

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

**In the Matter of the Application and Request)
of Cunningham Telephone Company, Inc.) Docket No. 25-CNHT-185-KSF
for an Increase in its Cost-Based Kansas)
Universal Service Fund Support.)**

**DIRECT PUBLIC TESTIMONY
PREPARED BY
KATIE L. FIGGS
UTILITIES DIVISION
KANSAS CORPORATION COMMISSION
February 13, 2025**

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1 **I. INTRODUCTION**

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

3 A. My name is Katie L. Figgs. My business address is 1500 Southwest Arrowhead Road,
4 Topeka, Kansas, 66604.

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

6 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as a
7 Managing Auditor.

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

9 A. I received a Bachelor of Business Administration with an emphasis in Accounting from
10 Washburn University in May of 2011. I began employment with the Commission as a
11 Regulatory Auditor in August of 2012 and was promoted to my current position in August
12 2020.

13 **Q. Have you ever testified before the Commission?**

14 A. Yes. I have filed testimony before the Commission in Docket Nos. 12-LHPT-875-AUD,
15 13-JBNT-437-KSF, 13-PLTT-678-KSF, 14-ATMG-320-RTS, 14-S&TT-525-KSF, 15-
16 MRGT-097-AUD, 15-WSEE-115-RTS, 15-TWVT-213-AUD, 16-ATMG-079-RTS, 17-
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18 GNBT-505-KSF, 20-UTAT-032-KSF, 20-BLVT-218-KSF, 22-CRKT-087-KSF, 22-
19 COST-546-KSF, 23-EKCE-775-RTS, 24-TTHT-343-KSF, and 24-KGSG-610-RTS.

20 **Q. What were your responsibilities in the review of Cunningham Telephone Company,
21 Inc.'s (Company or Cunningham) October 11, 2024, Application?**

22 A. My responsibilities as the lead auditor in this case were to analyze, audit, and review
23 Cunningham's filing before the Commission to determine its cost-based Kansas Universal

1 Service Fund (KUSF) support to reflect its current revenue requirement and business
2 circumstances. I reviewed the Company's filing, requested and analyzed additional
3 information, and participated in an on-site review at the Company's headquarters in Glen
4 Elder, Kansas, to inspect records, tour the Company's facilities, and to confer with
5 Cunningham's management and consultants. In addition, I calculated and am sponsoring
6 selected Staff adjustments to Cunningham's Pro Forma Rate Base and Income Statement,
7 as well as Staff's schedules. My duties were carried out under the direction of the Deputy
8 Chief of Accounting and Financial Analysis, Andria Jackson, and the Chief of Accounting
9 and Financial Analysis, Chad Unrein.

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

11 A. The purpose of my testimony is to sponsor adjustments and schedules based on Staff's
12 review of Cunningham's Application. My testimony will be presented in the following
13 manner:

- 14 ▪ Overview
- 15 ▪ Background
- 16 ▪ Staff Accounting Schedules
- 17 ▪ Rate Base Adjustments
- 18 ▪ Income Statement Adjustments

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

21 A. Jaren Dolsky: Mr. Dolsky sponsors testimony related to various income statement
22 adjustments including KUSF support, audit expense, property taxes, dues, donations,
23 sponsorships, advertising, Board of Directors expense, and travel and training expense.

1 Adam Gatewood: Mr. Gatewood sponsors testimony related to capital structure, cost of
2 long-term debt, and return on equity.

3 Roxie McCullar: Ms. McCullar sponsors testimony related to the Federal Communications
4 Commission's (FCC) separations process and the application of Federal High Cost Loop
5 ("FHCL") support.

6 **Q. How is the rest of your testimony organized?**

7 A. The remainder of my testimony is organized as follows:

8 **Overview** – I provide an overview, which presents a background of Cunningham's
9 operations and the components of its KUSF filing.

10 **Analysis** – I discuss Staff's revenue requirement analysis. I also present a table of Staff's
11 adjustments to the pro forma rate base and income statement.

12 **Staff Schedules** – I describe Staff's accounting schedules detailing the elements of Staff's
13 proposed revenue requirement.

14 **Rate Base Adjustments** - I discuss Staff's Adjustments to Plant in Service, Accumulated
15 Depreciation, Telephone Plant Under Construction (TPUC), Materials and Supplies, Cash
16 Working Capital (CWC), and the effect they have on the Company's Rate Base.

