>Stockholders' Equity</u>					
4510	Capital Stock	0	0	0	0
4520	Additional Paid-in Capital	0	0	0	0
4530	Treasury Stock	0	0	0	0
4540	Other Capital	0	0	0	5,371
4550	Retained Earnings	37,399,857	39,639,257	40,381,077	40,070,788
Total Stockholders Equity		37,399,857	39,639,257	40,381,077	40,076,159
Total Liabilities and Other Credits		\$ 46,789,907	\$ 41,696,124	\$ 42,588,661	\$ 40,721,247

Rainbow Telecommunications Association
Dkt No.
Four Year Comparative Income Statement

Section 8
Schedule 2

KCC REPORT - KANSAS ONLY. SCHEDULE 6.

Acct No.	Line Title	12/31/2013 Balance	12/31/2014 Balance	12/31/2015 Balance	12/30/2016 Balance
	<u>Telephone Operating Income</u>				
5000	Operating Revenues	\$ 6,359,761	\$ 5,526,728	\$ 5,107,641	\$ 4,927,077
6000	Operating Expenses	4,501,044	4,198,712	4,100,412	4,761,929
7100	Other Operating Income & Expenses - Net				
7210	Operating Investment Tax Credits				
7220	Federal Income Taxes - Operating				
7230	State & Local Income Taxes - Operating	(6,717)	(15,937)	(16,211)	(17,212)
7240	Other Operating Taxes	39,412	84,300	98,514	73,701
7250	Provision for Deferred Operating Inc. Taxes - Net				
7200	Total Operating Taxes	32,695	68,363	82,303	56,489
	Operating Income	1,826,022	1,259,653	924,926	108,659
	<u>NonOperating Income and Expenses</u>				
7310	Dividend Income	0	0	0	0
7320	Interest Income				
7330	Income from Sinking and Other Funds				
7340	Allowance for Funds Used During Const	1,701	0	13,107	38,096
7350	Gain or Loss from Disposition of Property				
7360	Other Nonoperating Income				
7370	Special Charges				
7380	Equity Undistributed Sub. Earnings				
7300	Nonoperating Income & Expenses - Net	1,701	0	13,107	38,096
7400	Total Nonoperating Taxes	0			
	Total Nonoperating Income & Expenses	1,701	0	13,107	38,096
	Income Available for Fixed Charges	1,827,723	1,259,653	938,033	146,755
	<u>Fixed Charges</u>				
7510	Interest on Funded Debt	780,232	587,884	485,687	416,869
7520	Interest Expense - Capital Leases	0	0	0	0
7530	Amortization of Debt Issuance Expense	0	0	0	0
7540	Other Interest Charges	0	0	0	0
7500	Total Interest & Related Items	780,232	587,884	485,687	416,869
7600	Total Extraordinary Items				
	Net Income (after Nonoperating, Fixed Charges, and Extraordinary Items)	1,047,491	671,769	452,346	(270,114)
7910	Effect of Jurisdictional Ratemaking Diff-Net				
7990	Nonregulated Net Income	0	0	0	0
	Net Income (After ratemaking differences including Nonregulated Net Income)	\$ 1,047,491	\$ 671,769	\$ 452,346	\$ (270,114)

Rainbow Telecommunications Association
Dkt No.
4 Year Comparative Operating Revenues

Section 8
Schedule 3

KCC REPORT - TOTAL KANSAS. SCHEDULE 18.

