

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

AUG 28 2012

In the Matter of Staff's Motion Requesting)
The Commission Order Zenda Telephone)
Company, Inc. to Submit to an Audit for)
Purposes of Determining Its Cost-Based)
Kansas Universal Service Fund Support,)
Pursuant to K.S.A. 66-2008.)

by
State Corporation Commission
of Kansas
Docket No. 13-ZENT-065-KSF

PETITION FOR LIMITED RECONSIDERATION

COMES NOW Zenda Telephone Company ("Zenda" or "company") and requests limited reconsideration of the Commission's order of August 14, 2012 initiating an audit of the company. Specifically Zenda requests reconsideration of the specific test year identified at paragraph 8, page 4 of the Commission's order. In support of this request Zenda states as follows:

1. Zenda acknowledges and appreciates the cooperation of Commission Staff in considering a procedure and schedule herein. While Zenda and Staff had discussed particular aspects of the timing of this proceeding, there had been no discussions prior to the Order regarding the test year to be studied.

2. The Commission's Order establishing a test year of 12 months ending September 30, 2012 would require Zenda to incur significant extraordinary expense without material benefit to the company or to the public.

3. Zenda recognizes Staff's general preference for "fresh" financial information to assure a representative test year and a reliable determination of a carrier's appropriate cost-based KUSF support. As the smallest independent local exchange carrier in the state, however, Zenda experiences few factors that change its

costs significantly from one period to the next. The company believes a 2011 calendar year test year would not differ materially from the test year specified in the Commission's order.

4. Although it is unlikely there would be any significant difference in allowable costs resulting from the test year chosen, the expense necessary to develop and file independently audited records for a non-calendar test year would be substantial. Typically the company's external audit requires an annual expenditure in excess of \$10,000 and includes validation comparisons to the prior audited calendar year. In order to secure a comparably valid audit for the financial information covering the test year specified in the Commission's order, the auditor would be required essentially to double the usual effort so as to have a prior 12 month period against which the test year financial information could be compared.

5. Company personnel would be required to devote significant additional time in order to recompile available information into an annual form in order to comply with the order establishing a non-calendar test year. The company estimates its total additional one-time cost in personnel time and outside auditing expenses, due solely to the establishment of a non-calendar-year test year, would be equivalent to one-fourth of the company's entire annual KUSF support.

6. In addition to the added cost, the use of a non-calendar test year would impose a compliance difficulty on Zenda. The test year would not conclude until September 30, at which point the company could begin to organize available financial information for the purposes of the required audit. It is estimated this would require a month at a minimum, resulting in the financial information being submitted to an independent auditor only around November 1 at the earliest. In light of the company's initial filing date of December 28, this would require a compressed external audit

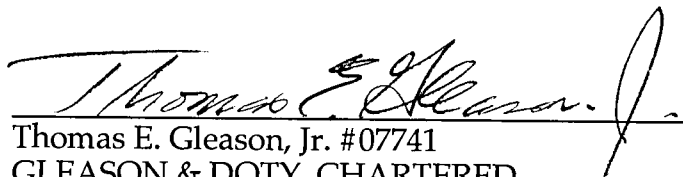
process when compared to the annual outside audit process usually experienced by Zenda.

6. This additional expense and effort, while likely having no material impact on the result of the Commission's audit as to costs of telecommunications service, would impose upon ratepayers a substantial additional regulatory expense. For that reason Zenda requests that the Commission reconsider that portion of its order and establish instead a test year of the calendar year 2011 consistent with the public interest.

7. Counsel for Zenda has discussed these concerns with Commission Staff, including the probable public benefits and costs of the two test year alternatives, and Staff states there is no objection to establishment of a 2011 calendar year test year in this proceeding.

7. Wherefore, Zenda respectfully requests the Commission grant limited reconsideration of its Order of August 14, 2012 herein, and modify the same by specifying a calendar 2011 test year for the subject audit.

Respectfully submitted,

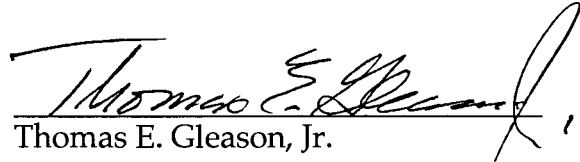


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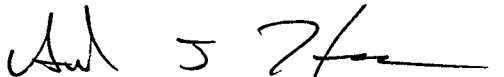
VERIFICATION

STATE OF KANSAS, DOUGLAS COUNTY, ss:

Thomas E. Gleason, Jr., of lawful age, being first duly sworn, on his oath states: He is the attorney for Zenda Telephone Company, Inc.; that he has read the above and foregoing pleading; that the statements, allegations and matters contained therein are true and correct.

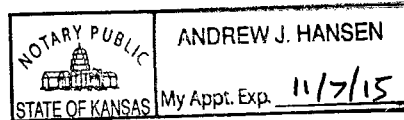

Thomas E. Gleason, Jr.

Subscribed and sworn to before me this 28 day of August, 2012.


Notary Public

My Appointment Expires:

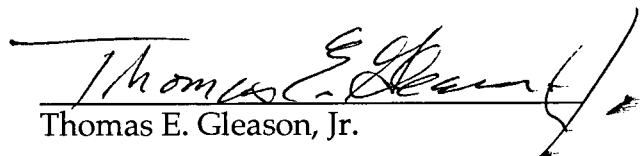
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11/7/15



CERTIFICATE OF SERVICE

Thomas E. Gleason, Jr., hereby certifies that a true and correct copy of the above and foregoing petition was delivered to the following on this 28th day of August, 2012:

Robert A. Fox, litigation counsel
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604


Thomas E. Gleason, Jr.