

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

**In the Matter of the Application of    )**  
**Moundridge Telephone Company for    )**       **Docket No. 25-MRGT-222-KSF**  
**Kansas Universal Service Fund Support    )**

**DIRECT TESTIMONY  
PREPARED BY  
DANIEL BULLER  
UTILITIES DIVISION  
KANSAS CORPORATION COMMISSION  
March 27, 2025**

1 **Table of Contents**  
2 **I. INTRODUCTION**..... 2  
3 **II. INCOME STATEMENT**..... 3  
4 **A. KUSF EXPENSE** ..... 3  
5 **B. AUDIT EXPENSE** ..... 4  
6 **C. EXPENSES ADJUSTMENT**..... 6  
7 **III. SUMMARY OF EXHIBITS** ..... 9

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**I. INTRODUCTION**

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

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

A. My name is Daniel Buller. My business address is 1500 Southwest Arrowhead Road, Topeka, Kansas, 66604.

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

A. I am employed by the Kansas Corporation Commission (“KCC or Commission”) as a Regulatory Auditor.

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

A. I received a Bachelor of Business Administration with an emphasis in Economics and Finance from Washburn University in May of 2023. I began employment with the Commission as a Regulatory Auditor in September of 2023.

**Q. Have you ever testified before this Commission?**

A. Yes, I have previously provided Direct Testimony in Docket Nos. 24-TTHT-343-KSF and 24-KGSG-610-RTS.

**Q. What were your responsibilities in the review of Moundridge Telephone Company’s (“Moundridge or Company”) November 22, 2024, Application?**

A. As a regulatory auditor, my responsibilities included analyzing, auditing, and reviewing Moundridge’s Application to determine its cost-based Kansas Universal Service Fund (KUSF) support, ensuring it reflects the company's current revenue requirement and financial circumstances. I reviewed the Company's filing for accuracy and compliance with traditional regulatory accounting principles, requested and analyzed additional information, and calculated and supported select Staff adjustments to Moundridge’s pro

1 forma income statements. My work was conducted under the direction of Managing  
2 Auditor Kristina Luke Fry and Chief of Accounting and Financial Analysis Chad Unrein.

3  
4 **Q. What is the purpose of your testimony in this proceeding?**

5 A. The purpose of my testimony is to explain and support specific adjustments based on  
6 Staff's review of Moundridge's Application. In summary, I recommend that the  
7 Commission:

- 8 • Update the KUSF support in Moundridge's filing to reflect the most current amounts.
- 9 • Adjust estimated audit expenses to reflect known and measurable costs incurred at the  
10 time of Staff's filing.
- 11 • Exclude expenses that Staff deems inappropriate for determining necessary KUSF  
12 support, including dues, donations, sponsorships, and certain travel and training  
13 expenses.

14 **II. INCOME STATEMENT**

15  
16 **A. KUSF EXPENSE**

17 **Q. Please begin by discussing Staff Adjustment No. 1 to the Income Statement.**

18 A. Staff Adjustment No. 1 (IS-1) increases Moundridge's overall intrastate revenues by  
19 \$2,127.<sup>1</sup> Staff's adjustment updates Moundridge's KUSF support to recognize known and  
20 measurable changes in local service revenues. This adjustment increases local service  
21 revenues by \$2,127 to reflect the Commission-approved annual support for KUSF Year 29  
22 provided in Steve Garrett's direct testimony in docket 25-GIMT-141-GIT.<sup>2</sup> Pursuant to

---

<sup>1</sup> See Exhibit DB-1.

<sup>2</sup> Direct Testimony of Steve Garrett, 25-141 Docket, Attachment A (Dec. 13, 2024).

1 K.S.A. 66-2005(d), changes in revenue due to the changes in the affordable monthly rate  
2 are to be netted against KUSF support payments. In other words, KUSF support payments  
3 should be reduced by the additional revenue generated from the local rate increase. Staff's  
4 adjustment accounts for this increase in local revenue, which was not reflected in the test  
5 year.

6 **AUDIT EXPENSE**

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

8 A. Staff Adjustment No. 2 (IS-2) decreases Moundridge's operating expense by \$7,693.<sup>3</sup> This  
9 adjustment is necessary to include actual audit expense incurred as of February 21, 2025,  
10 to reflect expenses incurred in this Docket.