Acct No.	Account Title	12/31/2013 Balance	12/31/2014 Balance	12/31/2015 Balance	12/30/2016 Balance
	<u>Local Network Service Revenue</u>				
5001	Basic Area Revenue	\$ 442,707	\$ 446,994	\$ 436,626	\$ 426,992
5002	Extended Area Revenues				
5003	Cellular Mobile Service Revenue				
5004	Other Mobile Service Revenue				
5010	Public Telephone Revenue				
5040	Local Private Line Revenue				
5050	Customer Premises Revenue				
5060	Other Local Exchange Revenue	2,752	2,743	2,609	2,475
	Other Revenues				
	Total Local Network Service Revenues	445,459	449,737	439,235	429,467
	Federal USF Support	3,231,161	2,656,789	2,222,369	1,879,765
5264	State KUSF Support	203,315	149,951	145,210	142,644
	<u>Network Access & L. D. Service Revenue</u>				
5081	End User Revenue	137,270	127,177	124,006	122,623
5082	Interstate Switched Access	1,829,088	1,302,288	1,425,569	1,979,628
5083	Interstate Special Access	258,097	341,595	240,362	203,006
5084	Intrastate Switched Access				
5084	Intrastate Special Access	37,247	7,759	7,017	7,017
5080	Other Access Revenue				80,279
5100	Long Distance Service Revenue				
	Total Network Access Revenue	2,261,702	1,778,819	1,796,954	2,392,553
	<u>Miscellaneous Revenue</u>				
5230	Directory Revenue	(30,011)	8,872	8,694	7,628
5240	UNE Revenue				
5240	Other Rent Revenue	56,334	55,180	53,506	62,910
5250	Corporate Operations Revenue				
5260	Other Miscellaneous Revenue (w/o KUSF)	36,663	53,934	47,201	42,865
	Carrier Billing & Collections Revenue (Interstate)				
	Carrier Billing & Collections Revenue (Intrastate)				
	Total Miscellaneous Revenue	62,986	117,986	109,401	113,403
	<u>Uncollectible Revenue</u>				
5300	Uncollectible Revenue	268	3,176	178	3,176
	Total KCC Regulated Operating Revenue	6,204,891	5,156,458	4,713,347	4,961,008
5280	Nonregulated Operating Revenue				
5000	Total Operating Revenue	\$ 6,204,891	\$ 5,156,458	\$ 4,713,347	\$ 4,961,008

Rainbow Telecommunications Association
Dkt No.
Monthly Intrastate Access Minutes

Section 8
Schedule 6

Month	Interstate	Intrastate Interlata	Intrastate Intralata	Total
Jan-14	196,739	97,095	167,469	461,303
Feb-14	216,114	105,841	176,131	498,086
Mar-14	219,124	99,230	177,540	495,894
Apr-14	186,937	88,688	158,972	434,597
May-14	199,667	92,237	163,510	455,414
Jun-14	185,223	82,326	147,615	415,164
Jul-14	172,498	87,400	149,708	409,606
Aug-14	178,596	91,141	151,068	420,805
Sep-14	180,659	94,917	156,396	431,972
Oct-14	173,937	89,905	150,224	414,066
Nov-14	177,268	87,026	140,724	405,018
Dec-14	170,691	74,557	130,897	376,145
Jan-15	161,418	68,051	122,372	351,841
Feb-15	178,116	79,949	133,610	391,675
Mar-15	155,787	76,037	128,108	359,932
Apr-15	154,530	68,622	111,359	334,511
May-15	167,954	80,190	129,226	377,370
Jun-15	154,626	55,297	102,862	312,785
Jul-15	163,584	59,276	94,864	317,724
Aug-15	162,553	70,976	121,267	354,796
Sep-15	189,665	61,488	113,757	364,910
Oct-15	173,098	69,639	110,878	353,615

Nov-15	181,881	53,588	102,674	338,143
Dec-15	174,038	58,455	116,009	348,502
Jan-16	173,948	64,949	122,747	361,644
Feb-16	172,626	72,584	122,696	367,906
Mar-16	154,832	81,760	126,028	362,620
Apr-16	142,268	72,596	115,192	330,056
May-16	144,273	69,400	119,238	332,911
Jun-16	134,824	66,659	114,238	315,721
Jul-16	140,809	69,710	125,785	336,304
Aug-16	142,164	67,309	117,734	327,207
Sep-16	130,561	67,173	118,979	316,713
Oct-16	137,680	71,419	122,185	331,284
Nov-16	130,544	60,136	105,620	296,300
Dec-16	128,974	64,252	109,441	302,667

Total 2014	2,257,453	1,090,363	1,870,254	5,218,070
Total 2015	2,017,250	801,568	1,386,986	4,205,804
Total 2016	1,733,503	827,947	1,419,883	3,981,333

SER = Intrastate/InterLATA

SRA = Intrastate/IntraLATA

Rainbow Telecommunications Association
Dkt No.
4 Year Comparative Operating Expenses

Section 8
Schedule 4

KCC REPORT - TOTAL KANSAS. SCHEDULE 21.