17 **Income Statement Adjustments** - I discuss Staff's Adjustments to Depreciation Expense,
18 Payroll Expense, Employee Benefit & Payroll Tax Expense, Employee Concessions
19 Expense, and the effect they have on the Company's Income Statement.

20 **II. OVERVIEW**

21 **Q. Please provide an overview of Cunningham's corporate structure.**

22 A. Cunningham Telephone Company, Inc. is a Kansas corporation holding one or more
23 Certificates of Convenience and Authority to engage in the business of providing local

1 exchange and exchange access telecommunications service within the State of Kansas.
2 Cunningham provides local exchange telecommunication service, as the carrier of last
3 resort, serving approximately 751 access lines in Northcentral Kansas.

4 In Docket No. 98-GIMT-241-GIT, the Commission approved the Order dated December
5 5, 1997, designating Cunningham Telephone Company an Eligible Telecommunications
6 Carrier. Cunningham continues to serve under traditional rate of return regulation as the
7 incumbent local exchange carrier, and as carrier of last resort for telecommunications
8 customers within its designated service area pursuant to K.S.A. 66-2009.

9 **Q. How do Cunningham’s local rates compare to other Local Exchange Carriers (LEC)**
10 **in the area?**

11 A. The chart below illustrates that the residential and business rates for Cunningham are
12 relatively comparable to the other LECs in the area.

Company	Residential	Business
Cunningham	\$18.75	\$21.75
JBN	\$18.75	\$21.75
Rural	\$18.75	\$21.50
Twin Valley	\$18.75	\$21.75
Wilson	\$18.75	\$21.75

13
14 **Q. Has the Commission previously audited Cunningham to determine its appropriate,**
15 **cost-based level of KUSF?**

16 A. Yes. Cunningham filed an Application for additional support from the KUSF in Docket
17 No. 11-CNHT-659-KSF (11-659 Docket). The test year in the 11-659 Docket was the
18 period ending December 31, 2010, and was adjusted for known and measurable changes.

1 Cunningham is currently requesting to increase its level of KUSF support to \$1,769,475¹
2 from its current level of \$718,902 per year, an incremental increase of \$1,050,573 per
3 year.²

4 **Q. What test year did Cunningham use in its Application in this proceeding?**

5 A. Cunningham used a test year ending December 31, 2023, with cost study and pro forma
6 adjustments to revenues, expenses, and plant in service to capture pro forma changes.

7 **III. ANALYSIS**

8 **Q. What is Staff's proposed level of cost-based KUSF support after incorporating Staff's**
9 **adjustments to the Company's filed position?**

10 A. The total effect of Staff's recommended adjustments results in an intrastate revenue
11 increase of \$599,781 and an equal increase to the Company's current KUSF support.
12 Therefore, Staff recommends the Commission set Cunningham's KUSF draw to
13 \$1,319,473.³

14 Below is a chart comparing the Company's filed position and Staff's recommendation for
15 net intrastate rate base, requested rate of return on assets, pro forma intrastate income, and
16 the level of KUSF support.

Description	Cunningham	Staff
Net Intrastate Rate Base	\$2,212,586	\$1,800,791
Rate of Return	9.75%	7.65%
Income (Loss)	(\$834,845)	(\$462,021)
Change in KUSF Support	\$1,050,573	\$599,781

17

¹ See October 11, 2023, Application, Section 3, Schedule 1.

² The level of KUSF recorded in the test year in the amount of \$718,902 differs from Cunningham's KUSF draw that will go into effect (before the Commission Order in this Docket) March 1, 2025, which is \$719,692, due to proration (Docket No. 25-GIMT-141-GIT).

³ Sum of proration amount \$719,692 and Staff's recommended increase \$599,781.

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

2 A. The following table presents a summarized list of Staff’s adjustments, witnesses, and the
3 effect of the adjustments on Rate Base or Operating Income. For the Income Statement
4 adjustments presented in the table below, an increase in operating income results in a
5 reduction of the revenue requirement, and vice versa. For instance, Staff’s Adjustment No.
6 IS-2 increases depreciation expense by \$20,405, which decreases operating income by the
7 same amount and increases the revenue requirement accordingly.

