

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

In the Matter of the Application of and)	
Request of the S&T Telephone)	Docket No. 14-S&TT-525-KSF
Cooperative, Inc., for an Increase in its)	
Cost-Based Kansas Universal Service)	
Fund Support)	

**DIRECT TESTIMONY
PREPARED BY
KRISTINA A. LUKE FRY
UTILITIES DIVISION
KANSAS CORPORATION COMMISSION**

September 30, 2014

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

2 A. My name is Kristina A. Luke Fry. My business address is 1500 Southwest
3 Arrowhead Road, Topeka, Kansas, 66604.

4
5 **Q. Have you ever filed testimony under a different name?**

6 A. Yes, I have previously filed under my maiden name, Kristina Luke.

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

9 A. I am employed by the Kansas Corporation Commission (Commission) as a Senior
10 Auditor.

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

14 A. I received a Bachelor's of Science in Business Administration with a major in
15 Accounting from Kansas State University in May of 2010. I began employment
16 with the Commission in September 2010 and was promoted to my current
17 capacity in July 2013. I am currently pursuing the award of a Masters of Business
18 Administration degree from Washburn University. I have completed 27 of 30
19 required credit hours and am on track to graduate December 2014.

20
21 **Q. Have you ever testified before this Commission?**

22 A. Yes. I filed testimony in Docket Nos. 11-MKEE-439-RTS, 11-MDWE-609-RTS,
23 12-WSEE-112-RTS, 12-MKEE-380-RTS, 12-KGSG-835-RTS, 12-GRHT-633-

1 KSF, 13-CRKT-268-KSF, 13-WSEE-629-RTS, 14-WTCT-142-KSF, 14-ATMG-
2 320-RTS, and 14-BHCG-502-RTS.

3

4 **Q. What were your responsibilities in Staff's review of S&T Telephone**
5 **Cooperative, Inc.'s (S&T) Application in Docket No. 14-S&TT-525-KSF?**

6 A. My responsibilities as a Senior Auditor were to analyze, audit, and review S&T's
7 filing requesting the Commission adjust its cost-based Kansas Universal Service
8 Fund (KUSF) support to reflect its current revenue requirement and
9 circumstances. I reviewed the Company's filing, requested and analyzed
10 additional information, and participated in an on-site review of S&T's Board of
11 Directors minutes in S&T's attorney's office in Topeka, Kansas. My duties were
12 carried out under the direction of the Chief of Accounting and Financial Analysis,
13 Justin Grady.

14

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

16 A. The purpose of my testimony is to sponsor adjustments based on Staff's review of
17 S&T's Application. My testimony will be presented in the following manner:

- 18 ▪ Overview
- 19 ▪ Background
- 20 ▪ Rate Base and Income Statement Adjustments
- 21 ▪ Summary of Exhibits

22

23

OVERVIEW

1
2 **Q. Please provide a summary of your testimony.**

3 A. The following is a summary of my testimony:

- 4 ▪ Staff recommends an intrastate revenue increase of \$746,959, resulting in
5 an annual level of KUSF support of \$1,162,293.¹
6 ▪ Staff recommends an adjustment to S&T's Rate Base to update plant
7 balances and to update cash working capital to coincide with Staff's
8 proposed revenue requirement.
9 ▪ Staff recommends various adjustments to the income statement to update
10 costs related to depreciation expense, KUSF support, and income taxes.

11

12 **Q. Has the Commission previously audited S&T to determine its appropriate,**
13 **cost-based level of KUSF?**

14 A. Yes. The Commission initiated Docket No. 12-S&TT-234-KSF (12-234 Docket)
15 to allow Staff to determine the level of S&T's cost-based KUSF support. The test
16 year in the 12-234 Docket was the period ending December 31, 2011, adjusted for
17 known and measurable changes. S&T is currently requesting to increase its level
18 of KUSF support by \$1,620,205² from its current KUSF draw of \$415,334³ per
19 year.

20

¹ Staff's annual KUSF draw is calculated as follows: Staff's proposed revenue requirement plus the current KUSF draw that began on July 1, 2013 (\$746,959 + \$415,334 = \$1,162,293).

² See May 15, 2014, Application, Section 3, Line 7.

³ See May 15, 2014, Application, Section 9, Schedule 1, Line 3. At the time S&T filed its Application, the current draw was \$415,334.

1 **Q. What test year did S&T use in its Application before the Commission?**

2 A. S&T used a test year ending December 31, 2013, with cost study and/or pro forma
3 adjustments to revenues, expenses and plant in service.

4
5 **Q. What is Staff's proposed level of cost-based KUSF support after**
6 **incorporating Staff's adjustments within the Company's filed position?**

7 A. The total effect of Staff's recommended adjustments results in an intrastate
8 revenue increase of \$746,959, resulting in an annual level of KUSF support of
9 \$1,162,293 (\$746,959 + \$415,334).⁴

10 Below is a chart comparing the Company's filed position and Staff's
11 recommendation for net intrastate Rate Base,⁵ requested return on equity,
12 requested rate of return on assets, pro forma intrastate income, and the level of
13 KUSF deficiency.

Description	S&T	KCC Staff
Net Intrastate Rate Base	\$12,560,047	\$13,368,314
Return on Equity	12.50%	9.75%
Rate of Return	8.60%	7.0957%
Income (Loss)	(\$539,589)	\$(15,341)
Change in KUSF Support	\$1,620,205	\$746,959

14

15

⁴ S&T's current KUSF draw as of July 1, 2014, is \$415,334.