Acct No.	Operating Expense Accounts	12/31/2013 Balance	12/31/2014 Balance	12/31/2015 Balance	12/30/2016 Balance
PLANT SPECIFIC OPERATIONS EXPENSE					
<u>Network Support Expenses</u>					
6112	Motor Vehicle Expense	\$ 18,267	\$ 23,348	\$ 17,339	\$ 14,478
6113	Aircraft Expense				
6114	Special Purpose Vehicle Expense				
6115	Garage Work Equipment Expense				
6116	Other Work Equipment Expense	0	0	0	0
	Total Network Support Expense	18,267	23,348	17,339	14,478
<u>General Support Expenses</u>					
6121	Land & Building Expenses	74,484	68,825	85,394	75,351
6122	Furniture and Art Works Expense	1,886	2,047	345	31,921
6123	Office Equipment Expense	30,921	35,057	37,262	43,162
6124	General Purpose Computers Expense	46,281	55,353	55,768	69,020
	Total General Support Expenses	153,572	161,282	178,769	219,454
<u>Central Office Switching Expenses</u>					
6211	Analog Electronic Expense				
6212	Digital Electronic Expense	222,331	154,903	123,270	102,063
6215	Electro-Mechanical Expense				
	Total Central Office Switching Expenses	222,331	154,903	123,270	102,063
6220	Operators System Expense	0	0	0	0
6230	Central Office Transmission Expense	108,369	45,191	65,321	178,916
<u>Information/Origination/Termination Expenses</u>					
6311	Station Apparatus Expense				
6341	Large Private Branch Expense				
6351	Public Telephone Terminal Equipment Expense				
6362	Other Terminal Equipment Expense				
	Total Inf./Orig./Termination Expenses	0	0	0	0
<u>Cable and Wire Facilities Expenses</u>					
6411	Poles Expense				
6421	Aerial Cable Expense				
6422	Underground Cable Expense				
6423	Buried Cable Expense	258,080	252,806	252,010	259,326
6424	Submarine Cable Expense				
6425	Deep Sea Cable Expense				
6426	Intrabuilding Network Cable Expense	0	0	0	0
6431	Aerial Wire Expense	0	0	0	0
6441	Conduit Systems Expense	0	0	0	0
	Total Cable and Wire Facilities Expenses	258,080	252,806	252,010	259,326
	Total Plant Specific Operations Expense	760,619	637,530	636,709	774,237

Rainbow Telecommunications Association
Dkt No.
4 Year Comparative Operating Expenses

Section 8
Schedule 4

KCC REPORT - TOTAL KANSAS. SCHEDULE 21.

