

COLLEEN R. JAMISON
JAMISON LAW, LLC

]August 8, 2025

Celeste Chaney-Tucker
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Rd.
Topeka, KS 66604

RE: In the Matter of the Application and Request of Haviland Telephone Company, Inc. to
Establish its Cost-Based Kansas Universal Service Fund Support.
Docket No. 26-HVDT-048KSF

Dear Ms. Chaney-Tucker:

Attached for filing please find Haviland Telephone Company, Inc.'s application to establish its cost-based KUSF support.

In this filing, Section 12, the cost allocation manual, Section 13, Annual Report, Section 15, the cost study, and Section 16, the audited financials are being filed separately as confidential. This information is confidential commercial information and, as such, its disclosure to any person other than the company, the Commission, and the Commission Staff and its retained consultant(s) is prohibited by K.S.A. 66-1220a.

If you have any questions, please let me know.

Sincerely,

JAMISON LAW, LLC

Colleen R. Jamison

Colleen R. Jamison

Att.

cc: Mark Wade
Nick Huckaby

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application and Request)	
of Haviland Telephone Company, Inc. to)	Docket No. 26-HVDT- <u>048</u> -KSF
Establish its Cost-Based Kansas Universal)	
Service Fund Support.)	

**APPLICATION AND REQUEST OF HAVILAND TELEPHONE COMPANY, INC. TO
ESTABLISH ITS COST-BASED KANSAS UNIVERSAL SERVICE FUND SUPPORT**

COMES NOW Haviland Telephone Company, Inc. (“Mutual” or “the Company”) hereby files with the Commission this application requesting the Commission review the Company’s enclosed schedules filed in conformity with the requirements of K.A.R. 82-1-214, and determine that the Company’s demonstrated costs, revenue requirement, investments and expenses necessary to provide sufficient and efficient service is such that Kansas Universal Service Fund (“KUSF”) support must be established. In support of its application and request, the Company respectfully shows the Commission as follows:

1. Haviland 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 service in designated geographic areas within the State of Kansas. It is a rural telephone company as defined by K.S.A. 66-1,187(l).
2. Haviland’s principal place of business is at 104 N. Main St., PO Box 308, Haviland, KS 67059.
3. Haviland operates under traditional rate of return regulation and serves as the carrier of last resort for telecommunications customers within its designated service area. The

Commission designated Haviland as an eligible telecommunications carrier in an order dated December 5, 1997, in Docket No. 98-GIMT-241-GIT.

4. Haviland'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) are insufficient to afford Haviland a reasonable opportunity to recover its costs and investments, and are insufficient to afford Haviland 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 Haviland's rights under traditional rate of return regulation.

5. The proposed establishment of KUSF support is based on the Company's embedded costs, revenue requirement, investments, and expenses, and is necessary to allow Haviland 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, 2024.

WHEREFORE, for the reasons set forth above, Haviland respectfully requests the Commission review its application and request the establishment of KUSF support based on the Company's embedded costs, revenue requirement, 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,

JAMISON LAW, LLC

Colleen R. Jamison

Colleen R. Jamison, KS Bar #16121

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VERIFICATION

I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am an attorney for Haviland Telephone Company, Inc. and that the foregoing is true and correct. Executed on August 8, 2025.

Colleen R. Jamison

Colleen R. Jamison

SECTION 1

COLLEEN R. JAMISON
JAMISON LAW, LLC

May 21, 2025
Celeste Chaney-Tucker, Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Rd.
Topeka, KS 66604

RE: Notice of Intent

Dear Ms. Chaney-Tucker:

By this letter I am notifying the Commission that my client Haviland Telephone Company, Inc. intends to file an application within the next 30-90 days requesting a review of its embedded costs, revenue requirement, investments, and expenses. This application will request the Commission establish Haviland's cost-based KUSF support to enable it to continue to provide sufficient and efficient service to its end users.

If you have any questions, please let me know.

Sincerely,

JAMISON LAW, LLC

Colleen R. Jamison

Colleen R. Jamison

cc: Mark Wade
Diane Thompson
Nick Huckaby

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

In the Matter of the Application and Request of)
Haviland Telephone Company, Inc. to Establish) Docket No. 26-HVDT-_____-KSF
its Cost-Based Kansas Universal Service Fund)
Support.)

**Direct Testimony of
Mark A. Wade**

**On Behalf of
Haviland Telephone Company, Inc.**

August 8, 2025

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

2 A. My name is Mark A. Wade. My business address is 104 N. Main St., Haviland, Kansas.

3
4 **Q. Please identify your employer and your position with the company.**

5 A. I am President of Haviland Telephone Company, Inc. (Haviland). The same oversight
6 duties extend to affiliates J.B.N. Telephone Company, Inc. and Giant Communications,
7 Inc. a Kansas CLEC. Although on Haviland's payroll, time gets directly assigned to each
8 other entity as that time is spent. All common time gets allocated between the entities.

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

11 A. I have been employed by Haviland since 1990 in various positions, including outside
12 plant, accounting, and administrative functions. I have an undergraduate and a graduate
13 degree outside the telephony and managerial fields. I assumed the managerial position at
14 Haviland in 1997. My duties were extended to the other Kansas LICT entities in 2011.

15
16 **Q. Have you testified previously before this Commission?**

17 A. I filed testimony in Dockets No. 03-HVDT-664-RTS, 10-HVDT-288-KSF, and 13-
18 JBNT-437-KSF.

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

21 A. I am providing testimony in support of Haviland's request for establishment of Kansas
22 Universal Service Fund ("KUSF"). It is my understanding that the Commission requires
23 a company representative to speak on behalf of the company, and be available at

1 evidentiary hearings, if necessary. My testimony provides an overview of the necessity of
2 this application for KUSF support, Haviland's corporate structure, and Haviland's
3 operations. Haviland has engaged the consulting firm Baker Tilly to calculate its KUSF
4 shortfall. Mr. Nick Huckaby, a Senior Manager with Baker Tilly, is providing direct
5 testimony in support of the calculation of Haviland's intrastate revenue requirement and
6 KUSF shortfall.

7
8 **Q. Why is Haviland making application for a rate case?**

9 A. Haviland has not received KUSF support since late 2010 when it entered into a stipulated
10 settlement agreement in Docket No. 10-HVDT-288-KSF. Since 2020, the company has
11 invested about \$12.2M in fiber optic cable and equipment to homes and businesses in its
12 regulated service area, comprised of twelve exchange in south central Kansas. This
13 investment is almost exclusively in relatively dense subscriber areas. Although the
14 company began receiving Alternative Connect America Cost Model support in 2017,
15 these denser areas are not supported by ACAM. Consequently, the company is under-
16 earning.

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

19 A. Haviland is a wholly-owned subsidiary of LICT, formerly known as Lynch Interactive
20 Corporation, headquartered in Rye, New York. In Kansas, LICT also owns another local
21 exchange carrier, J.B.N. Telephone Company, Inc., and Giant Communications, Inc., a
22 competitive LEC, located in Holton, KS.

23
24 **Q. Please describe Haviland's operations.**

1 **A.** Haviland provides regulated local exchange telephone service throughout its certificated
2 service area. The company also provides long distance service (via resale) and a small
3 group of incidental services, such as calling features. Haviland retails broadband internet
4 services outside NECA's Tariff #5. On a separate line-of-business basis, Haviland
5 provides broadband services outside its exchange boundaries, primarily in areas
6 surrounding Greensburg and Coldwater. Similarly, Haviland provides non-regulated
7 technology management services both in and outside its exchanges.

8
9 **Q.** **Do you have anything to add regarding Haviland's cost allocation procedures that**
10 **are not covered in Section 12 of the filing?**

11 **A.** No, I do not.

12
13 **Q.** **Does this conclude your testimony?**

14 **A.** Yes, it does.

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application and Request
of Haviland Telephone Company, Inc. to
Establish its Cost-Based Kansas Universal
Service Fund Support.

Docket No. 26-HVDT-____-KSF

DIRECT TESTIMONY OF NICK HUCKABY
ON BEHALF OF HAVILAND TELEPHONE COMPANY, INC.
August 8, 2025

1 **Q. 1: Please state your name, present position, and business address.**

2 A. 1: My name is Nick Huckaby. I am a Senior Manager in the Communications and Media
3 Practice at Baker Tilly Advisory Group, LP (“Baker Tilly”)¹, an accounting and business
4 consulting firm. My business address is 4747 Executive Dr. #1300, San Diego, CA 92121.

5
6 **Q. 2: Please describe your educational background and work experience.**

7 A. 2: I have a Bachelor of Science degree in Accountancy from San Diego State University in
8 San Diego, California. In December of 2010, I accepted a position as a Staff Accountant with
9 Moss Adams, LLP (“Moss Adams”) in Stockton, California. In 2013, I was promoted to Senior
10 Accountant, in 2015 to Manager, and in July 2019 to my current position as a Senior Manager. I
11 received my California Certified Public Accountant certification in 2013.

12 At Baker Tilly, I am a member of the telecommunications consulting practice, which
13 provides consulting services to approximately 200 clients nationwide. In my role, I work directly
14 with client companies in several states on cost separations studies, state universal service fund and
15 rate case proceedings, depreciation studies, financial forecasting and budgeting, and I assist with
16 strategic analysis of regulatory matters and business plans. Additionally, I have previously
17 performed financial statement audits and reviews, as well as compilation reports.

18
19 **Q. 3: Have you previously testified before the Kansas Corporation Commission?**

20 A. 3: Yes, I previously provided written testimony in Docket 25-MRGT-222-KSF, in the
21 Application of Moundridge Telephone Company for Kansas Universal Service Fund Support.
22 Additionally, I have previously provided written and live testimony in California and Nevada rate
23 case proceedings, where I have addressed similar subjects.

24
25 **Q. 4: What is the purpose of your testimony in this proceeding?**

26 A. 4: The purpose of my testimony is to explain the forms filed by Haviland Telephone
27

28 ¹ Moss Adams and Baker Tilly merged effective June 3, 2025.

1 Company, Inc. (“Haviland”) as required by Kansas Administrative Regulations (“K.A.R.”) 82-1-
2 231 in support of its application for the establishment of receipt of Kansas Universal Service Fund
3 (“KUSF”) support. I will present the rate of return, revenue requirement, and rate design
4 calculations that form the basis for Haviland’s requested relief in this case. In my testimony, I will
5 explain the cost separations process utilized in determining the Kansas rate base and revenue
6 requirement identified in this proceeding for Haviland. Further, I will explain the figures included
7 in the forms and discuss adjustments to the test year results to reflect the requested relief. In
8 addition, I will address Haviland’s cost allocation process and requested cost of capital. Finally,
9 my testimony will present the company’s requested draw from the KUSF. I also provide
10 additional computations, clarifications, and explanations necessary to support the relief requested
11 in the application.

12
13 **Q. 5: What forms and schedules did you utilize in developing Haviland’s revenue**
14 **requirement and rate design for the test year?**

15 A. 5: I developed Haviland’s revenue requirement and rate design for the test year utilizing
16 forms prepared in conformity with subsection (c) of K.A.R. 82-1-231. In addition, I have supplied
17 additional supplemental schedules as necessary to support the computations of Haviland’s revenue
18 requirement and rate design in this proceeding.

19
20 **Q. 6: Please summarize the financials presented in the Commission’s forms.**

21 A. 6: I will address each of the forms individually. The base financial data reflect calendar year-
22 end results from the 2024 test period for Haviland’s operations. These figures are adjusted only
23 for regulatory adjustments associated with Federal Communications Commission (“FCC”) rules
24 and/or guidance from the National Exchange Carrier Association (“NECA”), which acts as the
25 FCC’s cost pooling administrator, with authority to implement FCC regulations and directives.
26 The ratemaking figures that I present incorporate adjustments to remove costs associated with
27 non-regulated activities pursuant to 47 C.F.R. §64.901 of the FCC’s rules (a regulation that is
28

1 often referenced simply as “Part 64”), and the known and measurable effects of “expected changes
2 in circumstances” reflecting impacts outside of the test period, without which Haviland’s revenue
3 requirement and rate design would not reasonably reflect its forward-looking operational and
4 financial needs. The applicable forms and other information pursuant to K.A.R. 82-1-231(c)(4)
5 are:

6 **Section 1. Application and letter of transmittal (K.A.R. 82-1-231(c)(4)(A)).** This
7 section includes the Letter of Transmittal, and the Direct Testimony of Mark A. Wade, President,
8 Haviland Telephone Company, Inc. and the Direct Testimony of Nick Huckaby, Senior Manager,
9 Baker Tilly.

10 **Section 3. Summary of rate base, operating income, and rate of return (K.A.R. 82-1-**
11 **231(c)(4)(C)).** This section contains a schedule that reflects a summary of rate base, operating
12 income, and the rate of return for the adjusted test year. This schedule shows the determination of
13 Haviland’s Kansas intrastate regulated rate base, as adjusted for this rate case, based on year-end
14 balances for the calendar year ended December 31, 2024, including known and measurable effects
15 of “expected changes in circumstances,” and it determines the amount of KUSF necessary for
16 Haviland to produce revenues equal to the revenue requirement and earn the requested rate of
17 return. The rate base information displayed is detailed further in Section 4, and the operating
18 income information displayed is further detailed in Section 9, both of which I will describe below.

19 **Section 4. Plant investments (K.A.R. 82-1-231(c)(4)(D)).** Section 4 contains
20 information relating to plant investments. This section also contains the detail of Haviland’s
21 adjusted 2024 total company and intrastate rate base, including regulated assets and liabilities.

22 Part one of the information provided in Section 4 displays Haviland’s detailed rate base
23 information. It starts with the total company balances as recorded in the financial statements
24 (identified in the schedule as “Recorded Test Year Balance Haviland”); makes adjustments from
25 Haviland’s 2024 cost study to remove non-regulated activities or reclassify certain expenses to the
26 appropriate account group (identified in the schedule as “Study Adjustments to Test Year Balance
27 Haviland”); calculates the balances related to Haviland’s regulated operations (identified in the
28

1 schedule as “Test Year Study Balance Haviland”); makes adjustments for known and measurable
2 “expected changes in circumstances” (identified in the schedule as “Normalizing Adjustments to
3 Test Year Balance Haviland”); displays Haviland’s total normalized balance (identified in the
4 schedule as “Normalized Test Year Balance Subject to Separations Haviland”); jurisdictionally
5 separates Haviland’s intrastate regulated, normalized operations based on the cost separations
6 factors from Haviland’s cost study to leave only Intrastate regulated balances (identified in the
7 schedule as “Intrastate Balance Haviland”); makes adjustments to the Intrastate regulated balances
8 for known and measurable regulatory adjustments in this proceeding (identified in the schedules as
9 “Adjustments to Intrastate Balance Haviland”); and calculates the final intrastate balances related
10 to Haviland’s regulated operations after regulatory adjustments (identified in the schedules as
11 “Adjusted Intrastate Balance Haviland”). All balances provided are from Haviland’s financial
12 statements, as adjusted for known and measurable “expected changes in circumstances,” and are
13 jurisdictionally separated based on its updated cost study, except for Cash Working Capital, which
14 is calculated in Section 6, which I will discuss further below.

15 Part two of the information includes a summary of Haviland’s Telecommunications Plant
16 in Service balances as of December 31, 2024, including the three preceding years of 2021, 2022,
17 and 2023.

18 Additionally, supplemental schedules have been prepared for known and measurable
19 “expected changes in circumstances” for capitalized additions and retirements through June 30,
20 2025, normalizing depreciation reserve for assets capitalized and retired as of June 30, 2025, and
21 normalizing Telecommunications Plant Under Construction (“TPUC”) as of June 30, 2025. I will
22 discuss these adjustments further below.

23 **Section 5. Accumulated provision for depreciation, amortization, and depletion.**
24 **(K.A.R. 82-1-231(c)(4)(E)).** Section 5 contains a schedule which shows test year unadjusted and
25 adjusted jurisdictionally allocated accumulated depreciation and amortization, including known
26 and measurable “expected changes in circumstances,” as well as cost study adjustments.

27 **Section 6. Working capital (K.A.R. 82-1-231(c)(4)(F)).** Section 6 contains information
28

1 pertaining to Haviland’s cash working capital. The calculation of cash working capital that is
2 included in Haviland’s adjusted test year rate base is shown in this section, utilizing its adjusted
3 expenses, operating taxes, and fixed charges. Haviland has utilized the “standard allowance
4 factor” of 15 days, pursuant to NECA’s Reporting Guideline (“NRG”) 7.2, which results in a Cash
5 Working Capital factor of 4.1096%.²

6 **Section 7. Capital and cost of money (K.A.R. 82-1-231(c)(4)(G)).** This schedule
7 computes a weighted average cost of capital for the total company based on the December 31,
8 2024, debt and equity balances. This form computes the company’s actual return on equity and an
9 imputed cost of debt to produce a requested cost of capital of 7.65%. I will discuss Haviland’s
10 requested cost of capital further below.

11 **Section 8. Financial and operating data (K.A.R. 82-1-231(c)(4)(H)).** Section 8 contains
12 the financial and operating data including the balance sheet, income statement and statement of
13 retained earnings for the total company as of December 31, 2024, including the three preceding
14 years 2021, 2022, and 2023. Additionally, Haviland is supplying its minutes of use data for the
15 year ending December 31, 2024, and the three preceding years of 2021, 2022, and 2023, pursuant
16 to K.A.R. § 82-1-231(c)(4)(H)(iv), and has also supplied annual payrolls by account for the year-
17 ending December 31, 2024 and the three preceding years of 2021, 2022, and 2023, pursuant to
18 K.A.R. § 82-1-231(c)(4)(H)(v).

19 **Section 9. Test year and pro forma income statements (K.A.R. 82-1-231(c)(4)(I)).**
20 Section 9 contains the test year and normalized income statement and supplemental supporting
21 schedules.

22 Part one of the information provided in Section 9 displays Haviland’s detailed income
23 statement information, including total company revenues, expenses, known and measurable
24 “expected changes in circumstances,” intrastate regulatory adjustments, and intrastate operating
25 net revenues. It starts with the total company balances as recorded in the financial statements
26 (identified in the schedule as “Recorded Test Year Balance Haviland”); makes adjustments from
27

28 ² 15 / 365 = 4.1096%

1 Haviland’s 2024 cost study to remove non-regulated activities, reclassifies certain expenses to the
2 appropriate account group, or removes expenses deemed ineligible for USF recovery by the FCC
3 (identified in the scheduled as “Study Adjustments to Test Year Balance Haviland”); calculates
4 the balances related to Haviland’s regulated operations (identified in the scheduled as “Test Year
5 Study Balance Haviland”); makes adjustments for known and measurable “expected changes in
6 circumstances” (identified in the schedule as “Normalizing Adjustments to Test Year Balance
7 Haviland”); displays Haviland’s total normalized balance (identified in the schedule as
8 “Normalized Test Year Balance Subject to Separations Haviland”); jurisdictionally separates
9 Haviland’s intrastate regulated operations based on the cost separations factors from its 2024 cost
10 study to leave only intrastate regulated balances (identified in the schedule as “Intrastate Balance
11 Haviland”); makes adjustments to the intrastate regulated balances for known and measurable
12 regulatory adjustments in this proceeding (identified in the schedule as “Adjustments to Intrastate
13 Balance Haviland”); and calculates the final intrastate balances related to Haviland’s regulated
14 operations after regulatory adjustments (identified in the schedule as “Adjusted Intrastate Balance
15 Haviland”). All balances provided are from Haviland’s December 31, 2024, financial statements,
16 as adjusted for known and measurable “expected changes in circumstances,” and are
17 jurisdictionally separated based on the separations factors from its 2024 cost study.