⁵ While Staff's Rate Base is higher than S&T's filed position, Staff updated Rate Base items to the end of June 2014 and the allocation of General Support Functions and non-regulated accounts. These items have an income statement offset.

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

3 A. Ann Diggs: Ms. Diggs sponsors testimony related to Rate Base and income
4 statement adjustments and allocations proposed by Staff.

5 Katie Figgs: Ms. Figgs sponsors testimony related to income statement
6 adjustments for the removal of expenses Staff contends should not be recovered.

7 Adam Gatewood: Mr. Gatewood sponsors testimony related to S&T's cost of
8 capital and capital structure.

9 Roxie McCullar: Ms. McCullar sponsors testimony related to separations
10 between intrastate and interstate operations.

11

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

13 A. The following table presents a summarized list of Staff's adjustments, witnesses,
14 and the effect of the adjustments on Rate Base or operating income.

Adj No.	Witness	Description	Amount
RB-1	Kristina Luke Fry	Update Plant In Service	\$267,852
RB-2	Kristina Luke Fry	Update Accumulated Depreciation	\$(1,385,225)
RB-3	Kristina Luke Fry	Telephone Plant Under Construction	\$709,636
RB-4	Ann Diggs	Reverse S&T's GSF Asset & Related A/D	\$19,869
RB-5	Ann Diggs	GSF Assets & Related A/D	\$665,841
RB-6	Ann Diggs	Allocate Rural Tel Lease of 50 Meg Circuit	\$28,491
RB-7	Katie Figgs	Cash Working Capital	\$(5,406)
IS-1	Roxie McCullar	Update FUSF Level	\$407,997
IS-2	Kristina Luke Fry	Depreciation on Updated Plant Balances	\$55,020
IS-3	Katie Figgs	Advertising	\$15,372
IS-4	Katie Figgs	Dues & Donations	\$8,435
IS-5	Katie Figgs	Lobbying	\$4,435
IS-6	Katie Figgs	Property Taxes	\$31,036
IS-7	Katie Figgs	KUSF Support	\$(19,322)
IS-8	Katie Figgs	Audit Expense	\$16,001

IS-9	Ann Diggs	Reverse S&T's GSF Expense	\$334,957
IS-10	Ann Diggs	GSF, Exec., G&A Non-Regulated Expense	\$(115,241)
IS-11	Ann Diggs	Reverse S&T's Payroll and Healthcare Adj.	\$92,775
IS-12	Ann Diggs	Payroll Expense	\$(76,092)
IS-13	Ann Diggs	Benefits & Payroll Tax Expense	\$(46,360)
IS-14	Ann Diggs	Board of Directors Expense	\$15,314
IS-15	Ann Diggs	Terminating Access Revenue	\$2,577
IS-16	Ann Diggs	Billing & Collection Expense	\$29,777
IS-17	Ann Diggs	Rural Telephone Lease of 50 Meg Circuit	\$13,019
IS-18	Ann Diggs	Travel and Other Miscellaneous Expense	\$5,826
IS-19	Ann Diggs	Switch Lease Revenue	\$157,398

1

2 **Q. Did Staff allocate its adjustments before inclusion in Staff's schedules?**

3 A. Yes. Staff's adjustments were first calculated on a total company basis, then
4 allocated to the respective department (if applicable) based upon the appropriate
5 allocation percentage.

6

7

BACKGROUND

8 **Q. Please provide an overview of S&T's corporate structure.**

9 A. S&T is located in Brewster, Kansas, and provides local exchange
10 telecommunications services, as the carrier of last resort to approximately 2,400
11 customers in Northwest Kansas.

12

13 **Q. What is S&T's Non-Regulated revenue amount?**

14 A. According to S&T's 2013 Annual Report, \$119,564 of the company's total
15 revenue amount of \$7,396,392, is non-regulated. This is approximately 1.6% of
16 total revenues.

17

1 **Q. Please provide a brief overview of S&T's service territory.**

2 A. As previously stated, S&T's service territory is located in Northwest Kansas near
3 Goodland, Colby, and Oakley, Kansas, with central offices in Brewster, Kansas.
4 Exhibit KALF-6 contains a copy of S&T's response to Staff Data Request No. 49
5 which provides a map of S&T's service territory.

6
7 **Q. How do S&T's local rates compare to other Local Exchange Carriers (LEC)**
8 **in the area?**

9 A. The chart below contains the residential and business rates for S&T and the other
10 LECs in the area.

Company	Residential	Business
State Average	\$16.75	\$19.75
S&T Telephone Cooperative, Inc	\$16.75	\$19.75
Golden Belt Tel. Assn.	\$18.25	\$21.25
Rural Telephone Service	\$16.75	\$19.75
Southwestern Bell Telephone Company d/b/a AT&T Kansas	\$24.00	\$72.50
Sunflower Telephone Company, Inc	\$13.27	\$16.93

11

12

13 **RATE BASE & INCOME STATEMENT ADJUSTMENTS**

14 **Q. Are there any issues related to Rate Base that you wish to discuss prior to**
15 **discussing your adjustments?**

16 A. Yes. I would like to discuss S&T's Fiber to the Home (FTTH) investment.

17

1 **Q. Please discuss more about S&T's FTTH.**

2 A. S&T is in the process of installing FTTH and currently has completed a
3 significant portion of FTTH. As shown on Exhibit KALF-1, S&T spent over \$12
4 million on the FTTH project to date.