Acct No.	Operating Expense Accounts	12/31/2013 Balance	12/31/2014 Balance	12/31/2015 Balance	12/30/2016 Balance
PLANT NONSPECIFIC OPERATIONS EXPENSE					
<u>Other Property Plant and Equipment Expenses</u>					
6511	Property Held for Future Telecom Use Exp	0	0	0	0
6512	Provisioning Expense	11,486	26,849	26,977	15,710
	Total Other Prop. Plant and Equip. Expenses	11,486	26,849	26,977	15,710
<u>Network Operations Expenses</u>					
6531	Power Expense	54,865	66,222	61,598	71,778
6532	Network Administration Expense	70,905	195,213	198,297	261,396
6533	Testing Expense	4,968	33,823	35,686	12,268
6534	Plant Operations Administration Expense	16,417	93,580	96,696	47,568
6535	Engineering Expense	0	0	0	0
	Total Network Operations Expenses	147,155	388,838	392,277	393,010
6540	Access Expense	57,314	69,520	44,381	36,075
<u>Depreciation and Amortization Expenses</u>					
6561	Depr. Expense - Telecom Plant in Service	2,107,038	1,499,393	1,437,951	2,019,517
6561.1	Amortization of Extraordinary Retirements				
6562	Depr Expense-Prop Held for Future Telecom				
6563	Amortization Expense-Tangible	0	0	0	0
6564	Amortization Expense-Intangible	50,422	23,586	11,066	86
6565	Amortization Expense-Other	0	0	0	0
	Total Depreciation and Amortization Expenses	2,157,460	1,522,979	1,449,017	2,019,603
	Total Plant Nonspecific Operations Expense	2,373,415	2,008,186	1,912,652	2,464,398
CUSTOMER OPERATIONS EXPENSE					
6610	Marketing	81,251	162,124	219,591	129,711
6620	Services	253,310	222,166	236,644	262,087
	Total Customer Operations Expense	334,561	384,290	456,235	391,798
CORPORATE OPERATIONS EXPENSE					
6710	Executive and Planning	187,407	273,022	268,749	262,951
6720	General and Administrative	845,042	895,684	826,067	868,545
6790	Provision for Uncollectible Notes Receivable	0	0	0	0
	Total Corporate Operations Expense	1,032,449	1,168,706	1,094,816	1,131,496
	TOTAL OPERATING EXPENSE	\$ 4,501,044	\$ 4,198,712	\$ 4,100,412	\$ 4,761,929

Rainbow Telecommunications Association
Dkt No.
Annual Payrolls

Section 8
Schedule 5

KCC REPORT - TOTAL KANSAS. SCHEDULE 26.

Description	2013	2014	2015	2016
<u>Salaries & Wages</u>				
Plant Specific Operations	\$ 295,906	\$ 217,187	\$ 214,781	\$ 255,497
Plant Non-specific Operations	62,064	233,203	240,408	218,478
Customer Operations	131,466	143,742	158,607	128,421
Corporate Operations	203,613	184,890	191,768	251,509
Total	<u>\$ 693,049</u>	<u>\$ 779,022</u>	<u>\$ 805,564</u>	<u>\$ 853,905</u>
<u>Pensions & Benefits</u>				
Plant Specific Operations	\$ 110,297	\$ 79,766	\$ 76,736	82,231
Plant Non-specific Operations	23,282	80,589	80,514	67,858
Customer Operations	43,224	47,756	49,921	39,667
Corporate Operations	72,813	63,261	64,495	77,541
Total	<u>\$ 249,616</u>	<u>\$ 271,372</u>	<u>\$ 271,666</u>	<u>\$ 267,297</u>
<u>Total Payrolls</u>				
Plant Specific Operations	\$ 406,203	\$ 296,953	\$ 291,517	\$ 337,728
Plant Non-specific Operations	85,346	313,792	320,922	286,336
Customer Operations	174,690	191,498	208,528	168,088
Corporate Operations	276,426	248,151	256,263	329,050
Total	<u>\$ 942,665</u>	<u>\$ 1,050,394</u>	<u>\$ 1,077,230</u>	<u>\$ 1,121,202</u>

SECTION 9
INCOME STATEMENT ADJUSTMENTS

Rainbow Telecommunications Association
Dkt No.
Summary of Income Statement Adjustments
YE 12/31/16