11 **Q. Please explain how Staff calculated its adjustment for audit expense.**

12 A. Staff's adjustment includes both Moundridge's audit expenses and Staff's audit expenses.  
13 According to the response to Staff Data Request No. 34, Moundridge has incurred  
14 \$111,534 in external consulting services and legal fees related to this Docket through  
15 February 21, 2025. While Staff's adjustment does not fully account for all the costs that  
16 Moundridge may have incurred, it does reflect all invoices that Staff has received from the  
17 Company to date.

18 According to the Commission's fiscal department, the maximum assessment for  
19 Moundridge for the fiscal year is \$5,928. This amount was calculated under K.S.A. 66-  
20 1502 (a), which sets the maximum annual assessment at 0.6% of intrastate revenues for  
21 any public utility or common carrier under the Commission's jurisdiction. Moundridge has

---

<sup>3</sup> See Exhibit DB-2.

1 paid \$2,077 in assessments to date, leaving a remaining maximum assessment of \$3,852  
2 for the fiscal year.

3 The actual Staff expenses incurred for this Docket total \$23,623 through February 14,  
4 2025. Since Staff's actual expenses exceed the remaining allowable assessment, the audit  
5 expense included in Staff's calculation reflects the remaining maximum assessment  
6 amount of \$3,852. When combined with Moundridge's invoices and the remaining  
7 assessment amount, this results in an annual audit expense amortization of \$22,307 over a  
8 five-year period. Staff compared this amount to the estimated audit case expense presented  
9 in Moundridge's Application, and the difference between the two amounts constitutes  
10 Staff's adjustment.

11 **Q. Should the Commission reduce Moundridge's KUSF support once the audit expense**  
12 **has been fully recovered?**

13 **A.** Yes. Staff recommends that the Commission reduce Moundridge's approved KUSF draw  
14 by the audit expense amortization at the end of the amortization period. This  
15 recommendation is consistent with the Commission Order in Craw-Kan Telephone  
16 Cooperative, Inc.'s (Craw-Kan) KUSF filing in Docket No. 13-CRKT-268-KSF (13-268  
17 Docket), which states:

18 With regard to Craw-Kan's audit expense, the Commission agrees that audit  
19 expense should be recovered over a five-year amortization period. However,  
20 once these expenses have been fully covered, Craw-Kan's KUSF support  
21 should be reduced accordingly by removing any portions relating to audit  
22 expense. This provision ensures Craw-Kan will recover the full amount of its  
23 audit expense but does not over-recover from the KUSF.<sup>4</sup>  
24  
25

---

<sup>4</sup> *Order Granting Joint Motion for Approval of Craw-Kan's Annual Cost-Based KUSF Support and for Approval of Additional Requirements*, 13-268 Docket, p. 5, ¶16 (Apr. 17, 2013).

1 **C. EXPENSES ADJUSTMENT**

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

3 A. Staff Adjustment No. 3 (IS-3) decreases Moundridge’s operating expenses by \$11,909 on  
4 a total company basis, or \$6,327 on an intrastate basis.<sup>5</sup> Staff’s adjustment removes various  
5 expenses that are inappropriate for recovery through the KUSF support mechanism. This  
6 includes the removal of:

- 7 • Dues, donations, and sponsorships made by Moundridge to local charitable, civic, and  
8 social organizations and entities.
- 9 • Expenses related to corporate image and goodwill advertising that Staff contends are  
10 not necessary to provide sufficient and efficient regulated telephone service.
- 11 • Lobbying expenses and legislative monitoring recorded by Moundridge during the test  
12 year. Lobbying is not necessary for the provision of safe and reliable universal service  
13 and does not directly benefit universal service customers.

14 **Q. Please provide an explanation of why Staff is recommending removal of these**  
15 **expenses.**

16 A. In Docket No. 22-COST-546-KSF,<sup>6</sup> Staff made the recommendation to disallow these  
17 types of expenses from being recovered through KUSF support in light of the 2018 Order  
18 approved by the Federal Communications Commission (“FCC”).<sup>7</sup> Specifically, paragraph  
19 28 of the FCC Order states:

20 *Expenses Unrelated to Operations.* – We next codify the existing prohibitions  
21 on recovering support for expenses unrelated to operations – including political  
22 contributions, charitable donations, scholarships, membership fees and dues in

---

<sup>5</sup> See Exhibit DB-4.