5

6 **Q. Please discuss the level of costs related to the FTTH project that are included**
7 **in Staff's revenue requirement.**

8 A. As shown on Exhibit KALF-1, the actual costs to install FTTH as of June 30,
9 2014, totaled \$12.4 million. Of that amount, \$8.4 million is then allocated to
10 intrastate operations and is used in calculating Staff's revenue requirement. Once
11 Staff's rate of return is applied, S&T will receive an annual return on the plant
12 additions of approximately \$601,311. Additionally, the annual depreciation
13 expense associated with the fiber project totals roughly \$617,631, resulting in a
14 total net impact on Staff's revenue requirement of approximately \$1,218,942.

15

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

17 A. Staff Adjustment No. 1 (RB-1) increase S&T's Rate Base by \$267,852⁶ on a total
18 company basis or \$134,636 on an intrastate basis. Staff's adjustment updates
19 S&T's estimates included in the Application. S&T estimated that FTTH costs
20 would total \$4.9 million for the period after the test year. As of June 30, 2014,
21 the actual costs were almost four hundred thousand dollars more than estimated.
22 It is necessary to update this amount to ensure that S&T's pro forma plant

⁶ See Exhibit KALF-2.

1 balances reflect the most updated ongoing investment available. This ensures that
2 S&T has an opportunity to earn a return on investment that may not have been
3 closed to the books by the end of the test year.
4

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

6 A. Staff Adjustment No. 2 (RB-2) increases S&T's Accumulated Depreciation
7 account by \$1,385,225⁷ on a total company basis or \$919,688 on an intrastate
8 basis. Staff's adjustment updates Accumulated Depreciation through June 30,
9 2014. This approach corresponds with the time period through which Staff
10 updated plant balances and is necessary to present the true picture of S&T's
11 previously unrecovered capital investment.
12

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

14 A. Staff Adjustment No. 3 (RB-3) increase S&T's rate base by \$709,636, or
15 \$474,854⁸ on an intrastate basis. Staff's Adjustment updates the Telephone Plant
16 Under Construction (TPUC) balance included in the Application. S&T estimated
17 that \$213,243 would be remaining in the TPUC balance as of June 30, 2014. Per
18 S&T's response to Staff Data Request No. 77, all projects that make up the TPUC
19 balance of \$3.5 million in the Application are in service except for \$922,879,
20 which will be in service by the end of the year. Staff customarily excludes from
21 TPUC any project costs that are estimated to still be incomplete as of one year

⁷ See Exhibit KALF-3.

⁸ See Exhibit KALF-4.

1 after the conclusion of the test year. This is in accordance with K.S.A. 66-128,
2 which states:

3 "(b) (1) For the purposes of this act, except as provided by subsection (b)(2),
4 property of any public utility which has not been completed and dedicated to
5 commercial service shall not be deemed to be used and required to be used in
6 the public utility's service to the public.

7 (2) Any public utility property described in subsection (b)(1) shall be deemed
8 to be completed and dedicated to commercial service if: (A) Construction of
9 the property will be commenced and completed in one year or less; (B) the
10 property is an electric generation facility that converts wind, solar, biomass,
11 landfill gas or any other renewable source of energy; (C) the property is an
12 electric generation facility or addition to an electric generation facility; or (D)
13 the property is an electric transmission line, including all towers, poles and
14 other necessary appurtenances to such lines, which will be connected to an
15 electric generation facility."
16

17 Staff has updated TPUC through June 30, 2014, similar to the decision to update
18 Plant in Service and Accumulated Depreciation through June 30, 2014, because it
19 grants S&T the opportunity to earn a return on the capital that will be placed in
20 service by the time frame established in K.S.A. 66-128.
21

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

1 A. Staff Adjustment No. 2 (IS-2) decreases S&T's depreciation expense by \$55,020⁹
2 or \$37,327 on an intrastate basis. Staff calculates depreciation expense on a
3 going-forward basis based upon the adjusted plant account balances addressed in
4 Rate Base Adjustment No. 1 above. Staff's annualized regulated depreciation
5 expense is then compared against S&T's annualized depreciation expense, with
6 the difference being Staff's adjustment. Staff's calculations are detailed on
7 Exhibit KALF-5 and 5a. This adjustment may need to be updated to reflect any
8 changes in Staff's plant in service adjustment.

9

10 **SUMMARY OF EXHIBITS**

11 **Q. Are you sponsoring any exhibits?**

12 A. Yes. The following provides an outline of the exhibits I am sponsoring:

13	<u>Exhibit No.</u>	<u>Description</u>
14	Exhibit KALF-1	Fiber to the Home Analysis
15	Exhibit KALF-2	Work paper for Plant in Service Adjustment
16	Exhibit KALF-3	Work paper for Accumulated Depreciation Adjustment
17	Exhibit KALF-4	Work paper for TPUC
18	Exhibit KALF-5 to 5b	Work paper for Depreciation Expense Adjustment
19	Exhibit KALF-6	S&T's Responses to Staff Data Requests: 49, 60, 65, & 92

20

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

22 A. Yes, thank you.

⁹ See Exhibit KALF-5.