Section 9
Schedule 2

Acct	Description	Adj #	Amount	Source
5082	Universal Service Fund Payments	IS 1	\$ (235,640)	W/P IS 1
	<i>To update Federal Universal Service Fund Receipts to the most recent USAC Projections</i>			
5084	KUSF Revenue Adjustment	IS 2	\$ (6,656)	W/P IS 2
5001	KUSF Benchmark Rate Adjustment		\$ 4,536	
	<i>To Reflect KUSF Year 21 per Testimony of Sandy Reams</i>			
5084	Intrastate ICC Revenue Requirement	IS 3	\$ (2,336)	W/P IS 3
	<i>To reflect 5% Reduction in Intrastate Terminating ICC</i>			
Total Revenue Adjustments			<u>\$ (240,097)</u>	
Misc.	2016-2017 Payroll Difference	IS 4	\$ 117,555	W/P IS 4
	<i>To Reflect 2017 Payroll Changes</i>			
6720	Accounting Charges	IS 5	\$ (82,342)	W/P IS 5
	<i>To Normalize External Accounting Charges</i>			
6560	Depreciation Expense	IS 6	\$ (191,218)	W/P IS 6
	<i>To Normalize Depreciation</i>			
6720	KUSF Audit Expenses (5 yr Ammortization)	IS 7	\$ 30,000	W/P IS 7
	<i>To Include KUSF Proceeding Expenses</i>			
Total Expense Adjustments			<u>\$ (126,005)</u>	

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS1

Purpose:

To update Federal Universal Service Fund Receipts to the most recent USAC Projections

<i>Account Description</i>	<i>Annual Amount</i>
5082 <i>USF Revenue (High Cost Loop) - 2016 Recorded</i>	<u><u>\$ 1,835,413</u></u>
<i>USF Revenue (High Cost Loop) - 2017 Projected</i>	<u><u>\$ 1,599,773</u></u>
5082 Revenue Adjustment	<u><u>\$ (235,640)</u></u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS2

Purpose:

To Reflect KUSF Year 21 per Testimony of Sandy Reams

Account	Description	Annual Amount
5084	<i>KUSF Revenue - Year 20 Recorded</i>	<u>\$ 142,644</u>
	<i>KUSF Revenue - Year 21 Estimated</i>	<u>\$ 135,988</u>
5084	KUSF Revenue Adjustment	<u>\$ (6,656)</u>
5001	Local Revenue Increase Due to KUSF Benchmark Rate	<u>\$ 4,536</u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS3

Purpose:

To reflect 5% Reduction in Intrastate Terminating ICC

Account	Description	Annual Amount
5084	2016/2017 Intrastate Terminating Revenue Req.	<u>\$ 46,725</u>
	2017/2018 Intrastate Terminating Revenue Req.	<u>\$ 44,389</u>
5084	Revenue Adjustment	<u>\$ (2,336)</u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS4

Purpose:
To Reflect 2017 Payroll Changes

Account	2016-2017 Payroll Difference	Annual Amount
6112.30	(17.28)	
6121.00	9,135.53	
6124.00	24,425.87	
6212.00	(2,559.45)	
6212.10	67.62	
6232.00	(3,004.80)	
6423.00	12,002.62	
6512.00	(5,639.74)	
6532.00	51,637.68	
6533.00	828.11	
6534.00	(20,248.38)	
6611.00	4,960.12	
6612.00	32,919.36	
6623.00	21,567.39	
6623.60	49.78	
6711.00	(59,967.41)	
6721.10	50,630.61	
6722.00	(234.97)	
6723.00	4,361.75	
6726.00	30.02	
6112.20	(5,459.28)	
6114.00	2,069.41	
Total Payroll Change		<u>\$ 117,555</u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS5

Purpose:

To Normalize External Accounting Charges to an Ongoing Level

Account	Accounting Charges	Annual Amount
6720.00	2016 Booked Amount	106,342
6720.00	2017 Estimated	24,000
Total Change		<u><u>\$ (82,342)</u></u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS6

Purpose:

To Normalize Depreciation

Account	Description	Annual Amount
6560	Depreciation Expense	<u><u>\$ (191,218)</u></u>

Rainbow Telecommunications Association
Dkt No.