<sup>6</sup> See Docket 22-COST-546-KSF, Direct Testimony of Katie Figgs, pages 24-26

<sup>7</sup> *Report and Order, Third Order on Reconsideration, and Notice of Proposed Rulemaking*, FCC 18-29 (Mar. 23, 2018), (2018 FCC Order) See <https://docs.fcc.gov/public/attachments/FCC-18-29A1.pdf>.

1 clubs and organizations, sponsorships of conferences or community events, and  
2 penalties or fines for statutory or regulatory violations, penalties or fees for late  
3 payments on debt, loans, or other payments – from high-cost support...  
4 Expenses unrelated to operations, however, are not currently included in these  
5 high-cost support calculations. Instead, under our current rules, “nonoperating  
6 expenses” – including political contributions, contributions for charitable,  
7 social, or community welfare purposes, membership fees and dues in social,  
8 service and recreational or athletic clubs and organizations, and penalties and  
9 fines on account of violations of statutes – are recorded in Account 7300,  
10 presumed excluded from the costs of service in setting rates, and not included  
11 in high-cost support calculations. Expenses unrelated to operations have  
12 historically not been recoverable from high-cost support because by definition  
13 these expenses are not operational in nature and are ancillary to core business  
14 objectives. Expenses must fall within the scope of the statutory requirement that  
15 support be used “only for the provision, maintenance, and upgrading of  
16 facilities and services for which support is intended.”<sup>8</sup>  
17

18 Furthermore, the disallowance of these expenses are further discussed and reiterated in  
19 paragraphs 31 and 32 of the FCC Order, which states in part:

20 Charitable donations and scholarships are expenses unrelated to operations that  
21 may not be recovered from high-cost support. We recognize the benefits  
22 charitable donations provide to the community... [h]owever, charitable  
23 donations are unrelated to the provision, maintenance, and upgrading of  
24 facilities and services for which the high-cost support is intended.<sup>9</sup>  
25

26 Membership fees and dues in clubs and organizations, including social, service,  
27 and recreational or athletic clubs and organizations, as well as trade associations  
28 and organizations that provide professional or trade certifications such as state  
29 bar associations, are expenses unrelated to operations excluded from high-cost  
30 support...We recognize the educational and training benefits that trade  
31 associations provide and that membership in chambers of commerce may help  
32 stimulate business. However, as other commenters acknowledge, a function of  
33 many of these organizations is advocacy on behalf of their members for the  
34 purpose of influencing public policy which is not used for the provision,  
35 maintenance, and upgrading of facilities and services for which support is  
36 intended. Just as ETCs may not recover lobbying expenses under our rules,  
37 similarly, they may not recover membership fees in organizations that engage  
38 in lobbying. Further, professional affiliations or certifications such as state bar  
39 associations, accounting associations, or other professional groups may

---

<sup>8</sup> *Id.*, pp. 13-14.

<sup>9</sup> *Id.*, p. 15.



1 facilitate general corporate functions but are not used only for the provision of  
2 supported facilities and services.<sup>10</sup>  
3

4 Consistent with the FCC's ruling on unrelated operational expenses, and in order to prevent  
5 the Kansas Universal Service Fund (KUSF) from subsidizing expenses that are not covered  
6 by the federal universal service fund's high-cost support mechanisms, Staff finds these  
7 expenses inappropriate for recovery from the KUSF. These expenses are deemed  
8 unnecessary for the provision of sufficient and efficient universal service.  
9

10 **Q. Please provide an explanation of Staff's treatment of travel and training expenses.**

11 **A.** This adjustment also removes 50% of travel and training expenses. For each conference  
12 and training attended during the test year, Staff removed 50% of registration fees, lodging  
13 expense, fuel costs, and other associated travel expenses that covered both regulated and  
14 non-regulated service topics and for trainings that benefit both regulated and non-regulated  
15 operations.

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

17 **A.** Yes, thank you.  
18  
19  
20  
21  
22

---

<sup>10</sup> *Id.*, pp. 15-16.