S&T Telephone Cooperative Association
Fiber to the Home Analysis
For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
Exhibit KALF-1

Line No	Exchange	Buried Fiber	COE Transmission	COE Digital	Total
1	Colby	-	-	243,620	243,620
2	Dighton	5,428,540	1,484,937	117,473	7,030,949
3	Grinnell	1,789,229	209,955	-	1,999,185
4	Healy	1,190,843	277,323	21,312	1,489,478
5	Levant	728,945	58,322	-	787,267
6	Menlo	795,213	60,314	-	855,527
7	Total Costs	9,932,771	2,090,850	382,405	12,406,026
8	Regulated Percentage				100%
9	Total Regulated Cost to Install Fiber to the Home				12,406,026
10	Allocation of total cost to Buried Fiber				80.06%
11	Allocation of total cost to COE Transmission				16.85%
12	Allocation of total cost to COE Digital				3.08%

	Total Company	Intrastate Separations	Intrastate Adjustment
13 Regulated Costs Allocated to Buried Fiber	9,932,771	0.719343	7,145,069
14 Regulated Costs Allocated to COE Transmission	2,090,850	0.537437	1,123,700
15 Regulated Costs Allocated to COE Digital	382,405	0.537437	205,519
16	12,406,026		8,474,288
17 Staff's Rate of Return			7.10%
18 Annual Return Earned on Fiber to the Home			601,311
19 Annual Depreciation Expense			617,631
20 Net Impact of Fiber to the Home included in Staff's Revenue Requirement			1,218,942

Depreciation Expense Calculation

	Total Plant in Service	Depreciation Expense	Annual Depreciation Expense	Intrastate Separations	Intrastate Adjustment
21 Buried Fiber	9,932,771	5.68%	564,181	0.719343	405,840
22 COE Transmission	2,090,850	16.00%	334,536	0.537437	179,792
23 COE Digital	382,405	15.57%	59,540	0.537437	31,999
24 Total Depreciation Expense	12,406,026		958,258		617,631

Sources: S&T Telephone Cooperative's Response to Staff Data Requests 92

S&T Telephone Cooperative Association
Plant In Service
Rate Base Adjustment No. 1
For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
Exhibit KALF-2

Line No.	Acct	Description	Plant Book Balance Per Application (A)	Company Cost Study Adj. (B)	Company Pro Forma Adj. (C)	Company Pro Forma Balance A + B + C (D)	Staff Adjusted Plant Balance (E)	Staff Adjusted Gross Plant D + E (F)	Staff's Regulated Percentage (G)	Staff's Adj. to Plant E * G (H)	Intrastate Separations (I)	Intrastate Adjustment H * I (J)
1	2111	Land	58,567	-	-	58,567	-	58,567	82.06%	-	0.669151	-
2	2112	Vehicles	-	-	-	-	-	-	100.00%	-	0.669151	-
3	2115	Garage Work Equipment	-	-	5,236	5,236	(5,236)	-	100.00%	(5,236)	0.669151	(3,504)
4	2116	Other Work Equipment	134,466	-	-	134,466	256,564	391,030	54.51%	139,853	0.669151	93,583
5	2121	Buildings	3,445,827	(89,382)	-	3,356,445	89,382	3,445,827	71.33%	63,756	0.669151	42,663
6	2122	Furniture	228,821	-	-	228,821	193	229,014	68.11%	131	0.669151	88
7	2123	Office Support Equipment	56,402	-	-	56,402	(18,409)	37,993	68.11%	(12,538)	0.669151	(8,390)
8	2123.2	Other Communications Equip	54,294	-	-	54,294	-	54,294	62.98%	-	0.669151	-
9	2124	General Purpose Computers	-	-	-	-	-	-	0.00%	-	0.669151	-
10		Total General Support Assets	3,978,377	(89,382)	5,236	3,894,231	322,494	4,216,726		185,966		124,440
11	2212	COE Digital	3,771,451	-	-	3,771,451	-	3,771,451	100%	-	0.537437	-
12	2212.1	COE Digital Equipment	682,740	-	102,977	785,716	-	785,716	100%	-	0.537437	-
13	2230	COE Transmission	9,158,807	(239,109)	513,083	9,432,781	267,763	9,700,544	100%	267,763	0.537437	143,906
14	2230	COE Transmission DSL	-	-	-	-	-	-	100%	-	0.537437	-
15		Total Central Office Equipment	13,612,998	(239,109)	616,060	13,989,948	267,763	14,257,711		267,763		143,906
16	2411	Towers	21,944	-	-	21,944	-	21,944	100%	-	0.719343	-
17	2421	Aerial Cable	-	-	-	-	-	-	100%	-	0.719343	-
18	2423	Buried Cable	15,568,130	-	-	15,568,130	5,735	15,573,865	100%	5,735	0.719343	4,125
19	2423.2	Buried Cable - Fiber Optic	19,736,061	(294,517)	4,322,242	23,763,786	(191,612)	23,572,174	100%	(191,612)	0.719343	(137,835)
20	2423.2	Buried Cable - Fiber Ring	-	-	-	-	-	-	100%	-	0.719343	-
21	2431	Aerial Wire	-	-	-	-	-	-	100%	-	0.719343	-
22	2441	Conduit System	-	-	-	-	-	-	100%	-	0.719343	-
23		Total Information Origination	35,326,136	(294,517)	4,322,242	39,353,861	(185,877)	39,167,984		(185,877)		(133,709)
24	2681	Capital Leases	-	-	-	-	-	-	100%	-	1.000000	-
25	2690	Intangibles	323	-	-	323	-	323	100%	-	0.669151	-
26		Total Amortization Assets	323	-	-	323	-	323		-		-
27		Total Plant	52,917,834	(623,008)	4,943,538	57,238,363	404,380	57,642,743		267,852		134,636