YE 12/31/16

W/P IS7

Purpose:

To Include Estimated Proceeding Expense

Acct	Description	Amount
6720	Estimated Proceeding Expenses	<u>\$ 150,000</u>
	<i>Ammortization period</i>	5
6720	KUSF Audit Expenses to include	<u><u>\$ 30,000</u></u>

Rainbow Telecommunications Association
Dkt No.
Test Year and Normalized Income Statement
YE 12/31/16

Section 9
Schedule 1

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
		Book	Cost Study	Cost Study	Normalizing	Normalized	/--Allocation--/			
Line	Description	Balance	Adjustments	Balance	Adjustments	Balance	Interstate	Intrastate	Interstate	Intrastate
<u>Operating Revenues</u>										
1	5001 Local Network Services Revenues	\$ 429,467	\$ -	\$ 429,467	\$ 4,536	\$ 434,003			\$ -	\$ 434,003
2	Federal High Cost Loop Support	1,835,413	-	1,835,413	(235,640)	1,599,773				1,599,773
3	Kansas Universal Service Support	142,644	-	142,644	(6,656)	135,988				135,988
4	5080 Network Access Revenue	2,436,904	-	2,436,904	(2,336)	2,434,568			2,349,608	84,960
5	5100 Long Distance Network Service Rev	-	-	-	-	-			-	-
6	5270 Billing and Collection	-	-	-	-	-			-	-
7	5270 Misc Revenue	113,403	-	113,403	-	113,403			-	113,403
8	5280 Non-regulated revenue	5,344	(5,344)	-	-	-			-	-
9	5300 Uncollectible Revenue	3,176	-	3,176	-	3,176			-	3,176
10	Total Revenues	4,966,351	(5,344)	4,961,007	(240,097)	4,720,911			2,349,608	2,371,303
<u>Plant Specific Operations Expenses</u>										
11	6110 Network Support Expense	14,478	-	14,478	(3,407)	11,071	0.323566	0.676434	3,582	7,489
12	6120 General Support Expense	219,454	(68,061)	151,393	33,561	184,954	0.323566	0.676434	59,845	125,109
13	6210 Central Office Switching Expense	102,063	(18,923)	83,140	(2,492)	80,648	0.527060	0.472940	42,506	38,142
14	6230 Central Office Transmission Expense	178,916	-	178,916	(3,005)	175,911	0.527060	0.472940	92,716	83,195
15	6310 Information Orig/Term Expense	-	-	-	-	-			-	-
16	6410 Cable and Wire Facilities Exp	259,326	(43,987)	215,339	12,003	227,342	0.270340	0.729660	61,460	165,882
17	Total Plant Specific Operations Expenses	774,237	(130,971)	643,266	36,660	679,926			260,109	419,817
<u>Plant Non-Specific Operations Expense</u>										
18	6510 Other Plant Expense	15,710	-	15,710	(5,640)	10,070	0.323566	0.676434	3,258	6,812
19	6530 Network Operations Expense	393,011	-	393,011	32,217	425,228	0.323566	0.676434	137,589	287,639