Adj No.	Witness	Description	Amount
RB-1	Katie Figgs	Update Plant in Service	\$464,211
RB-2	Katie Figgs	Update Accumulated Depreciation	(872,915)
RB-3	Katie Figgs	Telephone Plant Under Construction	(141,929)
RB-4	Katie Figgs	Materials and Supplies	(9,271)
RB-5	Katie Figgs	Cash Working Capital	(15,625)
IS-1	Roxie McCullar	FHCL Support	71,038
IS-2	Katie Figgs	Depreciation Expense	(20,405)
IS-3	Katie Figgs	Payroll Expense	207,037
IS-4	Katie Figgs	Employee Benefit & Payroll Tax Expense	157,464
IS-5	Katie Figgs	Employee Concessions Expense	35,792
IS-6	Jaren Dolsky	KUSF	2,905
IS-7	Jaren Dolsky	Audit Expense	21,766
IS-8	Jaren Dolsky	Property Tax Expense	3,421
IS-9	Jaren Dolsky	Cost Study Adjustment & Reversal	(43,831)
IS-10	Jaren Dolsky	Dues, Donations, and Sponsorship	23,626
IS-11	Jaren Dolsky	Advertising	12,074
IS-12	Jaren Dolsky	Board of Directors Expense	10,000
IS-13	Jaren Dolsky	Travel & Training Expense	28,176

8

9 **IV. STAFF ACCOUNTING SCHEDULES**

10 **Q. Are you sponsoring Staff accounting schedules?**

11 A. Yes.

12 **Q. Please summarize how Staff’s accounting schedules are organized.**

13 A. Summary schedules are presented first, with the schedules showing the derivation of the
14 recommended adjustments following. The elements comprising the proposed revenue

1 requirements are summarized on Staff Schedule REV REQ. Staff's proposed rate base is
2 sourced from Staff Schedule A-1, Staff Adjusted and Pro Forma Rate Base. Similarly,
3 Staff's adjusted Net Operating Income Recommendations are sourced from Staff Schedule
4 B-1, Staff Adjusted and Pro Forma Operating Income Statement. Staff's cost of capital
5 recommendation is set forth on Staff Schedule C-1, Capital Structure. The Schedules are
6 organized as follows:

- 7 ▪ REV REQ lists individual components of Staff's pro forma revenue
8 requirement calculation, delineated between total company, interstate, and
9 intrastate.
- 10 ▪ A-1 shows Test Year Rate Base, as adjusted by the Company and Staff, on a
11 total company basis, interstate/intrastate separations factors, and amounts
12 allocated to the intrastate jurisdiction.
- 13 ▪ A-2 lists Staff's individual adjustments to the Company's pro forma test year
14 rate base.
- 15 ▪ A-3 calculates Cash Working Capital, as adjusted by the Company and Staff.
- 16 ▪ A-4 contains an explanation of Staff's rate base adjustments.
- 17 ▪ B-1 contains the test year income statement, as adjusted by the Company and
18 Staff, delineated on a total-company basis, separations factors, and amounts
19 allocated to the intrastate jurisdiction.
- 20 ▪ B-2 lists Staff's individual adjustments to the Company's pro forma test year
21 income statement.
- 22 ▪ B-3 contains an explanation of Staff's adjustments to the income statement.
- 23 ▪ B-4-1 shows the calculation of the Company's interest expense.

- 1 ▪ C-1 shows the Company’s test year and Staff adjusted capital structure.
- 2 ▪ C-2 lists Staff’s individual adjustments to the Company’s pro forma capital
- 3 structure.
- 4 ▪ C-3 contains an explanation of Staff’s adjustment to the capital structure.

5 **Q. Are Staff’s adjustments allocated to the interstate and intrastate jurisdictions prior**
6 **to inclusion in Staff’s schedules?**

7 A. No. Staff calculated its adjustments on a total company basis, with the adjustments
8 allocated between the interstate and intrastate jurisdictions, based on separations factors.
9 Some amounts, such as audit expense, are directly assigned to the appropriate jurisdiction.
10 Staff witness Roxie McCullar sponsors testimony regarding the review of Cunningham’s
11 separations study.