Sources: Schedule 4 of S&T Telephone Cooperative's Application
S&T Telephone Cooperative's Response to Staff Data Requests 4 and 73

S&T Telephone Cooperative Association
Accumulated Depreciation
Rate Base Adjustment No. 2
For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
Exhibit KALF-3

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Accumulated Depreciation (Acct. 3100)	(1,385,225)	0.663927	(919,688)
2	Staff Adjustment to Plant in Service	<u>(1,385,225)</u>		<u>(919,688)</u>

Line No.	Description	Accum. Depr. Included in Application	Accum. Depr. as of June 30, 2014	Staff Adj. to Accum. Depr.	Staff's Regulated Percentage	Staff's Adj. to Accum. Depr.
3	Land	-	-	-	82.06%	-
4	Vehicles	-	-	-	100.00%	-
5	Garage Work Equipment	-	-	-	100.00%	-
6	Other Work Equipment	-	-	-	54.51%	-
7	Buildings	(2,610,323)	(2,766,319)	(155,996)	71.33%	(111,272)
8	Furniture	(212,306)	(214,612)	(2,306)	68.11%	(1,571)
9	Office Support Equipment	(55,936)	(37,993)	17,943	68.11%	12,221
10	Other Communications Equip	(52,225)	(52,914)	(689)	62.98%	(434)
11	General Purpose Computers	-	-	-	0.00%	-
12	Total General Support Facilities	<u>(2,930,790)</u>	<u>(3,071,839)</u>	<u>(141,048)</u>		<u>(101,056)</u>
13	COE Digital	(2,036,920)	(3,773,460)	(1,736,540)	100.00%	(1,736,540)
14	COE Digital Switching Post 7/06	(169,498)	(211,633)	(42,135)	100.00%	(42,135)
15	COE Transmission	(7,405,825)	(5,808,106)	1,597,719	100.00%	1,597,719
16	COE Transmission	<u>(1,241,648)</u>	<u>(1,530,941)</u>	<u>(289,293)</u>	100.00%	<u>(289,293)</u>
17	Total Central Office Equipment	<u>(10,853,891)</u>	<u>(11,324,141)</u>	<u>(470,250)</u>		<u>(470,250)</u>
18	Towers	(16,377)	(16,377)	-	100.00%	-
19	Towers Post 7/06	(5,567)	(5,567)	-	100.00%	-
20	Buried Cable	(15,264,947)	(15,441,892)	(176,945)	100.00%	(176,945)
21	Buried Cable-Fiber Optic	(9,846,528)	(10,443,511)	(596,983)	100.00%	(596,983)
22	Buried Cable-Fiber Ring	-	-	-	100.00%	-
23	Aerial Wire	-	-	-	100.00%	-
24	Conduit Systems	-	-	-	100.00%	-
25	Total Cable & Wire Facilities	<u>(25,133,419)</u>	<u>(25,907,347)</u>	<u>(773,928)</u>		<u>(773,928)</u>
26	Intangibles	-	-	-	100.00%	-
27	Total Telephone Plant	<u>(38,918,101)</u>	<u>(40,303,326)</u>	<u>(1,385,225)</u>		<u>(1,345,233)</u>

Sources: Schedule 5 of S&T Telephone Cooperative's Application
S&T Telephone Cooperative's Response to Staff Data Requests 4 and 73

S&T Telephone Cooperative Association
Telephone Plant Under Construction
Rate Base Adjustment No. 3
For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
Exhibit KALF-4

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Adjustment to TPUC - Short Term (Acct. 2003)	<u>\$ 709,636</u>	0.669151	<u>\$ 474,854</u>
2	<u>Breakdown of Adjustment:</u>			
3	Test Year Telephone Plant Under Construction Balance		3,733,737	
4	S&T's Adjustment to Telephone Plant Under Construction		<u>3,520,494</u>	
5	S&T's Normalized Telephone Plant Under Construction Balance		213,243	
6	Staff's Telephone Plant Under Consturction Balance		<u>922,879</u>	
7	Total Staff Adjustment to TPUC - Short Term (Acct. 2003)			<u><u>709,636</u></u>

Source: S&T Telephone Cooperative's Response to Staff Data Request 77

S&T Telephone Cooperative Association
 Depreciation
 Income Statement Adjustment No. 2
 For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
 Exhibit KALF-5

Line No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	Staff Adjustment to Depreciation Expense (Acct. 6560)	<u>\$ (55,020)</u>	0.678425	<u>\$ (37,327)</u>
<u>Breakdown of Adjustment:</u>				
2	Staff normalized regulated depreciation expense		\$ 2,157,635	
3	S&T's depreciation expense pro forma	2,201,186		
4	Staff Adjustment IS 9	4,688		
5	Staff Adjustment IS 17	<u>6,781</u>		
6	S&T's Pro Forma Depreciation after Staff Adjustments		<u>2,212,655</u>	
7	Staff Adjustment to Depreciation Expense (Acct. 6560)		<u>\$ (55,020)</u>	

Source: Section 5 of S&T Telephone Cooperative's Application

S&T Telephone Cooperative Association
Depreciation Detail
For the Test Year Ending December 31, 2013