20	6540 Access Expense	36,075	8,276	44,351	-	44,351	1.000000	0.000000	44,351	-
21	6560 Depreciation & Amortization	2,019,517	(110,655)	1,908,862	(191,218)	1,717,644	0.357614	0.642386	614,254	1,103,391
22	6565 Amort of Plant Acquisition Adjustment	-	-	-	-	-	0.323566	0.676434	-	-
23	Total Plant Non-Specific Operations Expenses	2,464,313	(102,379)	2,361,934	(164,640)	2,197,294			799,452	1,397,841
<u>Customer Operations Expense</u>										
24	6610 Marketing Expense	129,711	-	129,711	37,879	167,590	0.434312	0.565688	72,787	94,804
25	6620 Directory Expense	29,558	130,984	160,542	-	160,542	0.434312	0.565688	69,725	90,817
26	6620 Services Expense	232,528	(130,984)	101,544	21,617	123,161	0.434312	0.565688	53,490	69,671
27	Total Customer Operations Expense	391,797	-	391,797	59,497	451,294			196,002	255,291
<u>Corporate Operations Expense</u>										
28	6710 Executive and Planning Exp	262,951	-	262,951	(59,967)	202,984	0.391110	0.608890	79,389	123,595
29	6720 General and Administrative Exp	861,276	-	861,276	(27,555)	833,721	0.473971	0.526029	395,160	438,562
30	6720 General and Administrative (Rate Case Expense)	-	-	-	30,000	30,000	0.000000	1.000000	-	30,000
30	Total Corporate Operations Expense	1,124,227	-	1,124,227	(57,522)	1,066,705			474,549	592,156
<u>Operating Taxes & Other Operating Expenses</u>										
31	7210 Amortization of ITC	-	-	-	-	-			-	-
32	7220 Operating Federal Income Taxes	-	-	-	-	-			-	-
33	7230 Operating State Income Taxes	-	-	-	-	-			-	-
34	7240 Other Operating Taxes	73,701	(1,820)	71,881	-	71,881	0.334461	0.665539	24,041	47,840
35	7250 Deferred Operating Income Taxes	-	-	-	-	-			-	-
36	7340 Allowance for Funds Used During Construction	-	-	-	-	-	0.000000		-	-
37	7370 Contributions and Fees	7,269	-	7,269	-	7,269	0.454590	0.000000	3,304	-
38	5240 Rent Revenue	-	-	-	-	-	0.000000	0.000000	-	-
39	7310 Dividend & Interest	-	-	-	-	-	0.000000	1.000000	-	-
40	7360 Other Income	-	-	-	-	-			-	-
41	7500 Interest Expense	13	-	13	-	13	0.252889	0.747111	3	10
42	Total Operating Taxes & Other Operating Exp.	80,983	(1,820)	79,163	-	79,163			27,349	47,849
43	Total Operating Expenses	4,835,557	(235,170)	4,600,387	(126,005)	4,474,382			1,757,461	2,712,956
44	Net Operating Income	\$ 130,794	\$ 229,826	\$ 360,620	\$ (114,091)	\$ 246,529			\$ 592,147	\$ (341,653)