12 **V. RATE BASE ADJUSTMENTS**

13 **A. *PLANT-IN-SERVICE***

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

15 A. Staff Adjustment No. 1 (RB-1) increases Cunningham’s Rate Base by \$464,211 on a total
16 company basis or \$311,246 on an intrastate basis.⁴ Staff’s adjustment updates the
17 Company’s plant balances included in the Application through September 30, 2024. Staff
18 contends that it is appropriate to update this amount to ensure that Cunningham’s plant
19 balances reflect the most updated ongoing investment available, thus more accurately
20 calculating the Company’s cost of universal service. This ensures that Cunningham has an
21 opportunity to earn a ‘return on’ and a ‘return of’ plant that is currently being utilized to

⁴ See Exhibit KLF-1 and KLF-1a.

1 provide regulated telecommunications services, while ensuring that the Company does not
2 continue to earn a return on or of plant that is no longer in service.

3 ***B. ACCUMULATED DEPRECIATION***

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

5 A. Staff Adjustment No. 2 (RB-2) decreases Cunningham’s Rate Base by reflecting the
6 increase in the accumulated depreciation account by \$872,915 on a total company basis or
7 \$463,637 on an intrastate basis.⁵ This adjustment updates accumulated depreciation
8 through September 30, 2024. This approach corresponds with the time period through
9 which Staff updated plant balances in Adjustment RB-1 and is necessary for the
10 synchronization of plant in service balances with accumulated depreciation. Updating
11 accumulated depreciation ensures the proper amount of capital that has been returned to
12 Cunningham is recognized and, therefore, a ‘return on’ is no longer needed.

13 ***C. TELEPHONE PLANT UNDER CONSTRUCTION***

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

15 A. Staff Adjustment No. 3 (RB-3) decreases Cunningham’s Rate Base by \$141,929 on a total
16 company basis or \$98,963 on an intrastate basis.⁶ Staff’s adjustment removes the balance
17 of Telephone Plant Under Construction included in Cunningham’s Application.

18 **Q. Please provide an explanation of how TPUC has been treated in previous KUSF**
19 **Applications.**

20 A. TPUC are costs incurred during the construction of a company’s plant. These costs remain
21 in TPUC during the construction period and are not transferred to a company’s depreciable
22 plant until construction is complete. In recent base rate cases, Staff has made adjustments

⁵ See Exhibit KLF-2 and KLF-2a.

⁶ See Exhibit KLF-3.

1 to a utility's Construction Work in Progress (CWIP), similar to TPUC, balance in
2 accordance with K.S.A. 66-128, which states:

3 (b)(1) For the purposes of this act, except as provided by subsection (b)(2), property
4 of any public utility which has not been completed and dedicated to commercial
5 service shall not be deemed to be used and require to be used in the public utility's
6 service to the public. (2) Any public utility property described in subsection (b)(1)
7 shall be deemed to be completed and dedicated to commercial service if: (A)
8 Construction of the property will be commenced and completed in one year or less:
9 (B) the property is an electric generation facility that converts wind, solar, biomass,
10 landfill gas or any other renewable source of energy; (C) the property is an electric
11 generation facility or addition to an electric generation facility; or (D) the property
12 is an electric transmission line, including all towers, poles and other necessary
13 appurtenances to such lines, which will be connected to an electric generation
14 facility.⁷

15 In accordance with the statute above, Staff removes CWIP, or TPUC, that is not in service
16 12 months after the end of the test year. In this case, that means no TPUC shall be included
17 for KUSF support.

18 ***D. MATERIALS AND SUPPLIES***

19 **Q. Please continue by discussing Staff Adjustment No. 4 to the Rate Base.**

20 A. Staff Adjustment No. 4 (RB-4) to Rate Base decreases Cunningham's Rate Base by \$9,271
21 on a total company basis or \$6,619 on an intrastate basis.⁸ Staff's adjustment to materials
22 and supplies reduces Cunningham's inventory levels to reflect a normalized level of
23 materials and supplies. As depicted in Exhibit KLF-4, Cunningham's materials and
24 supplies balance consistently increases from 2018 to 2022. During the 2023 test year, the
25 Company's balance decreased by 6.3 percent. As a result, Staff contends that a five-year
26 average more accurately reflects the materials and supplies balance that can be expected to
27 support ongoing operations.

⁷ See K.S.A. 66-128.

⁸ See Exhibit KLF-4.