14-S&TT-525-KSF
Exhibit KALF-5a

Line No.	Plant Acct	Description	Staff Adjusted Gross Plant	Staff Adjusted Acc. Dep.	Staff Adjusted Net Book	Depreciation Rate	Annual Depreciation	Staff Normalized Depr Exp	Staff's Regulated Percentage	Staff's Regu. Normalized Depr. Exp.
1	2111	Land	58,567	-	58,567	0.00%	-	-	82.06%	-
2	2112	Vehicles	-	-	-	0.00%	-	-	100.00%	-
3	2115	Garage Work Equipment	-	-	-	0.00%	-	-	100.00%	-
4	2116	Other Work Equipment	391,030	-	391,030	0.00%	-	-	54.51%	-
5	2121	Buildings	3,445,827	(2,766,319)	679,508	5.02%	172,981	172,981	71.33%	123,387
6	2212	Furniture	199,240.87	(199,241)	-	15.57%	31,022	-	68.11%	-
7	2212.11	Furniture (Post 7/06)	29,773	(15,371)	14,402	15.57%	4,636	4,636	68.11%	3,157
8	2123	Office Support Equipment	37,993	(37,993)	-	18.10%	6,877	-	68.11%	-
9	2123.2	Other Communications Equip	54,294	(52,914)	1,380	18.10%	9,827	1,380	62.98%	869
10	2124	General Purpose Computers	-	-	-	18.57%	-	-	0.00%	-
11		Total General Support Facilities	4,216,726	(3,071,838)	1,144,887		225,342	178,997		127,414
12	2212	COE Digital Switching (Fully Depr)	3,777,958	(3,773,460)	4,498	11.58%	437,488	4,498	100.00%	4,498
13	2212.1	COE Digital Switching Post 7/06	779,209	(211,633)	567,576	11.58%	90,232	90,232	100.00%	90,232
14	2232	Circuit Equipment	5,808,106	(5,808,106)	-	16.00%	929,297	-	100.00%	-
15	2232.1	Circuit Equipment Post 7/06	2,601,516	(464,163)	2,137,353	16.00%	416,243	416,243	100.00%	416,243
16	2232.11	Circuit Asset Ethernet Ring	1,290,922	(1,066,778)	224,144	16.00%	206,547	206,547	100.00%	206,547
17		Total Central Office Equipment	14,257,711	(11,324,141)	2,933,570		2,079,807	717,520		717,520
18	2411	Towers	16,377	(16,377)	-	15.81%	2,589	-	100.00%	-
19	2421	Towers Post 7/06	5,567	(5,567)	-	15.81%	880	-	100.00%	-
20	2423.1	Buried Cable	15,404,260	(15,404,260)	-	5.68%	874,962	-	100.00%	-
21	2423.11	Buried Cable Pose 7/06	143,577	(33,690)	109,887	5.68%	8,155	8,155	100.00%	8,155
22	2423.2	Fiber Optic Cable	12,339,179	(9,433,198)	2,905,981	5.68%	700,865	700,865	100.00%	700,865
23	2423.21	Fiber Optic Cable Post 7/06	10,602,141	(379,458)	10,222,683	5.68%	602,202	602,202	100.00%	602,202
24	2423.3	Fiber Optic Cable ITV	630,855	(630,855)	-	5.68%	35,833	-	100.00%	-
25	2424	Buried Cable Unclassified	26,029	(3,942)	22,087	5.68%	1,478	1,478	100.00%	1,478
26	2431	Aerial Wire	-	-	-	5.68%	-	-	100.00%	-
27	2441	Conduit Systems	-	-	-	5.68%	-	-	100.00%	-
28		Total Cable & Wire Facilities	39,167,984	(25,907,347)	13,260,637		2,226,964	1,312,701		1,312,701
29	2692	Intangibles	323	-	323		-	-	100.00%	-
30		Total Telephone Plant	57,642,743	(40,303,326)	17,339,417		4,532,113	2,209,217		2,157,635

Exhibit KALF-6

S&T's Responses to Staff

Data Requests 49, 60, 65, &92

**Kansas Corporation Commission
Information Request**

Request No: 49

Company Name S&T TELEPHONE COOPERATIVE ASSOCIATION, I S&TT
Docket Number 14-S&TT-525-KSF
Request Date May 21, 2014
Date Information Needed May 30, 2014

RE: Service Area

Please Provide the Following:

Provide a map or maps of the Company's service area showing central office locations and fiber cable routes. On the map(s), also identify the locations of assets used to provide nonregulated services and identify areas DSL is not available to customers.

Submitted By Kristina Luke-Fry

Submitted To Daniel Meszler

Response:

See Attached.