1  
2  
3  
4  
5  
6

**III. SUMMARY OF EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
DB-1	Work paper for KUSF Adjustment
DB-2	Work paper for Audit Expense
DB-3	Work paper for Expenses Adjustment

Moundridge Telephone Company  
KUSF Support  
Income Statement Adjustment No. 1  
Test Year Ending December 31, 2023

Docket No. 25-MRGT-222-KSF  
Exhibit DB-1

<b>Line No.</b>	<b>Description</b>	<b>Total Company</b>	<b>Intrastate Separation</b>	<b>Intrastate Adjustment</b>
<b>1</b>	<b>Staff Adjustment to Kansas Universal Service Fund (Acct. 5084)</b>	<u><u>2,127</u></u>	1.000000	<u><u>2,127</u></u>
	Local Service Revenue			
2	Annual Local Revenue Decrease Effective March 2025 - Year 29		<u>2,127</u>	
<b>3</b>	<b>Staff Adjustment to Local Service Revenue</b>			<u><u>\$ 2,127</u></u>

Source: Docket No. 25-GIMT-141-GIT, Direct Testimony of Steve Garrett, Attachment A, page 1

Moundridge Telephone Company  
 Audit Expense  
 Income Statement Adjustment No. 2  
 Test Year Ending December 31, 2023

Docket No. 25-MRGT-222-KSF  
 Exhibit DB-2

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	<b>Staff Adjustment to Audit Expense (Acct. 6720)</b>	<b>(7,693)</b>	1.000000	<b>(7,693)</b>
	<b><u>Breakdown of Adjustment</u></b>			
2	Moss Adams Consultant Fees		98,406	
3	Anthony Veach Law Fees		7,200	
4	KCC Assessable Audit Expense		5,928	
5	Total Audit Expenses		<u>111,534</u>	
6	Amortization Period (Years)		<u>5</u>	
7	Annual Audit Amortization			22,307
8	Less: Company Adjustment for Audit Expense			<u>30,000</u>
9	<b>Staff Adjustment to Rate Case Expense</b>			<b><u>\$ (7,693)</u></b>
	 <u>KCC Maximum Assessment Calculation</u>			
10	Maximum Assessment for Fiscal Year per Accounting		5,928	
11	Less: Assessments to Date (includes Audit Assessments)		<u>2,077</u>	
12	Remaining Maximum Assessment for Fiscal Year		3,852	
13	Assessments for Docket to Date (included in Assessments to Date)		<u>2,077</u>	
14	Maximum Assessment for Docket		5,928	
	 <u>KCC Audit Expenses</u>			
15	Staff	14,708		
16	Consultants and Expenses	<u>8,915</u>		
17	Total KCC Audit Expenses		<u>23,623</u>	
18	<b>Total KCC Audit Expense</b>			<b><u>\$ 5,928</u></b>

Sources: Moundridge Telephone Company, Application, Section 9  
 Moundridge Telephone Company Response to Staff Data Request No. 34

Moundridge Telephone Company  
Expenses  
Income Statement Adjustment No. 3  
Test Year Ending December 31, 2023

Docket No. 25-MRGT-222-KSF  
Exhibit DB-3

Line No.	Account	Account Description	Staff Adjustment	Intrastate Separations	Intrastate Adjustment
1	6410	Cable and Wire Facilities Expenses	\$ 845	0.463334	\$ 392
2	6610	Sales and Marketing Expense	\$ 3,438	0.622784	\$ 2,141
3	6720	General and Administrative	\$ 7,626	0.497546	\$ 3,794
4		<b>Total Adjustment</b>	<b>\$ 11,909</b>		<b>\$ 6,327</b>