SECTION 10
DEPRECIATION EXPENSE

Section 10

Plant Acct	Description	12/31/16	Cost Study Adj	Adjusted Gross Plant	Normalized	Adjusted Gross Plant	A/D Acct	12/31/16	Cost Study Adj	Adjusted Accum Depr	Normalized	Staff	Adjusted Net Book	Depreciation Rate	Annual Depreciation	Normalized Depreciation
		Plant Book Balance			Plant Additions			Acc. Dep.			Plant	Adjusted Acc. Dep.				
2111	Land	30,532	(8,335)	22,197		22,197		-			-		22,197	0.00%	-	-
2112	Vehicles-Plant	534,097	(233,013)	301,084	8,775	309,859	3112	(511,025)	219,548	(291,477)	99,425	(192,052)	117,807	26.27%	81,400	81,400
2112	Vehicles-Non Plant	-	-	-		-	3112.2	-	-	-	-	-	-	23.98%	-	-
2115	Garage Work Equipment	-	-	-		-	3115	-	-	-	-	-	-	23.98%	-	-
2116	Other Work Equipment	424,304	(129,742)	294,562	58,615	353,177	3116	(371,691)	113,654	(258,037)	63,385	(194,652)	158,526	5.02%	17,730	17,730
2121	Buildings	1,762,833	(544,167)	1,218,665		1,218,665	3121	(955,521)	326,398	(629,123)		(629,123)	589,542	15.57%	189,746	189,746
2122	Furniture	95,266	(43,526)	51,740		51,740	3122	(7,251)	893	(6,358)		(6,358)	45,382	18.10%	9,365	9,365
2123	Office Support Equipment	13,926	192	14,118		14,118	3123.1	(1,172)	(192)	(1,364)		(1,364)	12,753	18.10%	2,555	2,555
2123.2	Other Communications Equipment	143,150	(27,611)	115,539		115,539	3123.2	(12,333)	2,189	(10,143)		(10,143)	105,395	18.57%	21,456	21,456
2124	General Purpose Computers	133,515	(70,206)	63,308	4,600	67,908	3124	(133,515)	72,318	(61,196)		(61,196)	6,712	18.57%	12,611	6,712
2124.1	General Purpose Computers	23,052	-	23,052	18,312	41,364	3124.1	(360)		(360)		(360)	41,004	18.57%	7,681	7,681
	Total General Support Facilities	3,160,674	(1,056,409)	2,104,265	90,302	2,194,567		(1,992,867)	734,808	(1,258,059)	162,810	(1,095,249)	1,099,318		342,543	336,645
2124.200	INVESTMENT IN DSL EQUIPMENT			-		-	3124.200			-		-	-	11.58%	-	-
2212.000	COE Digital	768,744	(21,883)	746,861	(75,000)	671,861	3212.000	(768,744.00)	179,925	(588,819)	231,000	(357,819)	314,042	11.58%	77,801	77,801
2212.100	COE Digital Equipment			-		-	3212.200			-		-	-			
2230.000	COE Transmission	4,746,641	-	4,746,641	(61,114)	4,685,527	3212.217	(4,708,273.00)	(158,042)	(4,866,315)	398,114	(4,468,201)	217,326	15.53%	727,662	217,326
				-		-				-		-	-	15.53%	-	-
	Total Central Office Equipment	5,515,384	(21,883)	5,493,501	(136,114)	5,357,387		(5,477,017)	21,883	(5,455,134)	629,114	(4,826,020)	531,367		805,464	295,127
2423.000	Buried Cable	19,112,473.95	-	19,112,474	5,000	19,117,474	3124.23	(7,718,063)	-	(7,718,063)		(7,718,063)	11,399,411	5.68%	1,085,873	1,085,873
2423.100	Buried Cable-Fiber Optic	687,654.05	-	687,654		687,654	2124.231	(687,654)	-	(687,654)		(687,654)	-	5.68%	39,059	-
2423.200	Buried Cable-Fiber Ring	1,202,519.18	-	1,202,519		1,202,519	2124.232	(1,202,519)	-	(1,202,519)		(1,202,519)	-	5.68%	68,303	-
2423.170	BURIED FIBER - ARRA			-		-	3124.231.1			-		-	-	5.68%	-	-
3423.200	FIBER EQUIPMENT			-		-	3124.232			-		-	-	5.68%	-	-
3441.150	BURIED CONDUIT - LC			-		-	3124.232.1			-		-	-	5.68%	-	-
3441.170	BURIED CONDUIT - ARRA			-		-	3124.233			-		-	-	5.68%	-	-
				-		-				-		-	-	5.68%	-	-
				-		-				-		-	-		-	-
2441				-		-				-		-	-		-	-
	Total Cable & Wire Facilities	21,002,647	-	21,002,647	5,000	21,007,647		(9,608,236)	-	(9,608,236)	-	(9,608,236)	11,399,411		1,193,234	1,085,873
2692	Intangibles		-	-		-		-		-		-	-		-	
	Total Telephone Plant	29,678,705	(1,078,292)	28,600,413	(40,812)	28,559,601		(17,078,120)	756,691	(16,321,428)	791,924	(15,529,504)	13,030,097		2,341,241	1,717,644
															Normalized Depr Exp	1,717,644
															Cost Study Depr Exp	1,908,862
																(191,218)

SECTION 11

TAXES

Rainbow Telecommunications Association

Dkt No.

Operating Taxes

YE 12/31/16

Section 11

Schedule 1

Section 11 (i) Taxes chargeable to Operations	Source	12/31/2016 Balance	Jurisdictional Allocation	
			Intrastate %	Intrastate Amt
Total Payroll Taxes	Payroll Records	94,522	N/A - various accounts	
Total Property Taxes	Acct. 7240	71,881	0.665539	47,840
Total Operating Taxes		166,403		

Section 11 (ii - iv)

As a Telephone Cooperative, RTCA does not pay income taxes on their regulated operations.