1 **E. CASH WORKING CAPITAL**

2 **Q. Please discuss Staff's proposed adjustment to Cash Working Capital.**

3 A. Staff Adjustment No. 5 (RB-5) to Rate Base decreases total company CWC by \$15,625
4 and directly assigns to intrastate operations a CWC level of \$70,166.⁹ This adjustment
5 computes a CWC allowance using Staff's adjusted expense amounts and the standard
6 allowance method (SAM). This adjustment is shown on Schedule A-3 of the Staff
7 Accounting Schedules.

8 While CWC is usually calculated using a lead-lag study, Staff's calculation is based on the
9 15-day standard allowance method. This methodology is consistent with the Commission
10 Order in Docket No. 01-SNKT-554-AUD (01-554 Docket), in which the Commission
11 stated that, while it prefers an individualized company lead-lag study, it recognizes that
12 such a study could be cost prohibitive to some companies. The Commission also concluded
13 that if a company uses the SAM to calculate CWC in its filings with the FCC and National
14 Exchange Carriers Association (NECA), the Commission will accept a company's use of
15 the SAM in these KUSF audits.¹⁰ Through discovery, Staff was able to verify that
16 Cunningham utilizes the SAM to calculate CWC in its filings with the FCC and NECA.
17 Therefore, consistent with the Commission's Order in the 01-544 Docket, Staff's
18 adjustment also utilizes the same methodology in its CWC calculation.

19 Additionally, the Commission stated that "[t]he Commission will not routinely adopt an
20 adjustment to the Standard Allowance Method, proposed either by the company or by Staff,

⁹ Staff's adjustment decreases Cunningham's CWC balance of \$122,958 by \$15,625, resulting in a total CWC balance of \$107,333. Of that amount, \$70,166 is then allocated to intrastate operations.

¹⁰ *Order Setting Revenue Requirements*, 01-544 Docket, p. 25, ¶ 62 (Sept. 11, 2001).

1 unless it reflects a factual circumstance of that company that has a material impact on its
2 CWC need and that is not otherwise captured in the methodology.”

3 **Q. Will the CWC requirement need to be updated if Staff’s adjusted income statement**
4 **changes?**

5 A. Yes. Any Commission decision that results in changes to Staff’s adjusted income
6 statement will also result in a change to Cunningham’s CWC requirements.

7 **VI. INCOME STATEMENT ADJUSTMENTS**

8 **A. *DEPRECIATION EXPENSE***

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

10 A. Staff Adjustment No. 2 (IS-2) increases Cunningham’s depreciation expense by \$20,405
11 on a total company basis or \$14,467 on an intrastate basis.¹¹ Staff calculates depreciation
12 expense on a going-forward basis based upon the plant account balances of Cunningham’s
13 depreciable assets and accumulated depreciation reflected in Adjustment Nos. RB-1 and
14 RB-2, respectively. Staff multiplied its adjusted net depreciable plant balances by
15 Cunningham’s Commission-approved depreciation rates to yield an updated annualized
16 depreciation expense for each plant account. Staff’s annualized regulated depreciation
17 expense is then compared against Cunningham’s annualized depreciation expense, with the
18 difference being Staff’s adjustment. Staff’s calculations are detailed on Exhibit KLF-5 and
19 5a. This adjustment may change with any changes in the plant in service and accumulated
20 depreciation balances.

¹¹ See Exhibit KLF-5 and KLF-5a.

1 **B. PAYROLL EXPENSE**

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

3 A. Staff Adjustment No. 3 (IS-3) decreases Cunningham's payroll expense by \$207,037 on a
4 total company basis or \$138,445 on an intrastate basis.¹² Staff's adjustment to payroll
5 expense is comprised of two components: (1) normalization of payroll expense; and (2)
6 compensation disallowance.

7 **Q. Please explain the first component of Staff's adjustment to payroll expense.**

8 A. To calculate a normalized, or on-going, level of payroll expense, Staff's adjustment reflects
9 changes to employee salaries subsequent to the test year. This includes known and
10 measurable annual salary merit increases that went into effect on January 1, 2024, as well
11 as newly hired employees and employees separated from the Company after the test year
12 ending December 31, 2023. To account for these changes, Staff's adjustment annualizes
13 the actual salary expense for the pay period of January 1, 2024, through September 30,
14 2024. Staff then applied the current labor distribution based on the same pay period, to
15 distribute Staff's Pro Forma payroll expense. Staff contends this is appropriate to establish
16 the Company's most current level of overtime, position levels, and plant and construction
17 activities on a going-forward basis. Staff's adjustment to normalize payroll expense
18 decreases Cunningham's regulated payroll expense by \$39,564.