18 Additionally, supplemental schedules have been prepared for known and measurable
19 “expected changes in circumstances.” I will discuss adjustments further below.

20 **Section 10. Depreciation and amortization (K.A.R. 82-1-231(c)(4)(J)).** This schedule
21 shows Haviland’s current depreciation rates by primary account and depreciation expense for the
22 test year.

23 **Section 11. Taxes (K.A.R. 82-1-231(c)(4)(K)).** This schedule shows the information
24 regarding taxes chargeable to operations. Included in this section is a calculation of Haviland’s
25 combined federal and state income tax rate, including the calculation of its “Net to Gross
26 Multiplier” that is utilized in the calculation displayed in Section 3.

27

28

1 This section also includes a schedule calculating Haviland’s federal and state income tax
2 balances. The calculation displayed mirrors the adjustments identified in Section 9 and calculates
3 the federal and state tax impacts for cost study adjustments, the known and measurable “expected
4 changes in circumstances,” intrastate separations, and intrastate regulatory adjustments in this
5 proceeding, in order to calculate total federal and state income tax balances for intrastate
6 operations.

7 Additionally, this section includes a supplemental schedule which calculates Haviland’s
8 effective state income tax rate, utilizing its taxable income based on its “Average Net Investment”
9 and the “Authorized Rate of Return.”

10 **Section 12: Allocation ratios (K.A.R. 82-1-231(c)(4)(L)).** This section includes
11 Haviland’s interstate and intrastate separations factors as calculated in its updated 2024 cost study,
12 which I will discuss further below. Additionally, Haviland has included a copy of its Cost
13 Allocation Manual, which reflects cost allocations recorded in its general ledger and through the
14 cost study preparation process.

15 **Section 13: Annual report to stockholders and the U.S. securities and exchange**
16 **(K.A.R. 82-1-231(c)(4)(M)).** This section includes the Annual Report of Haviland’s parent
17 company, LICT Corporation (“LICT”), including the consolidated financial statements.

18 **Section 15: Additional evidence (K.A.R. 82-1-231(c)(4)(O)).** This section includes a
19 copy of the Haviland’s 2024 cost study that was updated for purposes of this application. I will
20 discuss further below the modifications made to the cost study that Haviland submitted to NECA
21 on July 31st to arrive at the included cost study.

22 **Section 16: Financial statements (K.A.R. 82-1-231(c)(4)(P)).** Haviland does not have
23 standalone, audited financial statements available. Haviland is included in the consolidated
24 financial information included in the LICT Annual Report included in Section 13. Haviland has
25 included a copy of its internal income statement, which is the beginning basis for this application,
26 based on its audited financial information.

1 **Q. 7: What test year did you use to develop Haviland’s revenue requirement?**

2 A. 7: My calculation of Haviland’s revenue requirement begins with the results of operations for
3 the calendar year ended December 31, 2024, as reflected in Haviland’s year-end trial balance.
4 While the 2024 annual financial results provide the starting point for computing a revenue
5 requirement, those financials must be updated for adjustments reflected in its cost study, any
6 known and measurable “expected changes in circumstances,” and intrastate regulatory adjustments
7 for rate case expense. The necessary adjustments to the test year results are described below.

8
9 **Q. 8: Does Haviland prepare and submit a cost study to NECA on an annual basis?**

10 A. 8: Haviland continues to prepare a submit a cost study to NECA on an annual basis.
11 Haviland initially elected to receive Alternative Connect America Model (“A-CAM”) support in
12 2016, and subsequently elected to receive Enhanced Alternative Connect America Model (“E-
13 ACAM”) support in 2023, which commenced in 2024. Further, Haviland exited NECA’s DSL
14 pool in 2016. However, Haviland still participates in NECA’s tariff and pool for switched and
15 special access services, so it must continue to submit a cost study.

16
17 **Q. 9: Is the cost study used as the basis of this Application the same that is submitted to**
18 **NECA?**

19 A. 9: While the cost study utilized as the basis of this Application and the cost study submitted
20 to NECA are based on the same period and include the same Part 64 allocations and cost study
21 adjustments, they are not the same. As of July 1, 2017, Haviland elected Discontinuance of
22 Common Carrier Broadband Internet Access Transmission as a Separate Service Under Tariff
23 (“Discontinuance”). As a result of this election, beginning with the 2019 cost study that was
24 prepared and submitted to NECA, Haviland removed all broadband investment and associated
25 expenses from the cost study, pursuant to FCC and NECA directives, to ensure compliance with
26 47 C.F.R. Section 64.901. While this adjustment is included in Haviland’s cost study that is
27 submitted to NECA, it has been removed from the cost study utilized as the basis for this
28

1 Application for two primary reasons. First, removing this adjustment ensures that all costs
2 associated with the provision of broadband within Haviland’s network are properly aligned with
3 the revenues intended to support these costs and those costs are not included in the intrastate
4 operations. Second, it ensures that the High Cost Loop Support (“HCLS”) calculation utilized by
5 Haviland in its Application properly captures all investments and costs associated with its
6 operations. I will discuss the use of the HCLS calculation further below.

7
8 **Q. 10: Please summarize your calculation of Haviland’s intrastate revenue requirement.**

9 A. 10: Haviland’s intrastate revenue requirement is \$2,342,881. This figure is computed as a
10 function of the company’s target return on its rate base ($\$3,328,272 * 7.65\% = \$254,613$), plus
11 operating expenses, property taxes, and regulatory fees ($\$2,005,609$), plus a gross up of the target
12 return on rate base, less investment tax credits. Haviland’s combined federal and state tax rate is
13 calculated as 25.98%, resulting in \$66,143 of federal and state tax taxes on the return on rate base
14 ($\$254,289 * 25.98\%$), which is then adjusted by \$4,957 of investment tax credit to arrive at a total
15 federal and state tax figure of \$61,186. Utilizing a combined federal and state tax rate of 25.98%
16 produces a tax gross up factor of 35.09%.³ This results in a gross-up of federal and state tax of
17 \$21,473 ($\$61,186 * 35.09\%$), resulting in a total federal and state tax figure of \$82,660. These
18 calculations sum to the total intrastate revenue requirement ($\$254,613 + \$2,005,609 + \$82,660 =$
19 $\$2,342,881$), which is the intrastate revenue requirement to be recovered through the intrastate rate
20 design. I will discuss the inputs to this revenue requirement equation in further detail below.

21
22 **Q. 11: What rate of return has been utilized by Haviland in this Application?**

23 A. 11: The FCC’s currently prescribed rate, as of July 1, 2021, after a five-year phase-down, is
24 9.75%.⁴ While Haviland believes that mirroring the FCC’s currently prescribed rate of return is
25 appropriate, it understands the Kansas Corporation Commission (“KCC” or “Commission”) has
26

27 ³ $25.98\% / (1 - 25.98\%)$

28 ⁴ See *In the Matter of Connect America Fund et al*, WC Docket 10-90, *Report and Order, Order and Order on Reconsideration, and Further Notice of Proposed Rulemaking*, FCC 16-33 (rel. March 30, 2016) at ¶ 326.

historically utilized a calculation that includes both the debt and equity of a company, and the associated costs of each, to calculate a weighted cost based on the company's capital structure to develop its cost of capital, or rate of return. Haviland currently has no debt, resulting in a capital structure of 0% debt capital and 100% equity capital. However, based on Commission precedent for similarly situated companies that do not carry debt,⁵ Haviland has imputed a hypothetical capital structure of 40% debt capital and 60% equity capital, and also a 4.50% cost of debt capital and a 9.75% cost of equity capital.

Q. 12: How did you determine the intrastate portions of rate base, revenues, and expenses?

A. 12: The intrastate rate base and expenses were determined using jurisdictional separations factors developed in Haviland's 2024 cost study based on year-end financial information as of December 31, 2024. These factors were applied to Haviland's adjusted test year balances, which incorporates the adjusted values based on its 2024 cost study are and further adjusted for known and measurable "expected changes in circumstance." Haviland's 2024 cost study, including the intrastate jurisdictional separations factors for rate base and expenses to be used in the calculation of the intrastate revenue requirement, was prepared by my firm, Baker Tilly. I have reviewed the cost study and associated work papers and believe that it was prepared in accordance with FCC rules and NECA guidelines, with the changes I have explained above due to the adjustment related to "Discontinuance," and I am comfortable utilizing the resulting separations factors in my work papers. These jurisdictional separations factors were then applied to Haviland's costs subject to separations in Sections 3 (rate base) and 9 (expenses).

Q. 13: Where in Haviland's rate case application can the revenue deficiency calculation be found?

A. 13: Pursuant to K.A.R. 82-1-231(c)(4)(C)), Haviland's revenue deficiency calculation can be found in Section 3. This schedule contains a summary of rate base, operating income, and the

⁵ See 25-CNHT-185-KSF, *Direct Testimony Prepared by Adam H. Gatewood, Utilities Division, Kansas Corporate Commission*, page 2, line 11 (staff recommendation) and page 4, line 3 (Cunningham's request with zero debt).

1 rate-of-return for the adjusted test year.

2

3 **Q. 14: Does Haviland provide any non-regulated services directly or through affiliates?**

4 A. 14: Yes, Haviland provides non-regulated services directly to customers as part of its
5 operations. These services include retail Internet services, managed IT services, inside wire
6 installation and maintenance, fixed wireless services outside of its regulated service territory, and
7 other miscellaneous services. Haviland records all associated investment, expenses, and revenues
8 to non-regulated accounts in its general ledger to ensure that these costs are separated from costs
9 related to its regulated operations. In addition, Part 64 adjustments have been made in Haviland's
10 2024 cost study to allocate certain joint costs, such as jointly used general support assets and their
11 corresponding depreciation reserve, depreciation expense, and property tax expense. Additionally,
12 Part 64 adjustments have been made to certain Customer Service Operations and Corporate
13 Operations accounts, where Haviland did not make allocations in its general ledger.

14

15 **Q. 15: Does Haviland's intrastate revenue requirement include any non-regulated expenses**
16 **or rate base items?**

17 A. 15: No. Pursuant to 47 C.F.R. §64.901 carriers are required to separate regulated costs from
18 non-regulated costs using the "attributable cost method of cost allocation" following the hierarchy
19 of cost assignment methods outlined therein, and Haviland follows those requirements through
20 either general ledger allocations or cost study adjustments.

21

22 **Q. 16: How does Haviland separate regulated costs from non-regulated costs?**

23 A. 16: Haviland maintains separate accounts for regulated and non-regulated services. For the
24 non-regulated services that Haviland provides to customers, including broadband service,
25 Haviland maintains a Cost Allocation Manual ("CAM") that outlines the procedures that it follows
26 to identify and exclude non-regulated costs from regulated cost recovery. As reflected in the
27 CAM, Haviland relies on direct assignments wherever possible and appropriate allocations

28

1 grounded in “direct analysis” or indirect attribution to other cost categories where direct
2 assignment is not possible, according to the “common cost” hierarchy in 47 C.F.R. Section
3 64.901(b)(3). Haviland utilizes direct assignment to identify most of its non-regulated costs and
4 ensure their exclusion from regulated revenue requirement. For labor expenses, Haviland uses
5 employee timesheets or direct inputs to the Time Management System to facilitate these direct
6 assignments. For those costs that cannot be directly assigned in the normal course of business,
7 Haviland either performs a “direct analysis,” or, where a direct analysis is not possible, it relies on
8 an “indirect cost-causative linkage” to the non-regulated component of its directly assigned labor.
9 These allocation methodologies are authorized pursuant to 47 C.F.R. Sections 64.901(b)(3)(i) and
10 64.901(b)(3)(ii). Haviland’s Part 64 procedures and calculations are outlined in its CAM and an
11 accompanying non-regulated cost assignment analysis for 2024, both of which are provided with
12 the Application.

13

14 **Q. 17: Where are Haviland’s Part 64 adjustments shown in the Rate Case Forms?**

15 A. 17: Haviland’s Part 64 adjustments made during the preparation of the cost study appear in the
16 columns labeled “Study Adjustments to Test Year Balances Haviland,” in Sections 4(i), 5, 6, 9(i),
17 and 9(ii)a of Haviland’s forms. These adjustments include a variety of adjustments to Haviland’s
18 costs that are made based on Haviland’s Part 64 “common cost” adjustments, including the
19 removal of non-regulated expenses and rate base, as well as the exclusion of the revenue and
20 expense balances in Haviland’s accounts that are solely associated with non-regulated activities.
21 Also included in these columns are adjustments made in Haviland’s cost study to reclassify costs
22 to the proper accounts for cost separations purposes.

23

24 **Q. 18: How was Haviland’s 2024 cost study prepared, and the associated revenue**
25 **requirement determined?**

26 A. 18: Haviland’s cost study and associated revenue requirement are based on the results of the
27 operations for the twelve months ending December 31, 2024, utilizing the FCC’s Part 64 cost
28

1 allocation rules and Part 36 cost separations rules. Haviland maintains its accounting records in
2 accordance with the FCC's Part 32 – Uniform System of Accounts for Telecommunications
3 Companies. Haviland's rate base was determined using year-end balances as of December 31,
4 2024, less Part 64 non-regulated adjustments as required by FCC rules. In addition to the Part 64
5 non-regulated adjustments, additional analyses were performed in the determination of the rate
6 base, including:

- 7 • An analysis of the Central Office Equipment ("COE") Continuing Property Records
8 ("CPR") was performed, and the COE assets were categorized based on the usage within
9 Haviland's network.
- 10 • An analysis of the Cable & Wire Facilities ("CWF") Network was performed to determine
11 the categorization of the CWF assets, based on the usage within Haviland's network.
- 12 • Telephone access lines, DSL subscriber counts, and special access circuits were analyzed
13 based on Haviland's billing records for proper classification in the cost study, and
14 determination of how assets were utilized within Haviland's network.

15 The expenses included in the cost study were based on the results of operations for the twelve
16 months ending December 31, 2024, and include Part 64 non-regulated adjustments. Additionally,
17 the expenses were analyzed for any separations adjustments required to reclassify expenses to the
18 proper accounts pursuant to Part 32, or to exclude expenses from the cost study that are deemed
19 ineligible for Universal Service Fund ("USF") recovery by the FCC. These separations
20 adjustments are further discussed later in my testimony. The allocation of rate base and expenses
21 to the intrastate jurisdiction in this rate case application were based on factors calculated for use in
22 the 2024 cost study.

23
24 **Q. 19: Please describe the factors used to allocate costs to the intrastate jurisdiction**
25 **calculated in the 2024 cost study.**

26 A. 19: The starting point for allocating costs to the intrastate jurisdiction is the account balances
27 that Haviland recorded on its year end 2024 trial balance for which capital investments, reserve
28

1 balances, expenses, and operating taxes were recorded in accordance with Part 32 rules. The costs
2 were then adjusted for any non-regulated activities identified in the Part 64 analysis, which is
3 further described below, as well as the reclassification or removal of certain expenses.

4 Part 36 of the FCC's rules sets forth the jurisdictional separations process. The
5 investments, or rate base, are separated based on factors associated with their actual use through a
6 count of active loops, circuits, and terminations, as well as the interstate, intrastate or local nature
7 of those loops, circuits, and terminations. Traffic factors, which are primarily based on minutes of
8 use, are also used to separate certain categories of the COE and CWF investment. These factors
9 are generally based on customer usage of the investment, and the number of minutes that are
10 routed on the equipment and the distance the minutes travel on the network. The traffic factors
11 applied to the Haviland separations analysis include: (1) the Weighted Dial Equipment Minutes of
12 Use Factor which allocates 54.4668% of the COE switching investment to the interstate
13 jurisdiction and 45.5332% to the intrastate/local jurisdiction, (2) the Subscriber Plant Factor which
14 allocates 25% of loop investment for COE and CWF to the interstate jurisdiction and 75% to the
15 intrastate/local jurisdiction, and (3) the Conversation Minutes of Use Factor which allocates
16 53.6758% of interexchange toll investment for COE and CWF to the intrastate jurisdiction. The
17 traffic factors that apply to expenses include: (1) the Subscriber Line Use Factor which allocates
18 approximately 86.8715% of the directory expense to the intrastate jurisdiction and the remainder
19 to the interstate jurisdiction, (2) the Carrier Access Billing Factor of 50% interstate and 50%
20 intrastate, and (3) a series of customer service allocation factors for the provision of service order
21 processing, payment and collection, and billing inquiry for end users and interexchange carriers
22 ranging from 43.96% to 99.6212% intrastate allocation, with the remaining percentage allocated to
23 the interstate jurisdiction. In accordance with FCC determinations in 2001 and subsequent FCC
24 Orders, the factors described above have been frozen at the usage calculated for the year 2000.

25
26 **Q. 20: Does Haviland maintain a cost allocation manual and conduct an annual cost**
27 **apportionment analysis?**
28

1 A. 20: Yes. Haviland is a “Class B” carrier under the FCC’s rules, and it is therefore not required
2 to maintain a CAM. Haviland has, however, elected to develop a CAM in accordance with 47
3 C.F.R §64.903 to document its cost allocation procedures. I have reviewed Haviland’s current
4 CAM and its non-regulated cost assignment summary for 2024 and believe them to be in
5 compliance with the FCC’s Part 64 rules and produce allocations that are representative of
6 Haviland’s regulated and non-regulated activities.

7
8 **Q. 21: Were intra-company allocations, non-regulated Part 64 adjustments, and other**
9 **separations study adjustments performed in Haviland’s 2024 cost study?**

10 A. 21: Yes. Intra-company, as well as inter-company, allocations are performed at the general
11 ledger level by Haviland. Non-regulated adjustments were made based on the FCC’s Part 64
12 rules, and other separations adjustments were made based on guidelines issued by NECA. As a
13 result of these allocations and adjustments, as well as further adjustments explained throughout
14 my testimony, I believe the costs included in Haviland’s application are consistent with FCC
15 determinations and NECA guidance.

16
17 **Q. 22: What types of cost assignments are reflected in Haviland’s general ledger?**

18 A. 22: Haviland provides non-regulated services associated with retail Internet services, managed
19 IT services, inside wire installation and maintenance, fixed wireless services outside of its
20 regulated territory, and other miscellaneous services. Haviland directly assigns costs related to
21 these activities, including labor and other operating expenses, to accounts in its general ledger
22 directly associated with these activities. These costs are not included in the Part 36 cost
23 separations process.

24
25 **Q. 23: What cost allocations were performed in the cost study, outside of the general ledger?**

26 A. 23: In addition to the adjustments recorded to Haviland’s general ledger, the following Part 64
27 adjustments were made to costs in Haviland’s 2024 cost study related to accounts that are
28

1 identified as jointly regulated and non-regulated operations:

- 2 • A total of \$27,484 of net rate base was removed related to general support assets, based on
3 an analysis of regulated and non-regulated wages. \$48,423 of associated depreciation
4 expense was also removed, following the same methodology.
- 5 • A total of \$3,788 of plant non-specific operations expense was removed, based on an
6 analysis of regulated and non-regulated Telecommunications Plant in Service.
- 7 • A total of \$41,935 of marketing and sales expense was removed, based on an analysis of
8 regulated and non-regulated gross revenues.
- 9 • A total of \$69,109 of corporate operations expense was removed, based on an analysis of
10 regulated and non-regulated Telecommunications Plant in Service, as well as regulated
11 and non-regulated wages.
- 12 • A total of \$759 of property tax expense was removed, based on analysis of total regulated
13 and non-regulated Telecommunications Plant in Service.