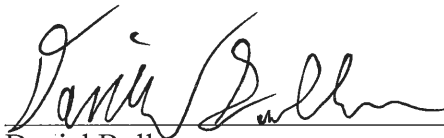
Line No.	Account	Description	Amount	Staff Exclusion Percentage	Staff Adjustment Amount
5	6423	Misc Expenses	\$ 1,178	50%	\$ 589
6	6423	Misc Expenses	\$ 513	50%	\$ 256
7	6610	MOUNDRIDGE ECHO DOT	\$ 38	100%	\$ 38
8	6610	ER-MOUNDRIDGE EVENT	\$ 85	100%	\$ 85
9	6610	SCOREBOARD ADVERTISING SIGN FEE	\$ 130	100%	\$ 130
10	6610	ER-APPETIZERS	\$ 458	100%	\$ 458
11	6610	HUB HARVEST FEST SHIRT SPONSOR 2023	\$ 500	100%	\$ 500
12	6610	ACCT#2831-	\$ 33	100%	\$ 33
13	6610	JOB#163631-MR MAILER	\$ 621	100%	\$ 621
14	6610	AD#4276 -MR SPORTS	\$ 75	100%	\$ 75
15	6610	AD#4276-MOUNDRIDGE SPORTS NOV23	\$ 75	100%	\$ 75
16	6610	MOUNDRIDGE SPORTS DEC23	\$ 150	100%	\$ 150
17	6610	WALL FRAME	\$ 1,272	100%	\$ 1,272
18	6721.2	Misc Expenses	\$ 1,255	50%	\$ 627
19	6722.01	AD#4276-MOUNDRIDGE SPORTS - KMPK MAR23	\$ 198	100%	\$ 198
20	6722.01	AD#4276-MOUNDRIDGE SPORTS KXKU MAR23	\$ 99	100%	\$ 99
21	6722.01	SUMMER READING SPONSOR 2023	\$ 150	100%	\$ 150
22	6722.01	AD#4276-SEP23	\$ 75	100%	\$ 75
23	6722.0174	NEW WEIGHT EQUIPMENT 2023	\$ 250	100%	\$ 250
24	6722.0174	HARVEST FESTIVAL 2023	\$ 150	100%	\$ 150
25	6722.0174	BENEFIT GOLF TOURNEY 2023	\$ 200	100%	\$ 200
26	6722.0174	SPONSORSHIP 2023	\$ 1,000	100%	\$ 1,000
27	6722.0174	BUSINESS CARD AD	\$ 35	100%	\$ 35
28	6722.0174	THREE SHIRT SPONSORSHIP 2023	\$ 150	100%	\$ 150
29	6723	Misc Expenses	\$ 3,011	50%	\$ 1,506
30	6725	PROFESSIONAL SERVICES JUL23	\$ 50	100%	\$ 50
31	6725	BILL#4789693 MATTER#107831.0002.3	\$ 11	100%	\$ 11
32	6725	MOVE LEGAL EXPENSES TO EXPENSE ACCOUNT	\$ 200	100%	\$ 200
33	6728	MCPHERSON SENTINEL	\$ 75	100%	\$ 75
34	6728	HILLSBORO STAR-JOURNAL	\$ 45	100%	\$ 45
35	6728.03	NTCA MOUNDRIDGE MAR23-FEB24	\$ 2,625	100%	\$ 2,625
36	6728.03	MEMBERSHIP OCT22-SEPT23 CHAMBER OF COMMERCE - N	\$ 180	100%	\$ 180
37		<b>Total Expenses to Remove from Case</b>	<b>\$ 14,888</b>		<b>\$ 11,909</b>

Sources: Moundridge Telephone Company Response to Staff Data Request Nos. 28, 30, 31, 35

STATE OF KANSAS )  
 ) ss.  
COUNTY OF SHAWNEE )

**VERIFICATION**

Daniel Buller, being duly sworn upon his oath deposes and states that he is an Auditor for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



\_\_\_\_\_  
Daniel Buller  
Auditor  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 25 day of March, 2025.



\_\_\_\_\_  
Notary Public

My Appointment Expires: 4/28/25



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

## **CERTIFICATE OF SERVICE**

25-MRGT-222-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 27th day of March, 2025, to the following:

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

AARON BAILEY, ASSISTANT GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
aaron.bailey@ks.gov

PATRICK HURLEY, CHIEF LITIGATION COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
patrick.hurley@ks.gov

RHONDA GODDARD, CFO - ASSESSMENTS  
(MOUNDRIDGE)  
MOUNDRIDGE TELEPHONE COMPANY  
145 N MAIN  
LENORA, KS 67645  
rgoddard@nex-tech.com

PHOENIX Z. ANSHUTZ, ATTORNEY  
PENNER LOWE LAW GROUP, LLC  
245 N WACO STREET, STE 125  
WICHITA, KS 67202  
panshutz@pennerlowe.com

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

*Ann Murphy*

---

Ann Murphy