19 **Q. Please explain the second component of Staff's adjustment to payroll expense.**

20 A. To determine the reasonableness of the salary levels of labor costs the Company is seeking
21 to be recovered from the KUSF, Staff prepared a comparison of employee compensation
22 to other similarly sized telephone companies.¹³ In doing so, Staff compared the salaries

¹² See Exhibit KLF-6 through KLF-6c.

¹³ Staff Exhibit KLF-6d.

1 and bonuses of Cunningham employees with the compensation amounts reported in the
2 Rural Broadband Industry 2023 Survey of Compensation and Benefits Report¹⁴ (2023
3 Survey Report). The 2023 Survey Report represents annual base salaries in effect as of
4 January 2023 and bonuses paid in 2022. Therefore, Staff used Cunningham salaries that
5 went into effect January 1, 2023, and bonuses paid out in November and December of
6 2022, to compare to the report. Staff's analysis shows that, out of the 29 Cunningham
7 employees that allocate time to the regulated side of the business, 26 of the employees'
8 respective salaries are below or within the 2023 Survey Report's midrange and three
9 employees' salaries exceeded the 75th percentile. Therefore, Staff's adjustment disallows
10 the regulated portion of compensation related to the three employees earning an excessive
11 level of salaries, based on the survey results for similar positions in comparable telephone
12 companies, in the amount of \$203,040.¹⁵

13 **Q. Please describe Staff's methodology in selecting comparable company compensation**
14 **data.**

15 A. The 2023 Survey Report profiles employee compensation data submitted by 264 telephone
16 companies by region, and by various measures of size including operating revenue, number
17 of access lines, and number of employees, as well as the number of years in the position.
18 For each position of employment, Staff used the aforementioned criteria to calculate an
19 average salary and bonus comparable with those positions at other telephone companies of
20 similar size and location.

¹⁴ The title of the survey was changed this year from NTCA 2022 Compensation and Benefits Report to Rural Broadband Industry 2023 Compensation and Benefits Report to reflect NTCA's partnership on this project with ACA Connects, a national association representing small- and medium-sized independent broadband, video, and communications providers. See Rural Broadband Industry 2023 Compensation and Benefits Report, pg. 1.

¹⁵ Staff Exhibit KLF-6e.

1 **Q. How did Staff determine prevailing compensation?**

2 A. The 2023 Survey Report breaks down reported salary and bonus data by position with
3 various percentiles. Staff selected the 2023 Survey Report's 75th percentile as the top of
4 the range representing the prevailing rate of pay. Page 5 of the 2023 Survey Report states
5 that "[t]ogether, the 25th percentile and the 75th percentile define the middle 50% of all
6 salaries paid for the job. This midrange, based on the reported salaries for the position,
7 generally is considered the most reliable indicator of prevailing salaries."

8 **Q. What other factors did Staff consider in its adjustment to disallow employee
9 compensation in excess of prevailing salaries?**

10 A. Staff considered the following factors in its disallowance of employee compensation in
11 excess of prevailing salaries:

12 1. There is no independent review, authorization, or oversight for the level of
13 compensation paid to key management employees, since the owners and directors of
14 the Company set their own compensation.

15 2. The Company did not initiate any reductions or cost cutting measures to limit or reduce
16 discretionary bonuses in light of the fact that the Company requested an increase in
17 their KUSF funding due to a reported revenue deficiency. In other words, the Company
18 was requesting KUSF funds to maintain a level of compensation and bonuses in excess
19 of prevailing compensation.

20 3. Staff's calculated disallowance of employee compensation including bonuses is
21 conservative since the 2023 Survey Report presents bonuses based on all reporting
22 telephone companies, including telephone companies with a significantly greater
23 number of employees, operating revenues, and access lines.

1 4. The Commission has the authority, discretion, and responsibility to ensure only
2 reasonable expenses necessary for the provision of regulated telephone service are
3 funded by the KUSF. Staff believes the compensation levels of key management
4 employees in excess of prevailing salaries are not necessary to attract and retain
5 qualified employees, and, therefore, not necessary for the provision of regulated
6 telephone service and not necessary to ensure all customers have access to affordable
7 telephone service.