14
15 **Q. 24: Aside from cost allocation adjustments, did Haviland remove any costs from its**
16 **recorded financials through the cost study?**

17 A. 24: Yes. In addition to the allocations described above, separations study adjustments are
18 included in the cost study to reclassify investments and expenses to the correct account grouping,
19 in accordance with Part 32 or Part 36 rules, or to remove investment and expenses from the cost
20 study that are not eligible for recovery. The following separations study adjustments were made
21 in Haviland's 2024 cost study:

- 22 • A total of \$57,416 of Universal Service Fund Contribution expenses were removed. These
23 expenses are interstate in nature, and pursuant to NECA guidance are removed for E-
24 ACAM carriers.
- 25 • \$34,975 of management fees from Haviland's parent company, LICT, were reclassified
26 from corporate operations to contributions, and an additional \$5,469 was added to
27 contributions to true-up management fees and recognize the portion of management fees
28

- 1 related to charitable contributions. Contributions are excluded from the calculation of
2 KUSF in this Application.
- 3 • A total of \$30,177 of net rate base related to non-regulated Central Office Switching and
4 Central Office Transmission equipment was removed. \$8,047 of associated depreciation
5 expense related to Central Office Transmission equipment was also removed.
 - 6 • A total of \$0 of net rate based related to nonregulated Cable & Wire Facilities was
7 removed. \$13,257 of associated depreciation expense was also removed.
 - 8 • A total of \$0 of net rate base related to nonregulated General Support assets was removed.
 - 9 • \$907 of Miscellaneous Revenue was netted with Customer Service expenses, based on
10 guidance in NECA Reporting Guidelines 8.3 and 8.4.
 - 11 • \$2,733 of expenses related to lobbying activities was removed from the study.
 - 12 • \$4,957 of state property tax credits were recorded to state investment credits.
 - 13 • A total of \$247,841 of depreciation reserve and depreciation expense was removed, due to
14 an accounting error in 2024 that duplicated depreciation entries.
 - 15 • A total of \$13,990 of Central Office Transmission equipment was reclassified to Cable &
16 Wire Facilities.
 - 17 • A total of \$2,400 of lease revenue was netted with general support expenses, pursuant to
18 NECA Reporting Guideline 8.3.
- 19 Additionally, certain adjustments were made to the 2024 cost study for purposes of this
20 proceeding. As an A-CAM carrier, Haviland is not required to remove costs deemed ineligible for
21 federal universal service funding from its cost study and USF filings. However, for purposes of
22 this proceeding, those costs have been removed, and are reflected by the following adjustments:
- 23 • A total of \$151 of general support expenses was removed.
 - 24 • A total of \$23,032 of marketing expenses that were not removed in the Part 64 adjustment
25 described above was subsequently removed.
 - 26 • A total of \$9,019 of executive and planning expenses was removed.
 - 27 • A total of \$42,804 of corporate operations expenses was removed.
- 28

- A total of \$85,249 of contributions expense was removed.

Q. 25: Were any adjustments to the rate base or expenses made to Haviland’s 2024 cost study for impacts outside of the test year?

A. 25: No. Haviland’s cost study includes only financial information for the year ending December 31, 2024. No adjustments were included related to impacts outside of the test year. However, as I will discuss further below, there are adjustments included in Haviland’s Application forms for known and measurable “expected changes in circumstance” that occurred outside of the test year.

Q. 26: What are the known and measurable “expected changes in circumstance” that Haviland has included in its application?

A. 26: Haviland has included known and measurable “expected changes in circumstance” related to the following items:

- \$1,298,873 of closed work orders capitalized through June 30, 2025, prior to Part 64 adjustments, have been included. Adjustments to reflect closed work orders are recorded in Account Nos. 2112.000.00 – Vehicles, 2116.000.00 – Other Work Equipment, 2122.000.00 – Furniture, 2123.100.00 – Office Equipment, 2124.000.00 – Computers, 2232.000.00 – CKT Equipment, and 2423.000.00 – Buried Cable. Section 4(ii)b includes the detail of these adjustments. Additionally, \$51,628 of direct purchases capitalized through June 30, 2025, prior to Part 64 adjustments, have been included. Adjustments to reflect direct additions are recorded in Account Nos. 2232.000.00 – CKT Equipment and 2232.400.00 – Internet CKT Equipment. Section 4(ii)c includes the detail of these adjustments.
- \$1,427,417 of asset retirements have been included that have been recorded in Haviland’s general ledger through June 30, 2025. Adjustments to reflect these retirements are recorded in Account Nos. 2123.100.00 – Office Equipment, 2124.000.00 – Computers,

- 1 2232.000.00 – CKT Equipment, 2232.400.00 – Internet CKT Equipment, and 2423.000.00
2 – Buried Cable.
- 3 • Telecommunications Plant Under Construction (“TPUC”) was adjusted to \$2,168,576 to
4 reflect the regulated balance as of June 30, 2025.
 - 5 • Depreciation reserve was adjusted to reflect the June 30, 2025, general ledger values. This
6 adjustment takes into the account the retirements I discussed above. This adjustment
7 resulted in a \$54,666 decrease to the depreciation reserve, prior to additional Part 64
8 adjustments.
 - 9 • Depreciation expense was normalized to an estimated amount of forward-looking annual
10 depreciation expense, utilizing June 30, 2025, asset and depreciation reserve balances.
11 This adjustment resulted in a decrease of \$470,541 of depreciation expense, prior to Part
12 64 adjustments.
 - 13 • \$173 of property tax expense was removed to reflect expected property tax adjustments
14 due to the capitalized and retirement activity through June 30, 2025, which resulted in a net
15 negative adjustment to Telecommunications Plant in Service. Section 9(i)c of the forms
16 includes the details of this adjustment.
 - 17 • An adjustment of \$1,565,783 was made to reduce Haviland’s recorded E-ACAM revenues,
18 based on its best estimate of the true-up that will occur at year-end 2025, which I will
19 discuss in further detail below.
 - 20 • An adjustment was made to normalize account 6727.000.00 – Grant App/Admin Direct
21 Expenses. \$105,386.80 was recorded to this account in 2024, related to research into
22 possible grant opportunities, as well as initial work on grant applications that were not
23 finalized. While it is expected that Haviland will continue to research and pursue grants in
24 the future, this account was adjusted to a balance of \$27,049, or an adjustment to remove
25 \$78,338, based on the average balance of this account from 2021 through 2024.

26
27 **Q. 27: How were the results of Haviland’s 2024 cost study used in developing the Kansas**
28

1 rate base and revenue requirement identified in the application forms?

2 A. 27: As I described previously, the results of the 2024 cost study, including Part 64 allocations
3 made for the cost study adjustments, were utilized in the forms to develop the same regulated rate
4 base items and expenses. The regulated rate base items and expenses are then utilized as the
5 starting point for any known and measurable “expected changes in circumstances,” which I have
6 explained above, to arrive at the “normalized” balances, prior to interstate and intrastate
7 separations. The separations factors that are calculated in Part 36 were utilized in the application
8 forms to separate the regulated rate base items and expenses between the interstate and intrastate
9 jurisdictions. The intrastate rate base items and expenses are then utilized as the starting point for
10 any additional necessary adjustments, which I will enumerate below, to arrive at the required
11 intrastate revenue requirement and appropriate level of KUSF to achieve Haviland’s requested rate
12 of return.

13

14 Q. 28: What types of federal high-cost funding does Haviland receive that should be
15 considered in determining Kansas Universal Service Fund support?

16 A. 28: Haviland receives a single form of federal high-cost support – E-ACAM support.
17 Haviland made an election pursuant to FCC rules in 2023 to receive E-ACAM support, which
18 helps address the high costs of providing service in rural areas. Upon election, E-ACAM replaced
19 prior versions of A-CAM support for those carriers, like Haviland, who were already participating
20 in one of the A-CAM programs. E-ACAM provides a consistent level of annual support for a
21 designated 15-year period, ending with calendar year 2038. HCLS and Connect America Fund
22 Broadband Loop Support (“CAF BLS”), which E-ACAM collectively replaces, have distinct
23 jurisdictional characteristics. HCLS is a federal support for costs assigned to the intrastate
24 jurisdiction in the cost separations process, while CAF BLS is a federal support for costs assigned
25 to the interstate jurisdiction through the same cost separations process. Because it is a substitute
26 for the combination of these two multi-jurisdictional funding sources, only the intrastate
27 component of E-ACAM support should be considered in determining Haviland’s KUSF support.

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Q. 29: Please provide a brief overview of E-ACAM support.

A. 29: Rural incumbent local exchange carriers (“ILECs”) operating in Kansas traditionally received federal high-cost universal service support through a variety of mechanisms, one of which is entitled federal HCLS. HCLS is calculated through a specific process or algorithm pursuant to 47 CFR Part 54 Subpart M. Carriers then apply this support amount as an offset to the expenses and taxes apportioned to intrastate in accordance with 47 CFR Part 36 Subpart D, pursuant to 47 CFR §54.1301. Several Kansas rural ILECS elected to forego HCLS and other traditional federal high-cost support programs and instead receive support from E-ACAM. E-ACAM support is a fixed amount of support that is provided over a 15-year funding period, from 2024 through 2038, and includes specific broadband deployment obligations to 100% of the locations in the electing carrier’s study area. Because there is no federal guidance on how to assign E-ACAM support between interstate and intrastate jurisdictions, rural ILECs need to allocate a portion of their E-ACAM support to the intrastate jurisdiction, in lieu of the HCLS previously received. Since HCLS was only one of multiple mechanisms used by federal regulators to support high-cost local loops, it is not appropriate, just, or reasonable to assign all E-ACAM support to the intrastate jurisdiction. Other federal high-cost programs that have been replaced by E-ACAM are specifically designed to recover interstate costs and as such this support remains interstate in nature.

Q. 30: How was Haviland’s E-ACAM support determined?

A. 30: E-ACAM support is derived using a forward-looking economic cost model created by CostQuest Associates and adopted by the FCC, which calculates the theoretical cost of deploying a “fiber to the home” network in a “greenfield” environment from a company’s existing central offices to all locations in the study area. These costs are averaged within each census block in the study area, with the cost above a nationwide benchmark rate supported up to a maximum amount per location per month. Locations in which there was determined to be a qualifying competitor

1 offering voice and fixed broadband at speeds of at least 100 Mbps downstream and 20 Mbps
2 upstream at the time of the E-ACAM offer were not eligible for E-ACAM support or received a
3 reduced amount of support. In addition, locations to which there was an enforceable commitment
4 to deploy fixed broadband speeds at of at least 100 Mbps downstream and 20 Mbps upstream at
5 the time of the E-ACAM offer (i.e., under a broadband grant program), were not eligible for E-
6 ACAM support or received a reduced amount of support. Haviland elected its E-ACAM offer and
7 began receiving funding in 2024. As a result, Haviland’s E-ACAM support is a fixed amount of
8 funding for a 15-year period, which commenced in 2024, so Haviland’s E-ACAM support runs
9 through 2038. Because the E-ACAM election was made at the state level rather than the operating
10 company level, Haviland and its affiliate JBN Telephone Company, Inc. (“JBN”) receive a
11 combined sum, which is then allocated between the two companies, based on each respective
12 company’s buildout obligations, and recorded to the respective general ledgers.

13
14 **Q. 31: Is Haviland’s E-ACAM support a fixed amount through 2038?**

15 A. 31: Yes, but the support is subject to a true-up process. In the Report and Order that
16 announced the E-ACAM offers, the FCC noted that “[c]omplete information on federal
17 commitments will likely not be available in the National Broadband Funding Map at the time
18 Enhanced A-CAM offers are made or elected, and the Map is not expected to include information
19 regarding commitments using state funds.”⁶ As a result, carriers electing E-ACAM may see a
20 reduction in their E-ACAM support by December 31, 2025 as updates are made to the National
21 Broadband Funding Map between the time of election and the final reporting by all carriers and
22 commitments subject to state funding are determined. Any potential reductions in E-ACAM
23 support rely on the change in total locations from the time the E-ACAM offers were made. As I
24 have described above, an adjustment was made for the expected true-up to Haviland’s E-ACAM
25 revenue. Though this true-up is not final, it is calculated based on the most up to date information
26 available. It should be noted, however, that this adjustment has no impact on Haviland’s intrastate

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28 ⁶ *In the Matter of Connect America Fund* (WC Docket 10-90), *Report and Order, Notice of Proposed Rulemaking, and Notice of Inquiry*, FCC 23-60, Para 43, (rel. July 24, 2023).

1 operations due to the methodology utilized to allocate E-ACAM support between the interstate
2 and intrastate rate design, which I will describe in detail below.

3
4 **Q. 32: How have you jurisdictionally allocated Haviland’s E-ACAM support between the**
5 **interstate and intrastate rate design?**

6 A. 32: I have calculated the amount of HCLS that Haviland would otherwise receive had it not
7 elected E-ACAM support and utilized this amount in the intrastate rate design. The remaining E-
8 ACAM support is assigned to CAF BLS and is included in the interstate rate design. This
9 produces the same amount of federal funding for intrastate purposes as if Haviland had remained
10 on the legacy federal HCLS.

11
12 **Q. 33: What is the amount of HCLS that Haviland would be projected to receive, if not for**
13 **its E-ACAM election?**

14 A. 33: Based on my analysis, Haviland would receive \$541,287 in HCLS funding if not for its E-
15 ACAM election.

16
17 **Q. 34: How did you perform this calculation?**

18 A. 34: I have included my calculation for the HCLS that Haviland would have received in 2026 if
19 not for its E-ACAM election in Section 9(i)b of the forms. I utilized Haviland’s 2024 cost study,
20 as adjusted for the known and measurable “expected changes in circumstance” I described above,
21 which produces an updated and more accurate HCLS calculation that best reflects Haviland’s
22 network configuration and operations as of the date of this filing. I populated the “USF Data
23 Collection” based on the form that is submitted to NECA each year for those companies that are
24 still required to submit this information.

25 Using the data populated in the USF Data Collection, I determined that Haviland would be
26 impacted by the Corporate Operations Expense Limitation,⁷ resulting in a \$114,176 reduction to

27
28

⁷ See 47 C.F.R. § 54.1308(a)(4).

1 Corporate Expenses allowed for HCLS recovery but would not be impacted by the Operating
2 Expense (“OpEx”) Limitation.⁸ I then calculated Haviland’s “Study Area Total Unseparated Loop
3 Cost” pursuant to 47 C.F.R. §54.1308. Next, I calculated Haviland’s “Study Area Cost Per Loop”
4 (“SACPL”) pursuant to 47 C.F.R. §54.1309(b). I then calculated Haviland’s “expense adjustment
5 pursuant to 47 C.F.R. §54.1310(a). This calculation produced a total expense adjustment of
6 \$954,325.

7 I then applied an estimated “pro-rata adjustment factor” of 60.04% for payments starting
8 January 1, 2026. The “pro-rata adjustment factor” is applied to ensure that the total HCLS fund
9 does not exceed the authorized program-specific budget for the year for companies receiving
10 HCLS. I calculated the estimated factor by utilizing the most current pro-rata adjustment factor of
11 61.1868%, and adjusted it based on the average changes to the final pro-rata adjustments for cost
12 years 2019 through 2023, which are also the revenue years 2021 through 2024. I omitted the
13 reduction in 2025 from this calculation due to the effects of the E-ACAM election on the cost year
14 2024. NECA will formally release the pro-rata factor for 2026 payments on October 1, 2025, and
15 this updated factor should be utilized in place of this estimate. After applying the “pro-rata
16 adjustment factor,” I calculated a total of \$572,959 in HCLS funding that Haviland would have
17 received in 2026 if not for the E-ACAM election.

18 Next, I applied the Budget Control Mechanism (“BCM”) factor that is estimated to be
19 applied in 2026 to all HCLS funding amounts to maintain the FCC’s overall budget for High Cost
20 Support. Using the most current data available from USAC, a reduction of 4.29% is being utilized
21 for the BCM for July 2025 through June 2026. It is expected that this factor will continue to rise
22 in the future, based on previous application of the BCM, so I have calculated an estimated factor
23 as of July 2026. To calculate this, I have calculated the percentage change from the fiscal year
24 2024/2025 BCM of 1.8510% to the fiscal year 2025/2026 BCM of 4.29%. By using the inverse of
25 these percentages (98.15% and 95.71%, respectively), I calculated a 2.48% change, which results
26 in a 6.77%⁹ BCM factor, or 93.23% recovery. I then averaged the July 2025 through June 2025

27 _____
28 ⁸ See 47 C.F.R. § 54.303(a).

⁹ 4.29% + 2.48%.

1 BCM of 4.29% and the projected July 2026 through June 2027 BCM factor of 6.77% to calculate
2 a total year 2026 BCM of 5.53%. Applying the BCM of 5.53% to the \$572,959 in HCLS after
3 application of the “pro-rata adjustment factor,” I have calculated a total of \$541,287 in HCLS that
4 Haviland would have received in 2026 if not for its E-ACAM election.

5
6 **Q. 35: Would it be appropriate to assign a greater amount of the E-ACAM support to the**
7 **intrastate rate design?**

8 A. 35: No, this would be analytically incorrect and contrary to the function of E-ACAM. As I
9 mentioned previously, the E-ACAM support is designed to replace both HCLS and CAF BLS, so
10 it serves both an interstate and intrastate function. CAF BLS is the support for the cost of the local
11 loop that is assigned to the interstate jurisdiction. As more and more customers adopt broadband
12 services, which are jurisdictionally interstate, more of the cost of the local loop is assigned to the
13 interstate jurisdiction, so it is imperative that the support transitions along with the costs. My
14 proposed allocation methodology, which continues to calculate the HCLS that Haviland would
15 have received if not for the E-ACAM election appropriately recognizes this shift in cost and
16 support.

17
18 **Q. 36: Does your calculation of intrastate revenue requirement and rate design include any**
19 **adjustments to recorded 2024 amounts?**

20 A. 36: Yes. In addition to the adjustments described above to remove the costs of non-regulated
21 activities pursuant to Part 64 of the FCC’s rules and include known and measurable “expected
22 changes in circumstances,” several additional adjustments are necessary to properly reflect
23 Haviland’s intrastate revenue requirement that will inform the rates and KUSF draw applied
24 starting on January 1, 2026. These adjustments include:

- 25 1. Adjustments to include rate case related expenses that have been and will be incurred in
26 the preparation, filing, and processing of this rate case. The rate case expense is amortized
27 over five years. This adjustment ensures that Haviland recovers the reasonable costs of
28

1 presenting this Application before the Commission over the period that the resulting rate
2 structure will be in place. The detail of this calculation is included in Section 9(i)e of the
3 forms.

4 2. Cash Working Capital is calculated in the cost study and included as a component of rate
5 base pursuant to 47 C.F.R. Part 65 of the FCC's Rules ("Part 65"). Cash Working Capital
6 has been calculated in accordance with the FCC's standard allowance of 15-days of cash
7 working capital, which produces a cash working capital factor of 4.11%. This factor is
8 multiplied by Haviland's cash expenses to determine the amount of cash working capital
9 that is included in rate base. This calculation was performed in conjunction with the cost
10 study. This adjustment is necessary to include the amount of Cash Working Capital that
11 has been deemed necessary for the successful operation of the company. The details of
12 this calculation are included in Section 6 of the forms.

13 3. An adjustment has been performed to reflect the known and measurable reduction in
14 intrastate switched access and access replacement revenues Haviland will experience in
15 2025 and 2026 pursuant to the mandatory phase-down in these revenues under FCC rules.

16 These adjustments are necessary to present a sufficient intrastate revenue requirement and rate
17 design consistent with Haviland's 2024 cost study, FCC Rules, KCC regulations, and/or prior
18 practice of the Commission.