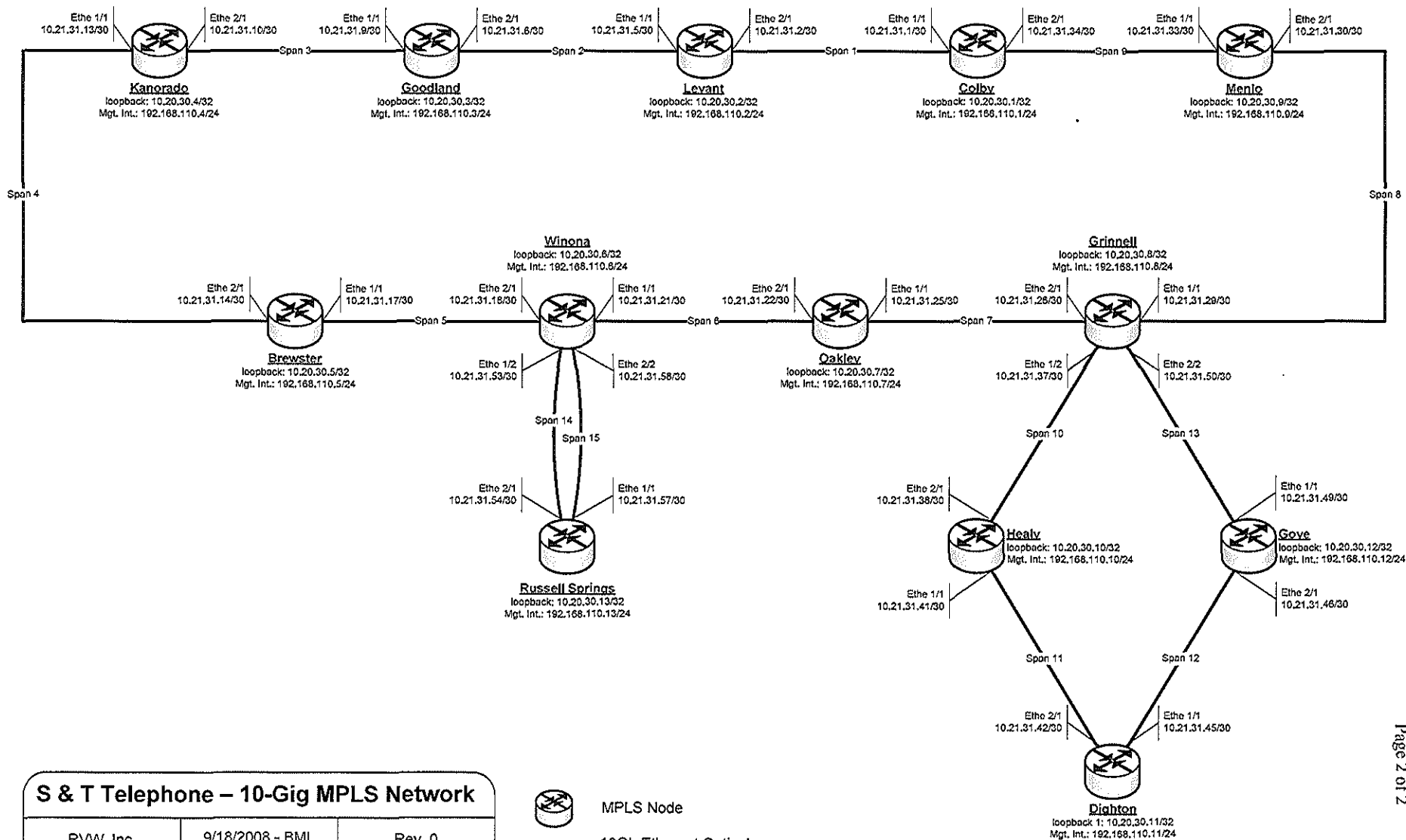
If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: 

Date: 6-2-14



**Kansas Corporation Commission
Information Request**

Docket No. 14-S&TT-525-KSF
Staff Data Request 60
Page 1 of 1

Request No: 60

Company Name S&T TELEPHONE COOPERATIVE ASSOCIATION, I S&TT
Docket Number 14-S&TT-525-KSF
Request Date May 21, 2014
Date Information Needed May 30, 2014

RE: Customer Count

Please Provide the Following:

With regards to the Company's customer count, please provide the following:

1. Actual customer base for each of the last five years
2. Provide a detailed discussion as to why the customer base has either increased or decreased (i.e. population shift, competition, etc.)

Submitted By Kristina Luke-Fry

Submitted To Daniel Meszler

Response:

1. 2009 – 2427
2010 -- 2401
2011 -- 2331
2012 -- 2306
2013 – 2265
2. Reasons for line loss and disconnection of service include: aging population, cellular only dropped landline, and 2nd line not needed – trying to cut back expenses.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Daniel Meszler

Date: _____

6-2-14

**Kansas Corporation Commission
Information Request**

Docket No. 14-S&TT-525-KSF
Staff Data Request 65
Page 1 of 2

Request No: 65

Company Name S&T TELEPHONE COOPERATIVE ASSOCIATION, I S&TT
Docket Number 14-S&TT-525-KSF
Request Date May 21, 2014
Date Information Needed May 30, 2014

RE: Revenues

Please Provide the Following:

Please provide a breakdown of revenues by service type (i.e. local, long distance, voice, etc.).

Submitted By Kristina Luke-Fry

Submitted To Daniel Meszler

Response:

See Attached.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Daniel Meszler

Date: _____

6-2-14

Annual Report of S&T TELEPHONE COOP ASSOC INC

Year Ending December 31, 2013

17. OPERATING REVENUES			
TIPS: The formula in Column (a) assumes the "Total Company" revenues in Column (c) were all earned within the state of Kansas. Begin by entering data in Column (c). Multi-State or Non-Regulated Operations Included in Column C: If multi-state or non-regulated operational results are included in the "Total Company" balances in Column (c), you may need to modify the formulas to remove such activity from columns (a) and/or (b), or use the "work columns".			
Acct. No.	Account Title	Kansas Only Revenues	Total Company
		Total Kansas Revenue (a)	
	LOCAL NETWORK SERVICE REVENUE		
5001	Basic Area Revenue	\$ 461,416	
5002	Extended Area Revenue	-	
5003	Cellular Mobile Service Revenue	-	
5040	Local Private Line Revenue	-	
5060	Other Local Exchange Revenue	253,384	
	Other Revenues	-	
	Describe	-	
	Total Local Network Service Revenue	\$ 714,800	
	UNIVERSAL SERVICE SUPPORT		
	Federal USF Support Notes (a) & (b)	4,185,286	
	C.A.F. Support	138,630	
5264	State KUSF Support	434,656	
	Total Federal/State USF Support	\$ 4,758,572	
	NETWORK ACCESS & L.D. SERVICE REVENUE		
5081	End User Revenue Note (b)	193,677	
	A.R.C. Revenue	23,828	
5082	Interstate Switched Access	227,758	
5082	Intrastate Switched Access	127,296	
5083	Interstate Special Access Note (a)	1,015,485	
5083	Intrastate Special Access	112,285	
5105	Long Distance Service Revenue	-	
5100	Total Network Access & Long Distance Service Revenue	\$ 1,700,329	
	MISCELLANEOUS REVENUE		
5230	Directory Revenue	15,564	
5240	UNE Revenue	-	
	Other Rent Revenue	76,618	
5250	Corporate Operations Revenue	-	
5260	Other Miscellaneous Revenue (w/o KUSF)	19,596	
5270	Carrier Billing & Collections Revenue (Interstate)	1,896	
5270	Carrier Billing & Collections Revenue (Intrastate)	7,484	
5200	Total Miscellaneous Revenues	\$ 121,158	
	UNCOLLECTIBLE REVENUE		
5300	Uncollectible Revenue (Enter as Negative)	(18,031)	
	Total KCC Regulated Operating Revenue	\$ 7,276,828	
	(Report column (b) on cover page of KCC Annual Report)		
5280	Non-regulated Operating Revenue (PVD use only)	\$ 119,564	
5000	Total Operating Revenue	\$ 7,396,392	
NOTES:			
(a) Added to Column (b) for Federal USF to include HC Loop, Safety Net, Safety Valve and LSS. If accounted for in any other account (e.g. 5082), please remove from that account.			
(b) Subscriber Line Revenues (SLC) should be reported as "End User Revenues", account 5801 and not included in the "FUSF" support.			

→ KFN, Rent Rev, DSL Labor bill to affiliate

Kansas Corporation Commission
Information Request

Docket No. 14-S&TT-525-KSF
Staff Data Request 92
Page 1 of 2

Request No: 92 Amended

Company Name S&T TELEPHONE COOPERATIVE ASSOCIATION, I S&TT
Docket Number 14-S&TT-525-KSF
Request Date September 12, 2014
Date Information Needed September 22, 2014

RE: FTTH

Please Provide the Following:

Please provide an update of plant in service for each exchange. Please also provide a break out by FCC account of each exchange (ie. Buried Fiber, Aerial Wire, etc).

Submitted By Kristina Luke Fry

Submitted To Daniel Meszler

Amended Response:

See attached excel spreadsheet.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Daniel Meszler

Date: _____

9/22/14

Account	WO	Dighton	Healy	Grinnell	Levant	Menlo	Colby	Total
2423.210.00	CATHOUSE	3,586.83						3,586.83
2423.210.00	FTTH-01	92,497.14	20,304.25					112,801.39
2232.100.00	FTTH-01	10,121.95	1,927.99					12,049.94
2212.100.00	FTTH-02	24,389.32	4,645.59					29,034.91
2232.100.00	FTTH-02	52,521.56	10,004.11					62,525.67
2423.210.00	FTTH-02	1,103,565.18	242,246.01					1,345,811.19
2212.100.00	FTTHCOE	23,311.75	4,440.33					27,752.08
2232.100.00	FTTHCOE	244,840.86	46,636.35					291,477.21
2232.100.00	FTTHCOE2	181,575.11	34,585.74					216,160.85
2232.100.00	FTTHGOLDF1	905,890.98	172,550.66					1,078,441.64
2232.100.00	FTTHHUT	11,622.64						11,622.64
2232.100.00	FTTHHUTOFM	25,436.52						25,436.52
2232.100.00	FTTHHUTOFMP2			28,279.00				28,279.00
2232.100.00	FTTHHUTP2			9,076.37				9,076.37
2232.100.00	FTTHMWONT1	18,846.81	4,137.11					22,983.92
2232.100.00	FTTHONT1	34,080.13	7,481.01					41,561.14
2423.210.00	FTTHPUSH	4,153,137.26	911,664.28					5,064,801.54
2423.210.00	FTTHPUSHOFM	68,031.67	14,933.78					82,965.45
2232.100.00	FTTHPUSHOFM2			53,771.97	21,907.10	23,898.66		99,577.73
2212.100.00	FTTHSWITCH						243,620.27	243,620.27
2212.100.00	FTTHSWITCHC1	55,696.66	12,226.09					67,922.75
2212.100.00	SWITCHDGTN	14,075.15						14,075.15
2423.210.00	FTTH-01A	7,721.42	1,694.94					9,416.36
2232.100.00	FTTHGOLDP2			118,827.69	36,414.93	36,414.93		191,657.55
2423.210.00	FTTHPUSH-2			1,789,229.49	728,945.35	795,213.10		3,313,387.94
	COE	1,602,409.44	298,634.98	209,955.03	58,322.03	60,313.59	243,620.27	2,473,255.34
	CWF	5,428,539.50	1,190,843.26	1,789,229.49	728,945.35	795,213.10	0.00	9,932,770.70