8 5. Staff's adjustment to disallow excessive employee compensation does not act to restrict
9 management's discretion to pay whatever level of salaries and bonuses it desires but
10 rather serves to limit the recovery of excessive compensation from KUSF funds.

11 **Q. Has the Commission addressed excessive employee compensation in prior KUSF**
12 **dockets?**

13 A. Yes. To aid the Commission in its determination of the reasonableness of the level of labor
14 costs companies seek recover from the KUSF, Staff has routinely conducted salary
15 comparison studies in KUSF audits.

16 In the KUSF Docket No. 15-MRGT-097-AUD,¹⁶ the Commission affirmed the
17 Commission's accepted, historical practice of applying comparative analysis to evaluate
18 employee compensation. The Commission accepted Staff's proposed adjustment to remove
19 the amount of employee compensation that exceeded Staff's calculations of prevailing rates

¹⁶ Docket No. 15-MRGT-097-AUD, In the Matter of the Application of Moundridge Telephone Company, Inc. for Additional Kansas Universal Service Fund Support. April 27, 2015, Order Setting Annual Cost-Based Universal Service Support For Moundridge Telephone Company, Inc. Referenced use of the NTCA Survey as historical Commission practice is also evidenced by its use in Docket Nos. 13-JBNT-437-KSF, 13-CRKT-268-KSF, 13-Pltt-678-KSF and 14-WTCT-142-KSF.

1 of pay based on data contained in the 2014 NTCA Survey and using the same methodology
2 as Staff is using in this docket.

3 Staff also recommended an adjustment to disallow compensation in excess of prevailing
4 rates of pay in KUSF Docket 15-TWVT-213-AUD. In her direct testimony, Staff witness
5 Ann Diggs states, “Staff’s adjustment to disallow excessive employee compensation does
6 not act to restrict or usurp management’s discretion to pay whatever level of salaries and
7 bonuses it desires but serves to limit the recovery of excessive compensation from KUSF
8 funds.”¹⁷ Likewise, Staff incorporates the same rationale into its adjustment in the current
9 docket.

10 Furthermore, the Commission previously expressed its concerns in comments submitted to
11 the FCC¹⁸ that the level of employee compensation included in the regulated revenue
12 requirement should not burden universal service mechanisms to the benefit of a few.

13 ***C. EMPLOYEE BENEFIT AND PAYROLL TAX EXPENSE***

14 **Q. Please continue by discussing Staff Adjustment No. 4 to the Income Statement.**

15 A. Staff Adjustment No. 4 (IS-4) decreases Cunningham’s employee benefit and payroll tax
16 expense by \$157,464 on a total company basis or decreases \$102,817 on an intrastate
17 basis.¹⁹ Staff’s adjustment updates the Company’s current employee benefits to normalize
18 the increases to insurance premiums, adjusts Cunningham’s FICA and Medicare payroll
19 tax expense to reflect current salary levels, and removes test year profit sharing
20 distributions.

¹⁷ Direct Testimony of Ann Diggs, page 29, lines 8-11.

¹⁸ Comments of the Kansas Corporation Commission Supporting the FCC’s Initiatives Regarding Expenses, Cost Allocations and Affiliate Transactions. WC Docket No. 10-90, WC Docket No. 14-58, CC Docket No. 01-92, May 12, 2016.

¹⁹ See Exhibit KLF-7 through KLF-7d.

1 Staff calculated the Company's current level of employer-paid insurance premiums based
2 on the current applicable monthly billings for twelve-months ending September 30, 2024.
3 Staff utilized the updated labor distribution calculated in Staff Exhibit KLF-6a to allocate
4 these expenses.

5 Staff's adjustment also recommends the disallowance of Cunningham's test year profit
6 sharing distributions. Staff contends that including profit sharing expenses in the
7 Company's cost of service on a going forward basis to be recovered through the KUSF is
8 not warranted for the following reasons:

9 (a) Employees are compensated for job responsibilities and performance through
10 their salary and bonus structure. Profit sharing distributions are not necessary for
11 the provision of regulated telephone service.