19
20 **Q. 37: How did you identify the rate case expense adjustment in your ratemaking**
21 **calculations?**

22 A. 37: I have included \$150,000 in total rate case expense to be amortized over five years in my
23 ratemaking calculations. This figure is based on my previous experience of rate case proceedings,
24 and an understanding of the process applied by the Commission.

25
26 **Q. 38: Please describe the rate case expenses associated with this Application.**

27 A. 38: As I described above, I have included \$150,000 in total rate case expenses. These fees are
28

1 necessary to complete vital tasks throughout the presentation, negotiation, and litigation of this
2 proceeding, including legal and consulting fees associated with: preparation of the Application
3 and Commission required work papers for filing; necessary pre-application communications and
4 meetings with Staff; responding to data requests; preparation of rebuttal testimony; participation in
5 hearings; preparation of motions and procedural filings; participation in settlement discussions;
6 and other activities to ensure that Haviland is properly represented and advised in this proceeding.
7 Haviland has divided this amount by five to reflect the five-year amortization period. This \$30,000
8 ($\$150,000 / 5 = \$30,000$) increase in expense is an adjustment in Section 9(i)e and increases
9 intrastate expenses for the test year.

10
11 **Q. 39: Please describe your proposed treatment of rate case expense in the rate case forms.**

12 A. 39: The revenue requirement calculation properly amortizes the expense incurred in bringing
13 this rate case over five years. This is accomplished through the addition of the amortized \$30,000
14 of rate case expense to the test year in Section 9(i), which is then assigned to the intrastate
15 jurisdiction.

16
17 **Q. 40: How was the amount of rate case expense determined?**

18 A. 40: The rate case costs include expenses for work performed by Haviland's attorneys and cost
19 and regulatory consultants: Jamison Law, LLC ("Jamison Law") and Baker Tilly. Jamison Law
20 provided legal services to Haviland in connection with the Application. Baker Tilly provided cost
21 separations, financial, and regulatory consulting services. Professionals at both firms assisted in
22 preparing the application, developing the forms and exhibits to accompany the application, and
23 fulfilling various regulatory obligations related to the case. Both firms also assisted Haviland in
24 preparing an overall strategy for the case and identifying key issues, anticipated discovery items,
25 and areas for further discussion with Commission Staff.

26
27 **Q. 41: Why does Haviland expect to incur a total of \$150,000 in rate case expenses in this**
28

1 **proceeding?**

2 A. 41: These expenses are necessary for Haviland to receive appropriate representation in a
3 complicated and intensive proceeding similar to a general rate case (hereafter generally referred to
4 as a “rate case”). Haviland is a very small company with limited resources and experience in
5 complex regulatory matters and therefore must rely on outside legal counsel and consultants with
6 the requisite expertise and experience. Haviland has retained legal counsel and regulatory
7 consultants with extensive ratemaking experience.

8 It is my experience that proceedings such as this are very time consuming and labor-
9 intensive processes, which includes several elements, including but not limited to:

- 10 1. Initial analysis of test period earnings to determine if a rate case is warranted.
- 11 2. Notification of the intent to file a rate case and compliance with procedural requirements.
- 12 3. Preparation of the separations analysis, including Part 64 allocations, to determine the
13 intrastate separations factors.
- 14 4. Development and preparation of forms that comply with subsection (c) of K.A.R. 82-1-
15 231, including modification to reflect company-specific circumstances and to incorporate
16 adjustments from the separations analysis as well as rate case specific adjustments.
- 17 5. Preparation of the application and supporting exhibits, including schedules necessary to
18 comply with K.A.R 82-1-231.
- 19 6. Preparation and submission of direct testimony by company and expert witnesses. In this
20 proceeding, Haviland will present testimony from one company witness and one expert
21 witness.
- 22 7. Responses to data requests from Staff.
- 23 8. Review and verification of Staff opening testimony and work papers.
- 24 9. Submission of data requests to Staff based on opening testimony and work papers.
- 25 10. Engagement in settlement discussions, analysis of settlement offers, and potentially
26 preparation of settlement documents, including a stipulation and exhibits.
- 27 11. Preparation and submission of rebuttal testimony by company and expert witnesses in
28

1 response to Staff testimony.

2 12. Preparation and participation in a live hearing before the Commission. In my experience,
3 when hearings are required, it can take multiple days and requires the participation of all
4 expert witnesses and legal counsel, which generally necessitates travel time and associated
5 expenses.

6 13. Preparation and filing of motions, pleadings and briefs and attendance at procedural
7 hearings and conferences.

8 There can be additional activities and efforts that are not identified here, and the necessary tasks
9 can vary from one rate case to another. Based on my experience in general rate case proceedings,
10 I believe that the forecasted rate case expense of \$150,000 is a reasonable and conservative
11 estimate of the incremental costs that Haviland will incur in this rate case process if it is fully
12 litigated through hearings, and it could be greater depending on the extent of discovery and motion
13 practice. Likewise, the amount incurred could be less if the volume and scope of data requests is
14 reasonably limited, and the parties are able to settle this matter without preparing rebuttal
15 testimony and/or the requirement for a full hearing of the case.

16

17 **Q. 42: Does the \$150,000 rate case expense figure you have identified include any internal**
18 **costs?**

19 A. 42: No. The \$150,000 rate case expense figure identified includes only external costs from
20 Jamison Law and Baker Tilly. Any costs incurred internally by Haviland are reflected in the
21 regulated operating expenses as costs that would have otherwise been incurred during the normal
22 course of business.

23

24 **Q. 43: How did you determine the amount of intrastate access and intercarrier**
25 **compensation revenues for the test year?**

26 A. 43: Intrastate intercarrier compensation revenue has three components: terminating switched
27 access revenue, originating switched access revenue, and special access revenue. Terminating
28

1 switched access revenues require an additional calculation because they are subject to a strict
2 federal phase-down of 5% each year starting in 2012, regardless of the individual revenue
3 components that may contribute to switched access revenues. To determine Haviland's intrastate
4 terminating switched access revenues for inclusion in its rate design, I identified the components
5 of intrastate terminating switched access and intercarrier compensation revenue for that historical
6 period, and then I made a minor forward-looking adjustment to reflect a known and measurable
7 5% reduction to the overall amount in this revenue category that Haviland will receive during
8 2026, the year for which KUSF is requested in its Application. To compute the impact of the 5%
9 reduction for 2026, I first identified the eligible recovery figure for the 2023-2024 fiscal year and
10 then averaged it with the eligible recovery figure for 2024-2025, which produces the 2024 eligible
11 recovery figure. I then reduced the 2024 eligible recovery by 5% to determine the 2025 eligible
12 recovery and then reduced the 2025 eligible recovery by another 5% to determine the 2026
13 eligible recovery.

14
15 **Q. 44: Does your intrastate terminating switched access calculation account for receipt of**
16 **Connect America Fund Intercarrier Compensation ("CAF ICC") revenues?**

17 A. 44: Yes. The calculation I described above produces the total amount of intrastate terminating
18 switched access, reciprocal compensation, Access Recovery Charge ("ARC"), and CAF ICC
19 revenue that Haviland received from all sources for 2024. The 5% annual reductions for 2025 and
20 2026 ensure that the adjusted intrastate switched access revenue included in Section 9(i) of the
21 forms is the amount of intrastate terminating switched access, reciprocal compensation, ARC, and
22 CAF ICC revenue that Haviland will receive in 2026.

23
24 **Q. 45: Based on Haviland's revenue requirement, its allocated federal E-ACAM Support,**
25 **and its projected intrastate revenue, what level of funding from the KUSF would Haviland**
26 **require to provide a reasonable opportunity to meet its revenue requirement?**

27

28

1 A. 45: Haviland requires a total of \$1,387,380 from the KUSF. This support amount is
2 determined in Section 3 and is calculated as the shortfall in Net Operating Income Before Taxes,
3 so that once Federal Income Taxes are calculated on this amount, Haviland's Return on Rate Base
4 will equal the requested Rate of Return of 7.65%.

5

6 **Q. 46: Does this conclude your opening testimony?**

7 A. 46: Yes.

8

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1 **Verification**

2 I, Nick Huckaby, pursuant to K.S.A. 53-601, hereby certify under penalty of perjury under the
3 laws of the state of Kansas that the foregoing is true and correct to the best of my knowledge.

4
5 Dated: August 8, 2025

6 /s/ Nick Huckaby

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Section 3

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

Kansas Corporation Commission
Haviland Telephone Co. Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period: 6/30/25

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

Section 3(i): Summary of Revenue Requirement

Line No.	Description	Total Regulated Company	Total Regulated Intrastate	Reference
		(a)	(b)	
1	Rate Base	\$ 9,868,130	\$ 3,328,272	4 (i)
2	Rate of Return	<u>9.75%</u>	<u>7.65%</u>	7 (i)
3	Allowable Return	\$ 962,143	\$ 254,613	(1) x (2)
4	Operating Income	<u>\$ (1,170,132)</u>	<u>\$ (772,353)</u>	9 (i)
5	Revenue Deficiency (Excess)	\$ 2,132,274	\$ 1,026,966	(3) - (4)
6	Net to Gross Multiplier		<u>1.350950229</u>	11, ln 16
7	Revenue Deficiency (Excess)		<u><u>\$ 1,387,380</u></u>	(5) x (6)
	Realized Return on Rate Base	-11.86%	-23.21%	(4) / (1)

Section 4

Plant Investments-Adjusted Rate Base and Supplemental Schedules

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

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

Section 4(i): Rate Base/Plant Investments

Line No.	Description	Part 32 Account Numbers	Recorded Test Year Balance Haviland	Study Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Subject to Separations Haviland	Intrastate Balance Haviland	Adjustments to Intrastate Balance Haviland	Adjusted Intrastate Balance Haviland
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Plant in Service									
2	Telecom. Plant in Service [From Line 56]	2001	\$ 45,195,477	\$ (1,438,153)	\$ 43,757,323	\$ (95,109)	\$ 43,662,214	\$ 14,400,453	\$ -	\$ 14,400,453
3	Accumulated Depreciation		\$ (37,609,023)	\$ 1,643,647	\$ (35,965,376)	\$ 82,870	\$ (35,882,505)	\$ (11,759,666)	\$ -	\$ (11,759,666)
4	Net Telecom. Plant in Service		\$ 7,586,454	\$ 205,494	\$ 7,791,948	\$ (12,239)	\$ 7,779,709	\$ 2,640,787	\$ -	\$ 2,640,787
5	Add									
6	Materials and Supplies	1220	\$ 1,400,736	\$ (272,693)	\$ 1,128,043	\$ -	\$ 1,128,043	\$ 386,306	\$ -	\$ 386,306
7	Miscellaneous Deferred Charges	1438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Property Held for Future Use	2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Telecom Plant Under Const.	2003	\$ 2,187,294	\$ -	\$ 2,187,294	\$ (18,719)	\$ 2,168,576	\$ 715,331	\$ -	\$ 715,331
10	Telecom Plant Adjustment	2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	Nonoperating Plant	2006	\$ 30,588	\$ (30,588)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Goodwill	2007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Accum. Deferred Inc. Tax Asset	4340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Cash Working Capital		\$ -	\$ 140,080	\$ 140,080	\$ -	\$ 140,080	\$ 49,471	\$ -	\$ 49,471
15	Sub Total		\$ 3,618,618	\$ (163,201)	\$ 3,455,417	\$ (18,719)	\$ 3,436,699	\$ 1,151,108	\$ -	\$ 1,151,108
16	Less									
17	Other Liab. and Def. Credits	4300	\$ 14,853	\$ (14,853)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	Accrued Postretirement Benefit/Liability	4310	\$ 44,688	\$ -	\$ 44,688	\$ -	\$ 44,688	\$ 15,367	\$ -	\$ 15,367
19	Accum. Deferred Inc. Tax Liabs.	4340	\$ 1,720,422	\$ (416,832)	\$ 1,303,590	\$ -	\$ 1,303,590	\$ 448,256	\$ -	\$ 448,256
20	Net Deferred Tax Liab. Adjustments	4341	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Deferred Tax Regulatory Adjustments	4361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Other Jurisdictional Liab. And Def. Credits	4370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Customer Deposits	4040	\$ 18,705	\$ (18,705)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Sub Total		\$ 1,798,668	\$ (450,390)	\$ 1,348,278	\$ -	\$ 1,348,278	\$ 463,623	\$ -	\$ 463,623
25	Net Rate Base		\$ 9,406,404	\$ 492,683	\$ 9,899,087	\$ (30,958)	\$ 9,868,130	\$ 3,328,272	\$ -	\$ 3,328,272
26										
27										
28	Property, Plant, and Equipment									
29	TPIS-General Support Assets									
30	Land	2111	\$ 87,543	\$ (9,536)	\$ 78,007	\$ -	\$ 78,007	\$ 25,732	\$ -	\$ 25,732
31	Motor Vehicles	2112	\$ 1,139,579	\$ (124,131)	\$ 1,015,448	\$ 124,115	\$ 1,139,563	\$ 375,899	\$ -	\$ 375,899
32	Garage Work Equipment	2115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	Other Work Equipment	2116	\$ 1,064,535	\$ (137,471)	\$ 927,064	\$ 1,387	\$ 928,450	\$ 306,261	\$ -	\$ 306,261
34	Buildings	2121	\$ 1,668,622	\$ (178,604)	\$ 1,490,018	\$ -	\$ 1,490,018	\$ 491,500	\$ -	\$ 491,500
35	Furniture	2122	\$ 47,391	\$ (5,162)	\$ 42,229	\$ 4,083	\$ 46,312	\$ 15,276	\$ -	\$ 15,276
36	Office Equipment	2123	\$ 70,660	\$ (7,697)	\$ 62,964	\$ 8,528	\$ 71,492	\$ 23,582	\$ -	\$ 23,582
37	General Purpose Computers	2124	\$ 338,785	\$ (36,903)	\$ 301,882	\$ (30,372)	\$ 271,510	\$ 89,561	\$ -	\$ 89,561
38	Total Land and Support Assets		\$ 4,417,115	\$ (499,504)	\$ 3,917,611	\$ 107,741	\$ 4,025,352	\$ 1,327,811	\$ -	\$ 1,327,811
39	TPIS-Central Office Assets									
40	Central Office Switching	2210	\$ 1,089,714	\$ (498,261)	\$ 591,453	\$ -	\$ 591,453	\$ 269,307	\$ -	\$ 269,307
41	Operator Systems	2220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
42	Central Office Transmission	2230	\$ 7,715,594	\$ 153,922	\$ 7,869,516	\$ 65,656	\$ 7,935,171	\$ 2,149,416	\$ -	\$ 2,149,416
43	Total Central Office Equipment		\$ 8,805,307	\$ (344,339)	\$ 8,460,969	\$ 65,656	\$ 8,526,624	\$ 2,418,723	\$ -	\$ 2,418,723
44	TPIS-Information Origination Termination Assets									
45	Information Origination/Termination	2310	\$ 26,198	\$ (26,198)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46	TPIS-Cable and Wire Facilities									
47	Poles	2411	\$ 209,559	\$ (209,559)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
48	Aerial Cable	2421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49	Buried Cable	2423	\$ 31,737,298	\$ (358,554)	\$ 31,378,744	\$ (268,506)	\$ 31,110,238	\$ 10,653,919	\$ -	\$ 10,653,919
50	Aerial Wire	2431	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Conduit Systems	2441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52	Total Cable and Wire Facilities		\$ 31,946,856	\$ (568,112)	\$ 31,378,744	\$ (268,506)	\$ 31,110,238	\$ 10,653,919	\$ -	\$ 10,653,919
53	TPIS - Amortizable Tangible Assets									
54	Amortizable Tangible Assets	2680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Intangibles	2690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
56	Total Telecom. Plant in Serv.	2001	\$ 45,195,477	\$ (1,438,153)	\$ 43,757,323	\$ (95,109)	\$ 43,662,214	\$ 14,400,453	\$ -	\$ 14,400,453

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalzation Period Ending: 6/30/25

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

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

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
	(a)	(b)	(c)	(d)	(e)	(f)
1	<u>TPIS - General Support Assets</u>					
2	2111	Land	\$ 87,543	\$ 34,180	\$ 33,655	\$ 33,655
3	2112	Motor Vehicles	\$ 1,139,579	\$ 1,188,199	\$ 1,131,675	\$ 942,400
4	2115	Garage Work Equipment	\$ -	\$ -	\$ -	\$ -
5	2116	Other Work Equipment	\$ 1,064,535	\$ 739,549	\$ 610,287	\$ 545,812
6	2121	Buildings	\$ 1,668,622	\$ 1,629,334	\$ 1,613,091	\$ 1,605,108
7	2122	Furniture	\$ 47,391	\$ 43,460	\$ 43,460	\$ 43,460
8	2123	Office Equipment	\$ 70,660	\$ 65,354	\$ 69,041	\$ 69,041
9	2124	General Purpose Computers	\$ 338,785	\$ 271,520	\$ 264,860	\$ 252,214
10	2110	Total Land and Support Assets	\$ 4,417,115	\$ 3,971,595	\$ 3,766,067	\$ 3,491,688
11						
12	<u>TPIS-Central Office Assets</u>					
13	2211	Analog electronic switching	\$ -	\$ -	\$ -	\$ -
14	2212	Digital electronic switching	\$ 1,082,399	\$ 1,053,869	\$ 1,037,269	\$ 1,090,029
15	2215	Electromechanical switching	\$ 7,314	\$ 7,314	\$ 7,314	\$ 14,318
16	2210	Total Central Office Switching	\$ 1,089,714	\$ 1,061,183	\$ 1,044,583	\$ 1,104,347
17						
18	2220	Operator Systems	\$ -	\$ -	\$ -	\$ -
19						
20	2231	Radio Systems	\$ -	\$ -	\$ -	\$ -
21	2232	Circuit Equipment	\$ 7,715,594	\$ 7,239,524	\$ 6,948,239	\$ 7,090,765
22	2230	Total Circuit Equipment	\$ 7,715,594	\$ 7,239,524	\$ 6,948,239	\$ 7,090,765
23						
24	Total Central Office Equipment		\$ 8,805,307	\$ 8,300,707	\$ 7,992,822	\$ 8,195,111
25						
26	<u>TPIS-Information Origination Termination Assets</u>					
27	2311	Station Apparatus	\$ 26,198	\$ 15,842	\$ 5,085	\$ -
28	2321	Customer premises wiring	\$ -	\$ -	\$ -	\$ -
29	2341	Large PBX	\$ -	\$ -	\$ -	\$ -
30	2351	Public Telephone Terminal Equipment	\$ -	\$ -	\$ -	\$ -
31	2362	Other Terminal Equipment	\$ -	\$ -	\$ -	\$ -
32	2310	Total Information Origination/Termination	\$ 26,198	\$ 15,842	\$ 5,085	\$ -
33						
34	<u>TPIS-Cable and Wire Facilities</u>					
35	2411	Poles	\$ 209,559	\$ 196,302	\$ 196,302	\$ 207,367
36	2421	Aerial Cable	\$ -	\$ -	\$ -	\$ -
37	2422	Underground Cable	\$ -	\$ -	\$ -	\$ -
38	2423	Buried Cable	\$ 31,737,298	\$ 28,933,766	\$ 27,248,989	\$ 25,768,972
39	2424	Submarine & Deep Sea Cable	\$ -	\$ -	\$ -	\$ -
40	2426	Intrabuilding network cable	\$ -	\$ -	\$ -	\$ -
41	2431	Aerial Wire	\$ -	\$ -	\$ -	\$ -
42	2441	Conduit Systems	\$ -	\$ -	\$ -	\$ -
43	2410	Total Cable and Wire Facilities	\$ 31,946,856	\$ 29,130,068	\$ 27,445,291	\$ 25,976,338
44						
45	<u>TPIS - Amortizable Tangible Assets</u>					
46	2681	Finance Leases	\$ -	\$ -	\$ -	\$ -
47	2682	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -
48	2680	Total Amortizable Tangible Assets	\$ -	\$ -	\$ -	\$ -
49						
50	2690	Intangibles	\$ -	\$ -	\$ 6,309	\$ 6,309
51						
52	Total Telecom. Plant in Serv.		\$ 45,195,477	\$ 41,418,212	\$ 39,215,574	\$ 37,669,447

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

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

Section 4(ii)ja: Normalizing Telephone Plant Adjustments

Line No.	Adj #	Haviland General Ledger Account Number	Rate Case Forms Account Grouping	Description	DB	CR
1	1	2112	2112	Motor Vehicles	\$ 124,115	
2		2116	2116	Other Work Equipment	\$ 1,387	
3		2122	2122	Furniture	\$ 4,083	
4		2123.1	2123	Office Support Equipment	\$ 9,151	
5		2124	2124	General Purpose Computers	\$ 5,425	
6		2232	2230	Circuit Equipment	\$ 52,524	
7		2232.4	2230	Internet Circuit Equipment	\$ 5,368	
8		2423	2423	Buried Cable	\$ 1,130,825	
9				To record regulated plant investments capitalized through June 30, 2025		
10						
11	2	2123.1	2123	Office Support Equipment		\$ 623
12		2124	2124	General Purpose Computers		\$ 35,797
13		2232	2230	Circuit Equipment		\$ 1,395
14		2232.4	2230	Internet Circuit Equipment		\$ 163
15		2423	2423	Buried Cable		\$ 1,384,988
16				To record regulated plant retirements through June 30, 2025		
17						
18	3	2232	2230	Circuit Equipment	\$ 9,321	
19		2423	2423	Buried Cable		\$ 14,343
20				To record plant transfers through June 30, 2025		
21						
22	4	3111.200.00	3100-2110	Accum Dep. Vehicles		\$ 124,115
23		3111.600.00	3100-2110	Accum Dep. Other Work Equipment		\$ 113,885
24		3112.100.00	3100-2110	Accum Dep. Buildings		\$ 727
25		3112.200.00	3100-2110	Accum Dep. Furniture		\$ 2,978
26		3112.310.00	3100-2110	Accum Dep. Office Equipment		\$ 387
27		3112.400.00	3100-2110	Accum Dep. Computers	\$ 10,638	
28		3123.210.00	3100-2230	Accum Dep. Circuit Equipment		\$ 190,388
29		3142.300.00	3100-2410	Accum Dep. Buried Cable	\$ 504,712	
30				To normalize depreciation reserve through June 30, 2025		
31						
32	5	2003	2003	Telecom Plant Under Construction		\$ 18,719
33				To normalize TPUC to June 30, 2025 Regulated Balance		

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

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

Section 4(ii)b: Normalizing 2025 Telephone Plant Additions and Depreciation

Line No.	Account Number	Description	2025 Capital Expenditure	Regulated Allocation	2025 Regulated Capital Expenditure
	(a)	(b)	(c)	(d)	(e)
1	2112	Motor Vehicles	\$ 139,288	89.11%	\$ 124,115
2	2116	Other Work Equipment	\$ 1,556	89.11%	\$ 1,387
3	2122	Furniture	\$ 4,582	89.11%	\$ 4,083
4	2123.1	Office Support Equipment	\$ 10,270	89.11%	\$ 9,151
5	2124	General Purpose Computers	\$ 6,088	89.11%	\$ 5,425
6	2232	Circuit Equipment	\$ 52,524	100.00%	\$ 52,524
7	2232.4	Internet Circuit Equipment	\$ 5,368	100.00%	\$ 5,368
8	2423	Buried Cable	\$ 1,130,825	100.00%	\$ 1,130,825
9					
10			<u>\$ 1,350,501</u>		<u>\$ 1,332,878</u>

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT- ____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

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

Section 4(ii)c: Normalizing 2025 Telephone Plant Retirements and Depreciation

Line No.	Account Number	Description	2025 TPIS Retirement	Regulated Allocation	2025 Regulated TPIS Retirement
	(a)	(b)	(c)	(d)	(e)
1	2123.1	Office Support Equipment	\$ 699	89.11%	\$ 623
2	2124	General Purpose Computers	\$ 40,173	89.11%	\$ 35,797
3	2232	Circuit Equipment	\$ 1,395	100.00%	\$ 1,395
4	2232.4	Internet Circuit Equipment	\$ 163	100.00%	\$ 163
5	2423	Buried Cable	\$ 1,384,988	100.00%	\$ 1,384,988
6					
7			<u>\$ 1,427,417</u>		<u>\$ 1,422,965</u>

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

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

Section 4(ii)d: Normalizing 2025 Telecommunications Plant Under Construction

Line No.	Label	Reference
1	TPUC - Recorded Test Year Balance	\$ 2,187,294 4(i), Col. C, Line 9
2		
3	TPUC - June 30, 2025 Regulated Balance	\$ 2,168,576 Records
4		
5	2025 Normalization Adjustment	<u>\$ (18,719)</u> Ln 3 - Ln 1

Section 5

Accumulated Provision for Depreciation and Amortization

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 5: Accumulated Provision for Depreciation, Amortization, and Depletion
Section 5: Unadjusted Year-End Balances, Adjustments and Allocation to State Jurisdiction

Line No.	Account Number	Description	Recorded Test Year Balance Haviland	Study Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Haviland	Intrastate Balance Haviland
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1		Investment Offsets						
2	3100	Accum Depr. - TPIS						
3	3100-2110	Accum Depr. - Land and Support Assets	\$ 4,162,793	\$ (498,657)	\$ 3,664,137	\$ 231,454	\$ 3,895,590	\$ 1,276,690
4	3100-2210	Accum Depr. - COE Switching	\$ 1,089,714	\$ (498,261)	\$ 591,453	\$ -	\$ 591,453	\$ 193,835
5	3100-2220	Accum Depr. - COE Operator Systems	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	3100-2230	Accum Depr. - COE Transmission	\$ 7,550,146	\$ 126,573	\$ 7,676,718	\$ 190,388	\$ 7,867,106	\$ 2,578,263
7	3100-2310	Accum Depr. - IOT Equipment	\$ 10,924	\$ (10,924)	\$ -	\$ -	\$ -	\$ -
8	3100-2410	Accum Depr. - Cable and Wire Facilities	\$ 24,764,858	\$ (731,791)	\$ 24,033,068	\$ (504,712)	\$ 23,528,356	\$ 7,710,878
9	3100	Total Accum. Depr. - TPIS	\$ 37,578,435	\$ (1,613,059)	\$ 35,965,376	\$ (82,870)	\$ 35,882,505	\$ 11,759,666
10								
11	3200	Accum Depr. - PHFU	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	3300	Accum Depr. - Nonoperating	\$ 30,588	\$ (30,588)	\$ -	\$ -	\$ -	\$ -
13	3410	Accum Depr. - Capitalized Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	3420	Accum Depr. - Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	3500	Accum Depr. - Intangible	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	3600	Accum Depr. - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17								
18		Total Investment Offsets	\$ 37,609,023	\$ (1,643,647)	\$ 35,965,376	\$ (82,870)	\$ 35,882,505	\$ 11,759,666

Section 6

Working Capital

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 6: Working Capital

Section 6: Calculation of Cash Working Capital and Allocation to State Jurisdiction

Line No.	Account Number	Description	Recorded Test Year Balance Haviland	Study Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Haviland	Adjusted Balance	Reference
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1									
2	6110 - 6410	Plant Specific Expense	\$ 2,026,236	\$ (974,628)	\$ 1,051,608	\$ -	\$ 1,051,608	\$ 1,051,608	9(i), ln 22
3	6510 - 6540	Plant Non-Specific Expense	\$ 771,246	\$ (68,003)	\$ 703,243	\$ -	\$ 703,243	\$ 703,243	9(i), ln 28
4	6610 - 6620	Customer Operations Expense	\$ 284,800	\$ (65,874)	\$ 218,926	\$ -	\$ 218,926	\$ 218,926	9(i), ln 36
5	6710 - 6720	Corporate Operations Expense	\$ 1,911,468	\$ (159,195)	\$ 1,752,273	\$ (78,338)	\$ 1,673,935	\$ 1,673,935	9(i), ln 41
6	7510	Operating Fixed Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9(i), ln 55
7	7200 less 7250	Operating Taxes	\$ 730,907	\$ -	\$ 730,907	\$ (275,192)	\$ 455,715	\$ (239,104)	9(i), ln 48-49, 51-52
8	7540	Interest on Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9		Annual Cash Operating Expense Base	\$ 5,724,657	\$ (1,267,701)	\$ 4,456,957	\$ (353,529)	\$ 4,103,427	\$ 3,408,608	
10									
11		Standard Allowance Factor			4.1096%			4.1096%	
12									
13		Cash Working Capital			\$ 183,163			\$ 140,080	
14		Intrastate Allocation Factor						35.3161%	
15									
16		Cash Working Capital - State						\$ 49,471	

Section 7

Capital and Cost of Money

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 7: Capital and Cost of Money

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

Line No.	Description	Recorded Test Year Balance Total Company	Weight (% of Total)	Cost (%)	Weighted Cost (%)
	(a)	(b)	(c)	(d)	(e)
1	Total Long Term Debt	\$ -	40.00%	4.50%	1.80%
2	Total Equity	\$ 13,828,973	60.00%	9.75%	5.85%
3	Total Capital	<u>\$ 13,828,973</u>	<u>100.00%</u>		
4	Requested Cost of Capital				<u>7.65%</u>

Kansas Corporation Commission

Haviland Telephone Co., Inc.

Dkt No. 26-HVDT-____-KSF

Test Year Ending: 12/31/24

Normalization Period Ending: 6/30/25

Section 7: Capital and Cost of Money

Section 7(ii): Summary of Debt

Line No.	Issuer	Balance	Rate	Maturity Date	Annual Interest
	(a)	(b)	(c)	(d)	(e)
1		\$ -			\$ -
2		\$ -			\$ -
3					
4	Total Long Term Debt	<u>\$ -</u>			<u>\$ -</u>
5					
6	Weighted Cost of Debt				0.00%

Section 8

Financial and Operating Data

Kansas Corporation Commission

Haviland Telephone Co., Inc.

Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24

Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data

Section 8(i): Balance Sheet by Primary Accounts (unadjusted)

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2		<u>Current Assets</u>				
3	1120	Cash and Equivalents	\$ 815,155	\$ 969,509	\$ 658,965	\$ 271,717
4	1170	Receivables	\$ 4,350,469	\$ 4,342,564	\$ 3,860,142	\$ 2,688,137
5	1171	Allowance for Doubtful Accounts*	\$ -	\$ -	\$ -	\$ -
6	1191	Accounts Receivable Allowance - Other	\$ -	\$ 146	\$ -	\$ -
7	1220	Inventories - Materials and Supplies	\$ 1,400,736	\$ 1,437,880	\$ 1,686,887	\$ 831,633
8	1280	Prepayments	\$ 172,589	\$ 134,293	\$ 104,434	\$ 91,111
9	1350	Other Current Assets	\$ 5,336	\$ 10,953	\$ 40,356	\$ 90,000
10		Total Current Assets	\$ 6,744,284	\$ 6,895,346	\$ 6,350,784	\$ 3,972,598
11						
12		<u>Noncurrent Assets</u>				
13	1406	Nonregulated Investments	\$ 545,837	\$ 545,837	\$ 545,837	\$ 545,837
14	1410	Other Noncurrent Assets	\$ 6,896,848	\$ 7,461,521	\$ 8,153,509	\$ 7,561,898
15	1438	Def. Maintenance, Retirements, Other Def. Charges	\$ -	\$ -	\$ -	\$ -
16	1500	Other Jurisdictional Assets - Net	\$ -	\$ -	\$ -	\$ -
17		Total Noncurrent Assets	\$ 7,442,685	\$ 8,007,358	\$ 8,699,345	\$ 8,107,735
18						
19		<u>Other Regulated Plant</u>				
20	2002	Property Held for Future Use	\$ -	\$ -	\$ -	\$ -
21	2003	Telecom Plant Under Const.	\$ 2,187,294	\$ 983,031	\$ 691,855	\$ 1,069,654
22	2005	Telecom Plant Adjustment	\$ -	\$ -	\$ -	\$ -
23	2006	Nonoperating Plant	\$ 30,588	\$ 30,588	\$ 30,588	\$ 30,588
24	2007	Goodwill	\$ -	\$ -	\$ -	\$ -
25		Total Other Regulated Plant	\$ 2,217,882	\$ 1,013,619	\$ 722,443	\$ 1,100,242
26						
27		<u>Plant, Property and Equipment</u>				
28	2111	Land	\$ 87,543	\$ 34,180	\$ 33,655	\$ 33,655
29	2112	Motor Vehicles	\$ 1,139,579	\$ 1,188,199	\$ 1,131,675	\$ 942,400
30	2115	Garage Work Equipment	\$ -	\$ -	\$ -	\$ -
31	2116	Other Work Equipment	\$ 1,064,535	\$ 739,549	\$ 610,287	\$ 545,812
32	2121	Buildings	\$ 1,668,622	\$ 1,629,334	\$ 1,613,091	\$ 1,605,108
33	2122	Furniture	\$ 47,391	\$ 43,460	\$ 43,460	\$ 43,460
34	2123	Office Equipment	\$ 70,660	\$ 65,354	\$ 69,041	\$ 69,041
35	2124	General Purpose Computers	\$ 338,785	\$ 271,520	\$ 264,860	\$ 252,214
36	2211	Analog electronic switching	\$ -	\$ -	\$ -	\$ -
37	2212	Digital electronic switching	\$ 1,089,714	\$ 1,061,183	\$ 1,044,583	\$ 1,104,347
38	2215	Electromechanical switching	\$ -	\$ -	\$ -	\$ -
39	2220	Operator Systems	\$ -	\$ -	\$ -	\$ -
40	2231	Radio Systems	\$ -	\$ -	\$ -	\$ -
41	2232	Circuit Equipment	\$ 7,715,594	\$ 7,239,524	\$ 6,948,239	\$ 7,090,765
42	2311	Station Apparatus	\$ 26,198	\$ 15,842	\$ 5,085	\$ -
43	2321	Customer premises wiring	\$ -	\$ -	\$ -	\$ -
44	2341	Large PBX	\$ -	\$ -	\$ -	\$ -
45	2351	Public Telephone Terminal Equipment	\$ -	\$ -	\$ -	\$ -
46	2362	Other Terminal Equipment	\$ -	\$ -	\$ -	\$ -
47	2411	Poles	\$ 209,559	\$ 196,302	\$ 196,302	\$ 207,367
48	2421	Aerial Cable	\$ -	\$ -	\$ -	\$ -
49	2422	Underground Cable	\$ -	\$ -	\$ -	\$ -
50	2423	Buried Cable	\$ 31,737,298	\$ 28,933,766	\$ 27,248,989	\$ 25,768,972
51	2424	Submarine Cable	\$ -	\$ -	\$ -	\$ -
52	2425	Deep Sea Cable	\$ -	\$ -	\$ -	\$ -
53	2426	Intrabuilding network cable	\$ -	\$ -	\$ -	\$ -
54	2431	Aerial Wire	\$ -	\$ -	\$ -	\$ -
55	2441	Conduit Systems	\$ -	\$ -	\$ -	\$ -
56		Total Plant in Service	\$ 45,195,477	\$ 41,418,212	\$ 39,209,265	\$ 37,663,138

Section 8: Financial and Operating Data

Section 8(i): Balance Sheet by Primary Accounts (unadjusted)

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
57						
58		<u>TPIS - Amortizable Tangible Assets</u>				
59	2681	Capital Leases	\$ -	\$ -	\$ -	\$ -
60	2682	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -
61	2690	Intangibles/Software	\$ -	\$ -	\$ 6,309	\$ 6,309
62		Total Amortizable Tangible Assets	\$ -	\$ -	\$ 6,309	\$ 6,309
63						
64		Less: Accumulated Depreciation				
65		<u>Depreciation and Amortization</u>				
66	3300	Depreciation Non-Operating	\$ (30,588)	\$ (30,588)	\$ (30,588)	\$ (30,588)
67						
68	3100-2112	Depreciation Vehicle	\$ (1,139,579)	\$ (1,188,199)	\$ (1,130,421)	\$ (942,400)
69	3100-2116	Depreciation Work Equipment	\$ (952,215)	\$ (739,549)	\$ (610,287)	\$ (545,812)
70	3100-2121	Depreciation Buildings	\$ (1,666,614)	\$ (1,601,250)	\$ (1,520,718)	\$ (1,452,936)
71	3100-2122	Depreciation Furniture	\$ (47,391)	\$ (43,460)	\$ (43,460)	\$ (43,460)
72	3100-2123	Depreciation Office Equipment	\$ (70,660)	\$ (65,354)	\$ (69,041)	\$ (69,041)
73	3100-2124	Depreciation Computer	\$ (286,334)	\$ (271,520)	\$ (270,020)	\$ (272,614)
74	3100-2212	Depreciation Digital Switch	\$ (1,089,714)	\$ (1,061,183)	\$ (1,044,583)	\$ (1,147,856)
75	3100-2232	Depreciation Circuit	\$ (7,550,146)	\$ (7,186,173)	\$ (6,980,833)	\$ (6,853,008)
76	3100-2232	Depreciation IOT Equipment	\$ -	\$ -	\$ -	\$ -
77	3100-2311	Depreciation Station Apparatus	\$ (10,924)	\$ (3,262)	\$ (339)	\$ -
78	3100-2411	Depreciation Poles	\$ (209,559)	\$ (196,302)	\$ (196,302)	\$ (190,713)
79	3100-2423	Depreciation Buried Cable	\$ (24,555,300)	\$ (22,755,176)	\$ (21,556,409)	\$ (22,518,953)
80	3100-2441	Depreciation Conduit Systems	\$ -	\$ -	\$ -	\$ -
81	3600	Amortization - Tangible Assets	\$ -	\$ -	\$ (6,309)	\$ (6,309)
82	3600	Amortization - Goodwill	\$ -	\$ -	\$ -	\$ -
83		Total Less: Accumulated Depreciation & Amortization	\$ (37,609,023)	\$ (35,142,014)	\$ (33,459,308)	\$ (34,073,689)
84						
85		<u>Net Plant</u>	\$ 7,586,454	\$ 6,276,198	\$ 5,756,266	\$ 3,595,758
86						
87		<u>Total Assets</u>	\$ 23,991,304	\$ 22,192,520	\$ 21,528,838	\$ 16,776,334
88						
89		<u>Current Liabilities</u>				
90	4000	Current Accounts and Notes Payable	\$ 7,875,833	\$ 7,048,470	\$ 6,475,666	\$ 2,667,531
91	4040	Customer's Deposits	\$ 18,705	\$ 13,331	\$ 3,335	\$ 4,090
92	4070	Income Taxes Accrued	\$ -	\$ -	\$ -	\$ -
93	4080	Other Taxes Accrued	\$ -	\$ -	\$ -	\$ -
94	4100	Net Current Def. Operating Income Taxes	\$ -	\$ -	\$ -	\$ -
95	4110	Net current Def. Nonoperating Income Taxes	\$ -	\$ -	\$ -	\$ -
96	4130	Other Current Liabilities	\$ 488,097	\$ (194,698)	\$ (133,974)	\$ 290,021
97		Total Current Liabilities	\$ 8,382,635	\$ 6,867,103	\$ 6,345,027	\$ 2,961,642
98		<u>Other Liabilities and Deferred Credits</u>				
99	4200	Long-Term Debt and Funded Debt	\$ -	\$ -	\$ -	\$ -
100	4300	Other Liabilities and Def. Credits	\$ 14,853	\$ 23,653	\$ 32,453	\$ 41,253
101	4310	Accrued Postretirement Benefit/Liability	\$ 44,688	\$ 82,131	\$ 61,290	\$ 39,530
102	4320	Unamortized Operating Invest. Tax Credits- Net	\$ -	\$ -	\$ -	\$ -
103	4330	Unamortized Nonoperating Invest. Tax Credits- Net	\$ -	\$ -	\$ -	\$ -
104	4340	Net Noncurrent Def. Operating Taxes	\$ 1,720,422	\$ 2,070,728	\$ 1,922,014	\$ 1,032,572
105	4341	Net Def. Tax Liability Adjustments	\$ -	\$ -	\$ -	\$ -
106	4350	Net Noncurrent Def. Nonoperating Income Taxes	\$ -	\$ -	\$ -	\$ -
107	4361	Def. Tax Regulatory Adjustments	\$ -	\$ -	\$ -	\$ -
108	4370	Other Jurisdictional Liabilities and Def. Credits Net	\$ -	\$ -	\$ -	\$ -
109		Total Other Liabilities and Deferred Credits	\$ 1,779,963	\$ 2,176,512	\$ 2,015,757	\$ 1,113,355
110		<u>Stockholders' Equity</u>				
111	4510	Preferred Stock	\$ -	\$ -	\$ -	\$ -
112	4510	Common Stock	\$ 69,627	\$ 69,627	\$ 69,627	\$ 69,627
113	4520	Additional Paid In Capital	\$ -	\$ -	\$ -	\$ -
114	4530	Treasury Stock*	\$ -	\$ -	\$ -	\$ -
115	4540	Other Capital	\$ -	\$ -	\$ -	\$ -
116	4550	Retained Earnings	\$ 13,759,080	\$ 13,079,279	\$ 13,098,428	\$ 12,631,710
117		Total Common Equity	\$ 13,828,707	\$ 13,148,905	\$ 13,168,054	\$ 12,701,337
118		Total Shareholders' Equity	\$ 13,828,707	\$ 13,148,905	\$ 13,168,054	\$ 12,701,337
119		<u>Total Liabilities and Shareholders' Equity</u>	\$ 23,991,304	\$ 22,192,520	\$ 21,528,838	\$ 16,776,334

Kansas Corporation Commission

Haviland Telephone Co., Inc.

Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24

Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data

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

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
1		<u>INCOME</u>				
2		<u>Current Assets</u>				
3	5000	Operating Revenue	\$ 8,222,076	\$ 6,071,711	\$ 5,872,308	\$ 5,795,149
4	6000	Operating Expenses	\$ 7,676,486	\$ 6,515,282	\$ 5,550,372	\$ 4,744,868
5	7220	Federal Income Taxes	\$ 603,786	\$ (105,655)	\$ (475,008)	\$ (297,809)
6	7230	State and Local Income Taxes	\$ 49,223	\$ (52,700)	\$ (191,488)	\$ (126,201)
7	7240.1	Property Taxes	\$ 72,116	\$ 77,070	\$ 81,944	\$ 84,267
8	7240.2	Interstate Regulatory Fees	\$ 2,061	\$ 1,996	\$ 1,905	\$ 1,738
9	7240.3	Intrastate Regulatory Fees	\$ 3,720	\$ 5,336	\$ 7,532	\$ 6,414
10	7250	Provision for Deferred Operating Income Tax	\$ (347,970)	\$ 151,049	\$ 891,777	\$ 833,047
11		Operating Income	\$ 162,654	\$ (520,666)	\$ 5,274	\$ 548,825
12						
13		<u>NonOperating Income/Expense</u>				
14	7320	Interest Income	\$ 284,361	\$ 330,328	\$ 351,252	\$ 587,220
15	7340	Allowance for Funds Used During Construction	\$ -	\$ -	\$ -	\$ -
16	7350	Gain or Loss from Disposition of Property	\$ -	\$ -	\$ -	\$ -
17	7360	Other Non-Operating Income	\$ 232,788	\$ 171,190	\$ 110,192	\$ 136,155
18	7370	Special Charges	\$ -	\$ -	\$ -	\$ -
19	7400	Total Non-Operating Taxes	\$ -	\$ -	\$ -	\$ -
20		Non-Operating Income/Expense - Net	\$ 517,148	\$ 501,517	\$ 461,444	\$ 723,374
21						
22		Income Available for Fixed Charges	\$ 679,802	\$ (19,149)	\$ 466,718	\$ 1,272,199
23						
24		<u>Total Interest & Related Items</u>				
25	7510	Interest Expense	\$ -	\$ -	\$ -	\$ -
26	7540	Interest Expense	\$ -	\$ -	\$ -	\$ -
27	7540	Other Interest Deduction	\$ -	\$ -	\$ -	\$ -
28						
29		Deregulated Income - Net	\$ -	\$ -	\$ -	\$ -
30						
31		<u>Total Net Income</u>	\$ 679,802	\$ (19,149)	\$ 466,718	\$ 1,272,199

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT- ____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data
Section 8(iii): Assignment of Revenue

Line No.	Account Number	Description	Recorded Test Year Balance Haviland	Normalizing Adjustments Test Year Balance Haviland	Normalized Test Year Balance Haviland	Adjustments to Normalized Test Year Balance Haviland	Adjusted Test Year Balance Haviland	INTERstate Balance Test Year 12/31/2024	INTRASTate Balance Test Year 12/31/2024
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1									
2		<u>Local Revenue</u>							
3	5001.000.00	LOCAL REVENUE	\$ 309,350	\$ -	\$ 309,350	\$ -	\$ 309,350	\$ -	\$ 309,350
4	5060.000.00	OTHER LOCAL REVENUE	\$ 3,420	\$ -	\$ 3,420	\$ -	\$ 3,420	\$ -	\$ 3,420
5	5280.800.00	CALLER ID REVENUE	\$ 38,767	\$ -	\$ 38,767	\$ -	\$ 38,767	\$ -	\$ 38,767
6	5001	Total Local Revenue	\$ 351,537	\$ -	\$ 351,537	\$ -	\$ 351,537	\$ -	\$ 351,537
7									
8		<u>Network Access Service Revenue</u>							
9	5081.000.00	INTER EU REV	\$ 107,089	\$ -	\$ 107,089	\$ -	\$ 107,089	\$ 107,089	\$ -
10	5081	Total End User Revenue	\$ 107,089	\$ -	\$ 107,089	\$ -	\$ 107,089	\$ 107,089	\$ -
11									
12	5081.100.00	FEDERAL-USF	\$ 57,945	\$ -	\$ 57,945	\$ -	\$ 57,945	\$ 57,945	\$ -
13	5081.400.00	ACCESS RECOVERY CHARGE	\$ 23,304	\$ -	\$ 23,304	\$ -	\$ 23,304	\$ 14,186	\$ 9,118
14	5081.500.00	CONNECT AMERICA FUND	\$ 86,724	\$ -	\$ 86,724	\$ (32,939)	\$ 53,785	\$ 53,785	\$ -
15	5082.200.00	INTER SW ACC	\$ 2,475	\$ -	\$ 2,475	\$ -	\$ 2,475	\$ 2,475	\$ -
16	5082.210.00	INTER SW ACC-NECA	\$ 27,819	\$ -	\$ 27,819	\$ 43,637	\$ 71,456	\$ 71,456	\$ -
17	5082.211.00	INTER SW ACC-NECA PRIOR PERIOD ADJ	\$ 4,048	\$ -	\$ 4,048	\$ -	\$ 4,048	\$ 4,048	\$ -
18	5082.215.00	NECA FROZEN SW ACCESS - INTERSTATE	\$ (36,199)	\$ -	\$ (36,199)	\$ -	\$ (36,199)	\$ (36,199)	\$ -
19	5084.200.00	INTRA INTER SW ACC	\$ 244	\$ -	\$ 244	\$ -	\$ 244	\$ -	\$ 244
20	5084.300.00	NECA FROZEN SW ACCESS - INTRASTATE	\$ 45,114	\$ -	\$ 45,114	\$ (10,698)	\$ 34,416	\$ -	\$ 34,416
21	5084.500.00	INTRA INTRA SW ACC	\$ 3,081	\$ -	\$ 3,081	\$ -	\$ 3,081	\$ -	\$ 3,081
22	5082	Total Switched Access Revenue	\$ 214,556	\$ -	\$ 214,556	\$ (0)	\$ 214,556	\$ 167,696	\$ 46,859
23									
24	5082.113.00	ALT CONNECT AMERICA COST MODEL (ACAM)	\$ 4,642,121	\$ (2,107,070)	\$ 2,535,051	\$ -	\$ 2,535,051	\$ 2,535,051	\$ -
25	5082	Total ACAM Model Support	\$ 4,642,121	\$ (2,107,070)	\$ 2,535,051	\$ -	\$ 2,535,051	\$ 2,535,051	\$ -
26									
27	5082.113.00.HCLS	Allocation of A-CAM Model Support - Imputed HCLS	\$ -	\$ 541,287	\$ 541,287	\$ -	\$ 541,287	\$ -	\$ 541,287
28	5082	Total Allocation of A-CAM Support - Imputed HCLS	\$ -	\$ 541,287	\$ 541,287	\$ -	\$ 541,287	\$ -	\$ 541,287
29									
30	5083.000.00	INTER SPC ACC	\$ 48,578	\$ -	\$ 48,578	\$ -	\$ 48,578	\$ 48,578	\$ -
31	5083.200.00	INTER SPC ACC-ETS	\$ 202,188	\$ -	\$ 202,188	\$ -	\$ 202,188	\$ 202,188	\$ -
32	5083.202.00	ETS EVC - INTERSWITCH	\$ 46,525	\$ -	\$ 46,525	\$ -	\$ 46,525	\$ 46,525	\$ -
22	5084.600.00	INTRA INTRA SP ACC	\$ 2,052	\$ -	\$ 2,052	\$ -	\$ 2,052	\$ -	\$ 2,052
23	5083	Total Special Access Revenue	\$ 299,344	\$ -	\$ 299,344	\$ -	\$ 299,344	\$ 297,292	\$ 2,052
24									
25		<u>Long Distance Network Service Revenue</u>							
26			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	5100	Total Long Distance Network Service Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28									
29		<u>Miscellaneous Revenue</u>							
30	5230.000.00	DIRECTORY	\$ 1,655	\$ -	\$ 1,655	\$ (907)	\$ 747	\$ -	\$ 747
31	5240.000.00	RENT	\$ 2,400	\$ -	\$ 2,400	\$ (2,400)	\$ -	\$ -	\$ -
32	5260.000.00	MISC REV	\$ 13,286	\$ -	\$ 13,286	\$ -	\$ 13,286	\$ -	\$ 13,286
33	5270.100.00	INTER B&C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	5270.200.00	INTRA INTER B&C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	5270.300.00	INTRA INTRA B&C	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	5200	Total Miscellaneous Revenue	\$ 17,340	\$ -	\$ 17,340	\$ (3,307)	\$ 14,033	\$ -	\$ 14,033
37									
38	5301.000.00	UNCOLLECTIBLES	\$ (266)	\$ -	\$ (266)	\$ -	\$ (266)	\$ -	\$ (266)
39	5300	Total Uncollectible Revenue	\$ (266)	\$ -	\$ (266)	\$ -	\$ (266)	\$ -	\$ (266)
40									
41									
42		<u>Non-Regulated Revenue</u>							
43	5280.550.00	DSL REVENUE	\$ 2,014,224	\$ -	\$ 2,014,224	\$ (2,014,224)	\$ -	\$ -	\$ -
44	5280.100.00	ANCILLARY SERVICES REV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	5280.200.00	I&O REVENUE	\$ 7,498	\$ -	\$ 7,498	\$ (7,498)	\$ -	\$ -	\$ -
46	5280.300.00	CONTRACTED PLANT REVENUE	\$ 59,131	\$ -	\$ 59,131	\$ (59,131)	\$ -	\$ -	\$ -
47	5280.350.00	FIBER LEASE INCOME	\$ 39,048	\$ -	\$ 39,048	\$ (39,048)	\$ -	\$ -	\$ -
48	5280.360.00	NON-REG ETHERNET BUSINESS REVENUE	\$ 1,133	\$ -	\$ 1,133	\$ (1,133)	\$ -	\$ -	\$ -
49	5280.400.00	IT RECURRING REVENUE	\$ 104,705	\$ -	\$ 104,705	\$ (104,705)	\$ -	\$ -	\$ -
50	5280.405.00	IT B2C NONRECURRING REVENUE	\$ 225	\$ -	\$ 225	\$ (225)	\$ -	\$ -	\$ -
51	5280.410.00	IT NONRECURRING REVENUE	\$ 27,163	\$ -	\$ 27,163	\$ (27,163)	\$ -	\$ -	\$ -
52	5280.415.00	IT NONRECURRING LABOR REVENUE	\$ 37,629	\$ -	\$ 37,629	\$ (37,629)	\$ -	\$ -	\$ -
53	5280.425.00	HV RECURRING REVENUE	\$ 80,851	\$ -	\$ 80,851	\$ (80,851)	\$ -	\$ -	\$ -
54	5280.430.00	HV NONRECURRING REVENUE	\$ 2,021	\$ -	\$ 2,021	\$ (2,021)	\$ -	\$ -	\$ -
55	5280.435.00	HV LEASED EQUIPMENT REVENUE	\$ 11,912	\$ -	\$ 11,912	\$ (11,912)	\$ -	\$ -	\$ -
56	5280.440.00	HV NONRECURRING LABOR REVENUE	\$ 2,227	\$ -	\$ 2,227	\$ (2,227)	\$ -	\$ -	\$ -
57	5280.510.00	INTERNET IP ADDRESS REVENUE	\$ 415	\$ -	\$ 415	\$ (415)	\$ -	\$ -	\$ -
58	5280.540.00	DSL INSTALLATION/MODEM	\$ 37,087	\$ -	\$ 37,087	\$ (37,087)	\$ -	\$ -	\$ -
59	5280.555.00	WIRELESS REVENUE	\$ 84,732	\$ -	\$ 84,732	\$ (84,732)	\$ -	\$ -	\$ -
60	5280.600.00	ALARMS & RENTAL EQUIPMENT	\$ 54	\$ -	\$ 54	\$ (54)	\$ -	\$ -	\$ -
61	5280.610.00	RENT INCOME-TOWER LEASE	\$ 35,358	\$ -	\$ 35,358	\$ (35,358)	\$ -	\$ -	\$ -
62	5280.700.00	VOICE MAIL REVENUE	\$ 1,073	\$ -	\$ 1,073	\$ (1,073)	\$ -	\$ -	\$ -
63	5280.855.10	LONG DISTANCE REV (INTERSTATE)	\$ 9,939	\$ -	\$ 9,939	\$ (9,939)	\$ -	\$ -	\$ -
64	5280.855.20	LONG DISTANCE REV (INTRASTATE)	\$ 33,513	\$ -	\$ 33,513	\$ (33,513)	\$ -	\$ -	\$ -
65	5280.900.00	DOMAIN HOSTING REVENUE	\$ 420	\$ -	\$ 420	\$ (420)	\$ -	\$ -	\$ -
66	7990.6	Total Non-Regulated Revenue	\$ 2,590,357	\$ -	\$ 2,590,357	\$ (2,590,357)	\$ -	\$ -	\$ -
67									
68									
69		Net Operating Revenue	\$ 8,222,342	\$ (1,565,783)	\$ 6,656,559	\$ (2,593,664)	\$ 4,062,896	\$ 3,107,128	\$ 955,502

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data

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

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
1						
2		<u>Plant Specific Expenses</u>				
3	6110.00	Network Support Expense	\$ -	\$ -	\$ -	\$ -
4	6121.00	Land & Buildings Expense	\$ 98,894	\$ 103,622	\$ 89,308	\$ 80,101
5	6122.00	Furniture Expense	\$ 2,111	\$ 1,181	\$ 962	\$ 3,088
6	6123.00	Office Equipment Expense	\$ 73,663	\$ 66,163	\$ 71,260	\$ 73,320
7	6124.00	Computers Expense	\$ 214,313	\$ 208,516	\$ 183,319	\$ 94,889
8	6125.00	Mobile Buildings Expense	\$ -	\$ -	\$ -	\$ (75)
9	6212.00	Digital COE Expense	\$ 86,769	\$ 92,344	\$ 91,511	\$ 88,243
10	6232.00	Circuit Expense	\$ 592,023	\$ 579,997	\$ 597,408	\$ 685,693
11	6310.00	Information Origination/Termination	\$ 543,013	\$ 389,323	\$ 101,202	\$ 51,996
12	6411.00	Poles Expense	\$ 5,923	\$ 11,250	\$ 4,263	\$ 17,509
13	6421.00	Aerial Cable Expense	\$ -	\$ -	\$ -	\$ -
14	6423.00	Buried Cable Expense	\$ 409,529	\$ 354,539	\$ 341,108	\$ 381,112
15		Total Plant Specific Expenses	\$ 2,026,236	\$ 1,806,936	\$ 1,480,340	\$ 1,475,876
16						
17		<u>Plant Non-Specific Expenses</u>				
18	6510.00	Other Plant Expense	\$ -	\$ -	\$ -	\$ -
19	6531.00	Power Expense	\$ 121,851	\$ 120,686	\$ 130,735	\$ 135,974
20	6532.00	Network Administration Expense	\$ 34,772	\$ 48,502	\$ 27,773	\$ 19,408
21	6533.00	Testing Expense	\$ 224,023	\$ 230,957	\$ 200,529	\$ 234,925
22	6534.00	Plant Administration	\$ 304,766	\$ 274,859	\$ 223,652	\$ 174,290
23	6535.00	Engineering	\$ 21,619	\$ 40,387	\$ 16,503	\$ 17,814
24	6540.00	Transport Expense	\$ 64,215	\$ 64,903	\$ 71,974	\$ 120,845
25		Total Plant Non-Specific Expense	\$ 771,246	\$ 780,294	\$ 671,167	\$ 703,257
26						
27		<u>Depreciation & Amortization</u>				
28	6561.00	Depreciation Expense	\$ 2,682,735	\$ 2,120,164	\$ 1,616,819	\$ 805,980
29	6563.00	Amortization Expense	\$ -	\$ -	\$ -	\$ -
30		Total Depreciation & Amortization	\$ 2,682,735	\$ 2,120,164	\$ 1,616,819	\$ 805,980
31						
32		<u>Customer Operations Expenses</u>				
33	6610.00	Marketing	\$ 133,105	\$ 95,714	\$ 79,288	\$ 70,469
34	6621.00	Call Completion	\$ 1,098	\$ 1,079	\$ 1,108	\$ 1,076
35	6622.00	Directory Expense	\$ 907	\$ 936	\$ 3,986	\$ 1,395
36	6623.00	Customer Service Expense	\$ 108,662	\$ 103,619	\$ 114,553	\$ 114,196
37	6627.00	Customer Billing Expense	\$ 28,569	\$ 26,250	\$ 26,111	\$ 37,556
38	6628.00	Interstate TRS Expense	\$ 12,458	\$ 10,409	\$ 10,460	\$ 14,236
39		Total Customer Operations Expense	\$ 284,800	\$ 238,007	\$ 235,506	\$ 238,929
40						
41		<u>Corporate Operations Expense</u>				
42	6711.00	Executive Expense	\$ 319,020	\$ 256,689	\$ 261,708	\$ 265,310
43	6712.00	Corporate Operations Expense	\$ -	\$ -	\$ 58	\$ -
44	6720.00	G&A Management Fees	\$ -	\$ -	\$ -	\$ -
45	6721.00	Accounting & Finance Expense	\$ 475,948	\$ 421,808	\$ 421,715	\$ 452,039
46	6722.00	External Relations & Cost Study Expense	\$ 27,865	\$ 26,284	\$ 22,740	\$ 34,587
47	6723.00	Human Resources Expense	\$ 141,637	\$ 95,370	\$ 115,578	\$ 95,507
48	6724.00	Information Management Expense	\$ -	\$ -	\$ -	\$ -
49	6725.00	Legal Expense	\$ 25,298	\$ 25,870	\$ 24,700	\$ 25,649
50	6726.00	Procurement	\$ -	\$ -	\$ -	\$ -
51	6728.00	Other G&A Expense	\$ 921,701	\$ 743,860	\$ 700,041	\$ 647,735
52		Total Corporate Operating Expense	\$ 1,911,468	\$ 1,569,882	\$ 1,546,541	\$ 1,520,827
53						
54						
55						
56		Total Operating Expenses	\$ 7,676,486	\$ 6,515,282	\$ 5,550,372	\$ 4,744,868

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data

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

Line No.	Account Number	Description	Balances per Books			
			Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
1						
2		<u>Local Revenue</u>				
3	5001.000.00	LOCAL REVENUE	\$ 309,350	\$ 347,854	\$ 373,808	\$ 411,771
4	5060.000.00	OTHER LOCAL REVENUE	\$ 3,420	\$ 3,291	\$ 4,156	\$ 4,711
5	5280.800.00	CALLER ID REVENUE	\$ 38,767	\$ 42,510	\$ 45,298	\$ 48,614
6		Total Local Revenue	\$ 351,537	\$ 393,655	\$ 423,262	\$ 465,096
7						
8		<u>Access Service Revenue</u>				
9	5081.000.00	INTER EU REV	\$ 107,089	\$ 121,102	\$ 137,138	\$ 153,480
10	5081.100.00	FEDERAL-USF	\$ 57,945	\$ 56,037	\$ 56,375	\$ 72,962
11	5081.400.00	ACCESS RECOVERY CHARGE	\$ 23,304	\$ 28,727	\$ 41,473	\$ 58,791
12	5081.500.00	CONNECT AMERICA FUND	\$ 86,724	\$ 88,494	\$ 76,614	\$ 57,677
13	5082.113.00	ALT CONNECT AMERICA COST MODEL (ACAM)	\$ 4,642,121	\$ 2,622,716	\$ 2,622,716	\$ 2,622,716
14	5082.200.00	INTER SW ACC	\$ 2,475	\$ 5,021	\$ 6,851	\$ 14,500
15	5082.210.00	INTER SW ACC-NECA	\$ 27,819	\$ 76,051	\$ 76,096	\$ 32,318
16	5082.211.00	INTER SW ACC-NECA PRIOR PERIOD ADJ	\$ 4,048	\$ 2,456	\$ (551)	\$ (159)
17	5082.215.00	NECA FROZEN SW ACCESS - INTERSTATE	\$ (36,199)	\$ (41,625)	\$ (41,485)	\$ (38,993)
18	5083.000.00	INTER SPC ACC	\$ 48,578	\$ 49,592	\$ 73,670	\$ 86,820
19	5083.200.00	INTER SPC ACC-ETS	\$ 202,188	\$ 158,992	\$ 121,079	\$ 99,192
20	5083.202.00	ETS EVC - INTERSWITCH	\$ 46,525	\$ 42,141	\$ 36,450	\$ 33,382
21	5084.200.00	INTRA INTER SW ACC	\$ 244	\$ 302	\$ 578	\$ 654
22	5084.300.00	NECA FROZEN SW ACCESS - INTRASTATE	\$ 45,114	\$ 47,490	\$ 49,986	\$ 52,614
23	5084.500.00	INTRA INTRA SW ACC	\$ 3,081	\$ 3,906	\$ 5,221	\$ 17,769
24	5084.600.00	INTRA INTRA SP ACC	\$ 2,052	\$ 2,052	\$ 2,052	\$ 2,052
25		Total Network Access Revenue	\$ 5,263,109	\$ 3,263,454	\$ 3,264,261	\$ 3,265,775
26						
27		<u>Network Service Revenue</u>				
28			\$ -	\$ -	\$ -	\$ -
29		Total Private Line	\$ -	\$ -	\$ -	\$ -
30						
31		<u>Miscellaneous Revenue</u>				
32	5230.000.00	DIRECTORY	\$ 1,655	\$ 1,853	\$ 2,196	\$ 2,328
33	5240.000.00	RENT	\$ 2,400	\$ 2,400	\$ 2,400	\$ 4,077
34	5260.000.00	MISC REV	\$ 13,286	\$ 14,577	\$ 13,769	\$ 15,299
35	5270.100.00	INTER B&C	\$ -	\$ -	\$ -	\$ 1,017
36	5270.200.00	INTRA INTER B&C	\$ -	\$ -	\$ -	\$ 338
37	5270.300.00	INTRA INTRA B&C	\$ -	\$ -	\$ -	\$ 6,928
38		Total Miscellaneous Revenue	\$ 17,340	\$ 18,830	\$ 18,366	\$ 29,986
39						
40	5301.000.00	UNCOLLECTIBLES	\$ (266)	\$ 1,083	\$ (832)	\$ (4,827)
41		Total Uncollectible Revenue	\$ (266)	\$ 1,083	\$ (832)	\$ (4,827)
42						
43		<u>Non-Regulated Revenue</u>				
44	5280.100.00	ANCILLARY SERVICES REV	\$ -	\$ 263	\$ 956	\$ 1,032
45	5280.200.00	I&O REVENUE	\$ 7,498	\$ 8,974	\$ 12,925	\$ 19,724
46	5280.300.00	CONTRACTED PLANT REVENUE	\$ 59,131	\$ 491	\$ 491	\$ 771
47	5280.350.00	FIBER LEASE INCOME	\$ 39,048	\$ 28,420	\$ 28,250	\$ 27,220
48	5280.360.00	NON-REG ETHERNET BUSINESS REVENUE	\$ 1,133	\$ -	\$ -	\$ 640
49	5280.400.00	IT RECURRING REVENUE	\$ 104,705	\$ 59,633	\$ 16,053	\$ 13,200
50	5280.405.00	IT B2C NONRECURRING REVENUE	\$ 225	\$ -	\$ -	\$ -
51	5280.410.00	IT NONRECURRING REVENUE	\$ 27,163	\$ 72,171	\$ 5,408	\$ -
52	5280.415.00	IT NONRECURRING LABOR REVENUE	\$ 37,629	\$ -	\$ -	\$ -
53	5280.425.00	HV RECURRING REVENUE	\$ 80,851	\$ 64,508	\$ 14,748	\$ -
54	5280.430.00	HV NONRECURRING REVENUE	\$ 2,021	\$ 5,929	\$ 2,877	\$ -
55	5280.435.00	HV LEASED EQUIPMENT REVENUE	\$ 11,912	\$ -	\$ -	\$ -
56	5280.440.00	HV NONRECURRING LABOR REVENUE	\$ 2,227	\$ -	\$ -	\$ -
57	5280.510.00	INTERNET IP ADDRESS REVENUE	\$ 415	\$ 240	\$ 240	\$ 240
58	5280.540.00	DSL INSTALLATION/MODEM	\$ 37,087	\$ 34,710	\$ 35,176	\$ 31,063
59	5280.550.00	DSL REVENUE	\$ 2,014,224	\$ 1,974,363	\$ 1,924,782	\$ 1,829,847
60	5280.555.00	WIRELESS REVENUE	\$ 84,732	\$ 60,327	\$ 39,575	\$ 17,630
61	5280.600.00	ALARMS & RENTAL EQUIPMENT	\$ 54	\$ 134	\$ 134	\$ 134
62	5280.610.00	RENT INCOME-TOWER LEASE	\$ 35,358	\$ 35,358	\$ 30,558	\$ 30,014
63	5280.700.00	VOICE MAIL REVENUE	\$ 1,073	\$ 1,013	\$ 949	\$ 879
64	5280.855.10	LONG DISTANCE REV (INTERSTATE)	\$ 9,939	\$ 8,708	\$ 10,215	\$ 14,317
65	5280.855.20	LONG DISTANCE REV (INTRASTATE)	\$ 33,513	\$ 38,927	\$ 43,396	\$ 51,889
66	5280.900.00	DOMAIN HOSTING REVENUE	\$ 420	\$ 520	\$ 520	\$ 520
67		Total Non-Regulated Revenue	\$ 2,590,357	\$ 2,394,689	\$ 2,167,252	\$ 2,039,119
68						
69		Net Operating Revenue	\$ 8,222,076	\$ 6,071,711	\$ 5,872,308	\$ 5,795,149

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 8: Financial and Operating Data

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

Year	Month	Intrastate			
		Total Access MOU# (Wireline)	Interstate	Interlata	Intralata
2024	January	200,757	70,142	19,800	110,815
2024	February	194,479	66,996	20,651	106,832
2024	March	199,460	68,563	21,213	109,684
2024	April	179,547	63,281	18,887	97,379
2024	May	193,968	70,924	20,142	102,902
2024	June	177,164	63,873	17,115	96,176
2024	July	175,719	64,780	17,877	93,062
2024	August	173,690	60,531	18,377	94,782
2024	September	178,943	62,428	17,559	98,956
2024	October	189,887	69,329	19,285	101,273
2024	November	173,368	63,904	17,138	92,326
2024	December	177,178	65,059	18,597	93,522
2023	January	236,429	83,606	56,150	96,673
2023	February	243,226	90,223	57,757	95,246
2023	March	241,048	86,689	57,067	97,292
2023	April	214,849	76,071	31,069	107,709
2023	May	234,338	84,813	22,988	126,537
2023	June	222,413	80,290	22,287	119,836
2023	July	216,329	77,657	22,317	116,355
2023	August	212,730	74,748	22,375	115,607
2023	September	220,730	76,873	22,569	121,288
2023	October	206,908	73,967	20,609	112,332
2023	November	202,060	73,874	20,903	107,283
2023	December	204,590	71,515	21,535	111,540
2022	January	264,884	92,517	19,078	153,289
2022	February	280,165	99,295	20,717	160,153
2022	March	290,277	100,905	70,507	118,865
2022	April	258,517	92,022	59,976	106,519
2022	May	269,003	100,518	59,968	108,517
2022	June	258,841	98,698	59,731	100,412
2022	July	254,263	90,227	59,069	104,967
2022	August	247,487	86,524	55,980	104,983
2022	September	261,497	92,151	62,767	106,579
2022	October	248,836	86,769	61,107	100,960
2022	November	241,506	83,989	58,494	99,023
2022	December	254,069	88,513	63,606	101,950
2021	January	459,376	149,343	20,911	289,122
2021	February	430,496	142,817	18,593	269,086
2021	March	447,451	144,865	22,425	280,161
2021	April	396,358	124,845	16,624	254,889
2021	May	393,432	128,883	18,361	246,188
2021	June	375,626	127,476	16,129	232,021
2021	July	353,149	120,539	15,219	217,391
2021	August	339,723	116,428	15,064	208,231
2021	September	364,834	126,448	15,955	222,431
2021	October	355,316	119,905	15,274	220,137
2021	November	331,178	113,514	13,648	204,016
2021	December	293,672	108,689	15,920	169,063
Total			Interstate	State-Interlata	State-Intralata
2024		2,214,160	789,810	226,641	1,197,709
2023		2,655,650	950,326	377,626	1,327,698
2022		3,129,345	1,112,128	651,000	1,366,217
2021		4,540,611	1,523,752	204,123	2,812,736

Kansas Corporation Commission

Haviland Telephone Co., Inc.

Dkt No. 26-HVDT-____-KSF

Test Year Ending: 12/31/24
 Certification Period Ending: 6/30/25

Section 8: Financial and Operating Data

Section 8(v): Annual Payrolls by Primary Accounts

Line No.	Account Number	Description	Test Year 12/31/2024	Year End 12/31/2023	Year End 12/31/2022	Year End 12/31/2021
1	2003.00	Short Term Construction	\$ 203,581	\$ 124,148	\$ -	\$ 120,592
2	6112.00	Expense-Vehicles	\$ 9,165	\$ 10,071	\$ 13,800	\$ 7,257
3	6116.00	Expense-Other Work Equipment	\$ 6,693	\$ 5,163	\$ 9,576	\$ 5,989
4	6121.00	Expense-Land/Building	\$ 15,796	\$ 12,410	\$ 10,310	\$ 12,344
5	6123.00	Expense-Office Equipment	\$ 1,100	\$ 1,983	\$ 4,149	\$ 4,748
6	6124.00	Expense-Computers	\$ 79,037	\$ 80,116	\$ 57,956	\$ 24,392
7	6212.00	Expense-COE	\$ 4,102	\$ 6,661	\$ 7,988	\$ 6,385
8	6232.00	Expense-Circuit	\$ 49,435	\$ 49,740	\$ 42,425	\$ 54,501
9	6411.00	Expense-Poles	\$ 566	\$ 1,284	\$ 586	\$ 1,703
10	6421.00	Expense-Aerial Cable	\$ -	\$ -	\$ -	\$ -
11	6423.00	Expense-Buried Cable	\$ 129,823	\$ 129,119	\$ 108,636	\$ 127,896
12	6431.00	Expense-Aerial Wire	\$ -	\$ -	\$ -	\$ -
13	6512.00	Expense-Provisioning	\$ -	\$ -	\$ -	\$ -
14	6531.00	Expense-Power	\$ 2,942	\$ 1,913	\$ 2,023	\$ 1,292
15	6532.00	Expense-Network Administration	\$ 17,685	\$ 24,650	\$ 13,117	\$ 8,983
16	6533.00	Expense-Exchange Testing	\$ 119,155	\$ 120,157	\$ 99,742	\$ 109,080
17	6534.00	Expense-Plant Operations	\$ 149,924	\$ 129,584	\$ 98,427	\$ 80,554
18	6535.00	Expense-Engineering	\$ 4,287	\$ 4,076	\$ 2,682	\$ 6,314
19	6610.00	Expense-Marketing	\$ 28,699	\$ 29,162	\$ 23,578	\$ 22,454
20	6622.00	Expense-Directory	\$ -	\$ -	\$ -	\$ -
21	6623.00	Expense-Customer Service	\$ 535	\$ 528	\$ 676	\$ 787
22	6627.00	Expense-Billing	\$ 59,529	\$ 56,803	\$ 62,333	\$ 61,565
23	6711.00	Expense-Executive	\$ 117,497	\$ 82,178	\$ 83,022	\$ 81,716
24	6721.00	Expense-Accounting	\$ 150,856	\$ 137,577	\$ 138,189	\$ 154,117
25	6722.00	Expense-External Relations	\$ 14,053	\$ 13,835	\$ 11,479	\$ 18,068
26	6723.00	Expense-Human Resources	\$ 34,533	\$ 24,529	\$ 27,849	\$ 36,769
27	6726.00	Expense-Office Supplies & Procurement	\$ -	\$ -	\$ -	\$ -
28	6728.00	Expense-Other General & Admin	\$ 177,867	\$ 159,311	\$ 133,692	\$ 124,452
29		Total Labor	\$ 1,376,859	\$ 1,204,996	\$ 952,234	\$ 1,071,957

Section 9

Test Year and Pro Forma Income Statements

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Certification Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement
Section 9(i): Income Statement

Line No.	Description	Part 32 Acc. Num.	Recorded Test Year Balance Haviland	Study Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Subject to Separations Haviland	Intrastate Balance Haviland	Adjustments to Intrastate Balance Haviland	Adjusted Intrastate Balance Haviland
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
1	Operating Revenues									
2	Basic Area Revenue	5001	\$ 351,537	\$ -	\$ 351,537	\$ -	\$ 351,537	\$ 351,537	\$ -	\$ 351,537
3	End User Revenue	5081	\$ 107,089	\$ -	\$ 107,089	\$ -	\$ 107,089	\$ -	\$ -	\$ -
4	Switched Access Revenue	5082	\$ 214,556	\$ (0)	\$ 214,556	\$ -	\$ 214,556	\$ 46,859	\$ -	\$ 46,859
5	ACAM Model Support	5082	\$ 4,642,121	\$ -	\$ 4,642,121	\$ (2,107,070)	\$ 2,535,051	\$ -	\$ -	\$ -
6	Allocation of ACAM Model Support - Imputed HCLS	5082	\$ -	\$ -	\$ -	\$ -	\$ 541,287	\$ 541,287	\$ -	\$ 541,287
7	Special Access	5083	\$ 299,344	\$ -	\$ 299,344	\$ -	\$ 299,344	\$ 2,052	\$ -	\$ 2,052
8	Long Distance Network Service Revenue	5100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Miscellaneous Revenue	5200	\$ 17,340	\$ (3,307)	\$ 14,033	\$ -	\$ 14,033	\$ 14,033	\$ -	\$ 14,033
10	Uncollectible Revenue	5300	\$ (266)	\$ -	\$ (266)	\$ -	\$ (266)	\$ (266)	\$ -	\$ (266)
11	Non-Regulated Revenues		\$ 2,590,357	\$ (2,590,357)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	Total Operating Revenues		\$ 8,222,076	\$ (2,593,664)	\$ 5,628,412	\$ (1,565,783)	\$ 4,062,629	\$ 955,502	\$ -	\$ 955,502
13										
14	Plant Specific Operating Expenses									
15	Network Support Expenses	6110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	General Support Expenses	6120	\$ 388,980	\$ (2,551)	\$ 386,429	\$ -	\$ 386,429	\$ 127,468	\$ -	\$ 127,468
17	Central Office Switching Expense	6210	\$ 86,769	\$ -	\$ 86,769	\$ -	\$ 86,769	\$ 24,636	\$ -	\$ 24,636
18	Operators System Expense	6220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Central Office Transmission Expenses	6230	\$ 592,023	\$ (423,142)	\$ 168,881	\$ -	\$ 168,881	\$ 47,950	\$ -	\$ 47,950
20	Information Origination/Termination Expenses	6310	\$ 543,013	\$ (543,013)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Cable and Wire Facilities Expenses	6410	\$ 415,452	\$ (5,923)	\$ 409,529	\$ -	\$ 409,529	\$ 140,246	\$ -	\$ 140,246
22	Total Plant Specific Operating Exp.		\$ 2,026,236	\$ (974,628)	\$ 1,051,608	\$ -	\$ 1,051,608	\$ 340,301	\$ -	\$ 340,301
23										
24	Plant Nonspecific Operating Expenses									
25	Other Property Plant and Equipment Expenses	6510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Network Operations Expenses	6530	\$ 707,031	\$ (3,788)	\$ 703,243	\$ -	\$ 703,243	\$ 231,973	\$ -	\$ 231,973
27	Access Expense	6540	\$ 64,215	\$ (64,215)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	Total Plant Nonspecific Operation Exp.		\$ 771,246	\$ (68,003)	\$ 703,243	\$ -	\$ 703,243	\$ 231,973	\$ -	\$ 231,973
29										
30	Depreciation and Amortization Expenses									
31	Depreciation and Amortization Expenses	6560	\$ 2,682,735	\$ (325,230)	\$ 2,357,506	\$ (428,121)	\$ 1,929,385	\$ 662,706	\$ -	\$ 662,706
32										
33	Customer Operation Expenses									
34	Marketing	6610	\$ 133,105	\$ (64,966)	\$ 68,139	\$ -	\$ 68,139	\$ 38,931	\$ -	\$ 38,931
35	Services	6620	\$ 151,695	\$ (907)	\$ 150,788	\$ -	\$ 150,788	\$ 86,928	\$ -	\$ 86,928
36	Total Customer Operation Expenses		\$ 284,800	\$ (65,874)	\$ 218,926	\$ -	\$ 218,926	\$ 125,859	\$ -	\$ 125,859
37										
38	Corporate Operations Expense									
39	General and Administrative	6720	\$ 1,911,468	\$ (159,195)	\$ 1,752,273	\$ (78,338)	\$ 1,673,935	\$ 588,870	\$ -	\$ 588,870
40	General and Administrative - Rate Case Expense	6720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 30,000
41	Total Corporate Operations Expense		\$ 1,911,468	\$ (159,195)	\$ 1,752,273	\$ (78,338)	\$ 1,673,935	\$ 588,870	\$ 30,000	\$ 618,870
42										
43	Total Operating Expenses		\$ 7,676,486	\$ (1,592,930)	\$ 6,083,556	\$ (506,459)	\$ 5,577,097	\$ 1,949,709	\$ 30,000	\$ 1,979,709.5
44										
45	Net Operating Income Before Taxes		\$ 545,590	\$ (1,000,733)	\$ (455,143)	\$ (1,059,324)	\$ (1,514,468)	\$ (994,208)	\$ (30,000)	\$ (1,024,208)
46										
47	Operating Taxes									
48	a. Property Taxes	7200	\$ 72,116	\$ (4,878)	\$ 67,238	\$ -	\$ 67,238	\$ 22,179	\$ -	\$ 22,179
49	b. Regulatory Fees	7200	\$ 5,781	\$ -	\$ 5,781	\$ -	\$ 5,781	\$ 3,720	\$ -	\$ 3,720
50	c. Operating investment tax credits - net	7210	\$ -	\$ (4,957)	\$ (4,957)	\$ -	\$ (4,957)	\$ (4,957)	\$ -	\$ (4,957)
51	d. Operating Federal Income Taxes	7220	\$ 603,786	\$ (573,183)	\$ (103,925)	\$ (208,440)	\$ (312,365)	\$ (200,724)	\$ (5,903)	\$ (206,627)
52	e. Operating State Income Taxes	7230	\$ 49,223	\$ -	\$ (33,281)	\$ (66,751)	\$ (100,032)	\$ (64,280)	\$ (1,890)	\$ (66,170)
53	g. AFUDC	7340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54	h. Interest and Related Items	7500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	Total Operating Taxes		\$ 730,907	\$ (583,018)	\$ (69,144)	\$ (275,192)	\$ (344,336)	\$ (244,061)	\$ (7,793)	\$ (251,855)
56	Net Operating Income		\$ (185,316)	\$ (417,715)	\$ (385,999)	\$ (784,133)	\$ (1,170,132)	\$ (750,146)	\$ (22,207)	\$ (772,353)

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT- ____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement

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

Line No.	Adj #	Haviland General Ledger Account Number	Rate Case Forms Account Grouping	Description	DB	CR
1						
2	1	7240	7200	Other Operating Taxes		
3				To record change in property taxes due to normalizing 2024 plant additions and retirements	\$	173
4						
5	2	6560-2121	6560	Depreciation Exp - Vehicles	\$	99,881
6		6560-2123	6560	Depreciation Exp - Other Work Equipment	\$	192,471
7		6560-2124	6560	Depreciation Exp - Buildings	\$	58,136
8		6560-2122	6560	Depreciation Exp - Furniture	\$	2,398
9		6560-2123	6560	Depreciation Exp - Office Equipment	\$ 3,413	
10		6560-2124	6560	Depreciation Exp - Computers	\$ 23,147	
11		6560-2212	6560	Depreciation Exp - Digital Switch		\$ 28,531
12		6560-2232	6560	Depreciation Exp - Circuit Equipment		\$ 199,994
13		6560-2411	6560	Depreciation Exp - Poles		\$ 13,257
14		6560-2423	6560	Depreciation Exp - Buried Cable	\$ 139,986	
15				To adjust annual depreciation on plant investments capitalized & retired through June 30, 2025		
16						
17	3	5083.011	5082	Connect America Fund - Interstate	\$ 5,244	
18		5083.012	5082	Connect America Fund - Intrastate	\$ 3,356	
19				To adjust recorded 2024 CAF ICC revenues to 2026 amounts based on 5% annual reduction		
20						
21	4	5081.500	5082	Connect America Fund - Interstate		\$ 32,939
22		5084.300	5082	Connect America Fund - Intrastate		\$ 10,698
23		5082.210	5082	Interstate Switched Access	\$ 43,637	
24				To adjust interstate and intrastate CAF ICC revenues based on CAF ICC split calculation		
25						
26	5	5083.000	5082	A-CAM	\$ 541,287	
27		5083.HCLS	5082	Allocation of A-CAM Model Support - Imputed HCLS		\$ 541,287
28				To allocate A-CAM support to intrastate operations based on calculated HCLS		
29						
30	6	5083.000	5082	A-CAM	\$ 1,565,783	
31		NIS	NIS	Not in Study		\$ 1,565,783
32				To reflect estimated true-up of Enhanced A-CAM revenues		
33						
34	7	NIS	NIS	Not in Study	\$ 78,338	
35		6727	6720	Grant App/Admin Direct Expenses		\$ 78,338
				To normalize grant expense account		

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement
Section 9(i)b: Adjustments for known or determinable changes in revenues and expenses

Line No.	Adj #	Haviland General Ledger Account Number	Rate Case Forms Account Grouping	Description	DB	CR
1	1		6720	General and Administrative - Rate Case Expense	\$	30,000
2				To include five year amortization of rate case expense		

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement

Section 9(i)c: Property Taxes - Adjustments for known or determinable changes in revenues and expenses

Line No.	Label	Recorded Test Year Balance		Normalizing Adjustments to Test Year Balances	
		Haviland	Reference	Haviland	Reference
	(a)	(b)	(c)	(d)	(e)
1	Total Telecommunications Plant Under Construction	\$ 2,187,294	8(i), Col. C, Line 21		
2	Total Plant in Service	\$ 45,195,477	4(ii), Col. C, Line 52		
3	Total Property	\$ 47,382,771			
4					
5	Total Property Taxes	\$ 72,116	11, Col. C, Line 1		
6					
7	% Property Taxes	0.1522%	(Col. B Line 3) x (Col. B Line 5)		
8					
9	2025 Property Additions & Retirements (Net)			\$ (95,109)	4(i), Col. F, Line 56
10	2025 TPUC Adjustments			\$ (18,719)	4(i), Col. F, Line 9
11	Total Property			\$ 47,382,771	Col. B, Line 3
12	Total Normalized Property			\$ 47,268,943	
13	Total Normalized Property Taxes			\$ 71,943	(Col. D, Line 12) x (Col. B, Line 7)
14	Normalized Property Tax Adjustment			\$ (173)	

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement

Section 9(i)d: Calculation of High Cost Loop Support - Allocation of A-CAM Support

Line No.	Label	Balance	Source
	(a)	(b)	(c)
1	Study Area Cost per Loop (SACPL)	\$ 1,779.57	Haviland - 2025-1 Algorithm
2			
3	National Average Cost Per Loop (NACPL)	\$ 647.87	
4			
5	115% to 150% Category		
6			
7	Lesser of SACPL or 150% of NACPL	\$ 971.81	Lesser of Ln 1 or Ln 22
8			
9	115% of NACPL	\$ 745.05	Ln 3 x 115%
10			
11	Category Amount	\$ 226.75	Ln 7 - Ln 9
12			
13	Percentage of Category Recoverable	65%	
14			
15	Cost per Loop Recoverable	\$ 147.39	Ln 11 x Ln 13
16			
17			
18	Over 150% Category		
19			
20	Greater of SACPL or 150% of NACPL	\$ 1,779.57	Greater of Ln 1 or Ln 22
21			
22	150% of NACPL	\$ 971.81	
23			
24	Category Amount	\$ 807.77	Ln 20 - Ln 22
25			
26	Percentage of Category Recoverable	75%	
27			
28	Cost Per Loop Recoverable	\$ 605.83	Ln 24 x Ln 28
29			
30			
31	Total USF Support per Loop	\$ 753.22	Ln 15 + Ln 28
32			
33	Total Category 1.3 Loops	1,267	Haviland - 2025-1 Algorithm
34			
35	Unadjusted Annual USF Support	\$ 954,325	Ln 31 x Ln 33
36			
			National Exchange Carrier Association, Inc. Overview and Analysis of 2024 USF Data Submission, Pg 5 of 7
37	Pro-Rata Adjustment Factor	60.0381%	
38			
39	Adjusted Annual USF Support	\$ 572,959	Ln 35 x Ln 37
40			
41	Budget Control Mechanism (BCM) Pro-Rata	94.47%	Universal Service Administrative Co.
42			
43	Adjusted Annual HCLS Support After BCM	<u>\$ 541,287</u>	Ln 39 x Ln 41

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statement

Section 9(i)e: Calculation of High Cost Loop Support - Allocation of A-CAM Support

Line No.	Label	Balance	Source
	(a)	(b)	(c)
1	Total Rate Case Expense to be Amortized	\$ 150,000	
2			
3	Annual Rate Case Expense Amortization	\$ 30,000	Ln 3 / 5

Dkt No. 26-HVDT-____-KSI

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 9: Test Year and Pro Forma Income Statements

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

[illegible]

¹ Accumulated Depreciation book balances are adjusted to account for SSA #9 in the cost study, which is removing a duplicate entry to depreciation expense that Haviland is reversing on the books in 2025.

Section 10

Depreciation and Amortization

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 10: Depreciation and Amortization

Section 10: Depreciation and Amortization expense for the test period

Line No.	Account	Description	Current Depreciation Rates	Balance Per Books ¹ 12/31/2024	Operations	Clearing Accounts	Construction
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1							
2	6560	Depreciation Expense - TPIS					
3	6560.1	Depr. Exp. - General Support Facilities					
4		Motor Vehicles	26.30%	\$ 112,090	\$ 112,090	\$ -	\$ -
5		Tools and Other Work Equipment	24.00%	\$ 223,341	\$ 223,341	\$ -	\$ -
6		Buildings	5.00%	\$ 65,242	\$ 65,242	\$ -	\$ -
7		Furniture	15.60%	\$ 3,931	\$ 3,931	\$ -	\$ -
8		Office Equipment	18.10%	\$ 5,307	\$ 5,307	\$ -	\$ -
9		General Purpose Computers	18.60%	\$ 9,571	\$ 9,571	\$ -	\$ -
10							
11		Central Office Assets					
12	6560.21	C.O. Switching	11.60%	\$ 28,531	\$ 28,531	\$ -	\$ -
13	6560.23	C.O. Circuit Equipment	16.00%	\$ 312,226	\$ 312,226	\$ -	\$ -
14							
15		Information Orig./Term. Assets					
16		Public Tele. Terminal Equipment	0.00%	\$ -	\$ -	\$ -	\$ -
17	6560.3	IOT	33.00%	\$ 6,934	\$ 6,934	\$ -	\$ -
18							
19	6561.4	Cable & Wire Facilities Assets					
20		Poles	15.80%	\$ 13,257	\$ 13,257	\$ -	\$ -
21		Buried Cable	5.70%	\$ 1,653,736	\$ 1,653,736	\$ -	\$ -
22							
23	6564	Amortization Expense - Intangibles	0.00%	\$ -	\$ -	\$ -	\$ -
24							
25		Total Depr. & Amort. Expense		\$ 2,434,166	\$ 2,434,166	\$ -	\$ -

Footnotes:

¹ Depreciation expense book balances are adjusted to account for SSA #9 in the cost study, which is removing a duplicate entry to depreciation expense that Haviland is reversing on the books in 2025.

Section 11

Calculation of Taxes

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-____-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 11: Calculation of Taxes

Section 11(i): Taxes Chargeable to Operations

Line No.	Description	Recorded Test Year Balance Haviland	Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Haviland	Intrastate Balance Haviland	Adjustments to Intrastate Balance Haviland	Adjusted Intrastate Balance Haviland
(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Regulated Operating Revenues	\$ 8,222,076	\$ (2,593,664)	\$ 5,628,412	\$ (1,565,783)	\$ 4,062,629	\$ 955,502	\$ -	\$ 955,502
2									
3	Less: Regulated Operating Expenses	\$ 7,676,486	\$ (1,592,930)	\$ 6,083,556	\$ (506,459)	\$ 5,577,097	\$ 1,949,709	\$ 30,000	\$ 1,979,709
4									
5	Less: AFUDC (Account 7340)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Less: Operating Taxes	\$ 77,897	\$ (4,878)	\$ 73,019	\$ -	\$ 73,019	\$ 25,899	\$ -	\$ 25,899
7									
8	Net Operating Income	\$ 467,693	\$ (995,855)	\$ (528,162)	\$ (1,059,324)	\$ (1,587,486)	\$ (1,020,107)	\$ (30,000)	\$ (1,050,107)
9									
10	Less: Fixed Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11									
12	Net Income (Loss)	\$ 467,693	\$ (995,855)	\$ (528,162)	\$ (1,059,324)	\$ (1,587,486)	\$ (1,020,107)	\$ (30,000)	\$ (1,050,107)
13									
14	Permanent Tax Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Temporary Tax Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16									
17	Taxable Income - State	\$ 467,693	\$ (995,855)	\$ (528,162)	\$ (1,059,324)	\$ (1,587,486)	\$ (1,020,107)	\$ (30,000)	\$ (1,050,107)
18									
19	Taxable Income - Federal	\$ 438,222	\$ (933,104)	\$ (494,881)	\$ (992,573)	\$ (1,487,454)	\$ (955,827)	\$ (28,110)	\$ (983,937)
20									
21									
22									
23	Effective Rate								
24	Total Income Taxes								
25	State	6.3013% \$ 29,471	\$ (62,752)	\$ (33,281)	\$ (66,751)	\$ (100,032)	\$ (64,280)	\$ (1,890)	\$ (66,170)
26	Federal	21.0000% \$ 92,027	\$ (195,952)	\$ (103,925)	\$ (208,440)	\$ (312,365)	\$ (200,724)	\$ (5,903)	\$ (206,627)

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-__-KSF

Test Year Ending: 12/31/24

Normalization Period Ending: 6/30/25

Section 11: Calculation of Taxes

Section 11(i)a: State taxes chargeable to operations

Line No.	Description (a)	Total Company (b)	Reference (c)
1	Average Net Investment	\$ 9,868,130	4(i), Col (g), Ln 25
2	Authorized Rate of Return	7.65%	7(i), Col (e), Ln 4
3	Return	\$754,912	(Ln 1 x Ln 2)
4	Taxable Income	\$754,912	(Ln 3)
5	SIT on \$0 to \$50,000 x 3.50%	\$ 1,750	
6	SIT on over \$50,000 x 6.50%	\$ 45,819	
7	Total SIT	\$ 47,569	(Ln 5 + Ln 6)
8	Realized Tax Rate	6.30130%	(Ln 7 / Ln 8)

**Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF**

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 11: Calculation of Taxes

Line No.	Account	Description	Recorded Test Year Balance Haviland	Study Adjustments to Test Year Balance Haviland	Test Year Study Balance Haviland	Normalizing Adjustments to Test Year Balance Haviland	Normalized Test Year Balance Haviland	Adjustments to Intrastate Revenues and Expenses Haviland	Adjusted Intrastate Balance Haviland
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	7200	Other Operating Taxes	\$ 72,116	\$ -	\$ 72,116	\$ (173)	\$ 71,943	\$ -	\$ 18,459
2	7200	Interstate Regulatory Fees	\$ 2,061	\$ -	\$ 2,061	\$ -	\$ 2,061	\$ -	\$ -
3	7200	Intrastate Regulatory Fees	\$ 3,720	\$ -	\$ 3,720	\$ -	\$ 3,720	\$ -	\$ 3,720
4	7210	Operating Investment Tax Credits State - Net	\$ -	\$ (4,957)	\$ (4,957)	\$ -	\$ (4,957)	\$ -	\$ -
5	7220	Operating Federal Income Taxes	\$ 603,786	\$ (573,183)	\$ 30,603	\$ -	\$ 30,603	\$ (5,903)	\$ (206,627)
6	7230	Operating State and Local Income Taxes	\$ 49,223	\$ -	\$ 49,223	\$ -	\$ 49,223	\$ (1,890)	\$ (66,170)
7	7340	AFDUC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	7200	Total Operating Taxes	\$ 730,907	\$ (578,140)	\$ 152,767	\$ (173)	\$ 152,593	\$ (7,793)	\$ (250,618)
9									
10									
11		Net to Gross Multiplier							
12		Federal Income Tax Rate	21.0000%						
13		State Income Tax Rate	6.3013%						
14		Combined Tax Rate	25.9780%						
15		Net to Gross Multiplier	1.350950229						

11(j)a, Col b, Ln 8

Section 12

Separation Factors and Cost Allocation Manual (REDACTED)

Kansas Corporation Commission
Haviland Telephone Co., Inc.
Dkt No. 26-HVDT-___-KSF

Test Year Ending: 12/31/24
Normalization Period Ending: 6/30/25

Section 12: Allocation Ratios

Section 12(i): Jurisdictional Allocations

Separation Factors - 2024 Cost Study

	Total	Interstate	Intrastate
General Support Facilities	100.0000%	67.0138%	32.9862%
COE Switching	100.0000%	54.4668%	45.5332%
COE Transmission	100.0000%	72.9128%	27.0872%
Cable & Wire Facilities	100.0000%	65.7543%	34.2457%
Amortizable Tangible Assets	100.0000%	67.0138%	32.9862%
Intangible Assets	100.0000%	67.0138%	32.9862%
Accumulated Depreciation - TPIS	100.0000%	67.2273%	32.7727%
Accumulated Amortization - Tangible Assets	100.0000%	67.0138%	32.9862%
Accumulated Amortization - Intangible Assets	100.0000%	67.0138%	32.9862%
Telecom Plant Under Const.	100.0000%	67.0138%	32.9862%
Materials & Supplies	100.0000%	65.7543%	34.2457%
Cash Working Capital	100.0000%	64.6839%	35.3161%
Accum Deferred Taxes	100.0000%	65.6137%	34.3863%
Customer Deposits	100.0000%	67.0138%	32.9862%
Network Support - 6110	100.0000%	67.0138%	32.9862%
General Support - 6120	100.0000%	67.0138%	32.9862%
Central Office - 6210/6230	100.0000%	71.6071%	28.3929%
Operator - 6220	-	-	-
Information Orig/Term - 6310	-	-	-
Cable and Wire Facilities - 6410	100.0000%	65.7543%	34.2457%
Other Plant - 6510	-	-	-
Network Operations - 6530	100.0000%	67.0138%	32.9862%
Access Charge - 6540	100.0000%	-	100.0000%
Depreciation - 6560	100.0000%	100.0000%	
Marketing - 6610	100.0000%	42.8647%	57.1353%
Customer Service - 6620	100.0000%	42.3506%	57.6494%
Corporate Operations - 6720	100.0000%	64.8212%	35.1788%
Property Taxes - 7200	100.0000%	67.0138%	32.9862%
Income Taxes	100.0000%	64.0492%	35.9508%
Interest on Customer Deposits	100.0000%	67.0138%	32.9862%
AFUDC	-	-	-
Interest and Related Items	100.0000%	64.0492%	35.9508%
Total Operating Taxes	100.0000%	64.5307%	35.4693%

Section 13 (REDACTED)

Annual Report

Section 15 (REDACTED)

Additional Evidence-NECA Cost Study

Section 16 (REDACTED)

Financial Statements