12 (b) Profit sharing distributions to employees would be enabled either by excess
13 profits of the Company's regulated operations or excess profits related to non-
14 regulated activities. In either case, distributions of excess profits to Cunningham
15 employees should not be recovered through the KUSF.

16 (c) It is inappropriate to build discretionary expenses into the Company's cost of
17 service to be recovered on a going forward basis.

18 Staff's adjustment to payroll tax is the difference between the 7.65% employer's share of
19 FICA and Medicare taxes, taking into account current FICA tax limitations, applied to its
20 proforma payroll expense and the Company's test year payroll expense.

21

22

1 **D. EMPLOYEE CONCESSIONS**

2 **Q. Please continue by discussing Staff Adjustment No. 5 to the Income Statement.**

3 A. Staff Adjustment No. 5 (IS-5) decreases Cunningham’s employee concessions expense by
4 \$35,792 on a total company basis or decreases \$23,081 on an intrastate basis.²⁰ Staff’s
5 adjustment recommends a disallowance of a portion of employee concessions from the test
6 year expense by removing the amounts associated with cable television and internet service
7 paid by Cunningham on behalf of employees. Staff finds the inclusion of employee perks
8 related to non-regulated services for the Company's regulated operations to be excessive,
9 unnecessary, and inefficient. Such expense is not necessary for the provision of regulated
10 telephone service and should not be recovered through the KUSF. After calculating the
11 above adjustments, Staff distributed its resulting total pro forma employee benefits among
12 all accounts using the Company’s allocation percentages provided in response to Staff Data
13 Request No. 86 regarding distribution of Account No. 6728.200, Other General &
14 Administrative – Employee Concessions.

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

16 A. Yes, thank you.

17

18

19

20

21

²⁰ See Exhibit KLF-8 through KLF-8a.

1 **VII. SUMMARY OF EXHIBITS**

2	<u>Exhibit No.</u>	<u>Description</u>
3	KLF-1	Work paper for Plant in Service Adjustment
4	KLF -1a	Work paper for calculation of Staff Plant in Service Adjustment
5	KLF-2	Work paper for Accumulated Depreciation Adjustment
6	KLF-2a	Work paper for calculation of Staff Accumulated Depreciation Adjustment
7	KLF-3	Work paper for Telephone Plant Under Construction
8	KLF-4	Work paper for Materials and Supplies
9	KLF-5	Work paper for Depreciation Expense Adjustment
10	KLF-5a	Detail paper for Depreciation Expense Adjustment
11	KLF-6	Work paper for Payroll Expense Adjustment
12	KLF-6a	Summary for Payroll Expense Adjustment
13	KLF-6b	Detail paper for Updated Labor Distribution CONFIDENTIAL
14	KLF-6c	Detail paper for Test Year Labor Distribution CONFIDENTIAL
15	KLF-6d	Salary + Bonus Comparison by Position CONFIDENTIAL
16	KLF-6e	Detail paper for Compensation Disallowance CONFIDENTIAL
17	KLF-7	Work paper for Employee Benefit & Payroll Tax Expense Adjustment
18	KLF-7a	Employee Benefit & Payroll Tax Expense Adjustment Distribution
19	KLF-7b	Summary for Employee Benefit & Payroll Tax Expense Adjustment
20	KLF-7c	Detail paper for Employee Benefit Expense Adjustment
21	KLF-7d	Detail paper for Payroll Tax Expense Adjustment
22	KLF-8	Work paper for Employee Concessions Expense Adjustment
23	KLF-8a	Detail paper for Employee Concessions Expense CONFIDENTIAL

Cunningham Telephone Company, Inc.
 Plant in Service
 Rate Base Adjustment No. 1
 Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
 Exhibit KLF-1

Line No.	Account No.	Description	Staff Adjustment to Update Plant Balance	Staff Regulated Percentage	Staff Regulated Plant Adjustment	Intrastate Separations	Intrastate Adjustment
1	2116.000	Other Work Equipment	11,173	71.85%	8,028	0.697271	5,598
2	2121.000	Buildings	156,508	71.85%	112,451	0.697271	78,409
3	2124.000	General Purpose Computers	2,172	71.85%	1,561	0.697271	1,088
4	2232.500	Circuit Equipment - FTTH	302,311	100%	302,311	0.653946	197,695
5	2423.300	Buried Cable - Fiber	39,860	100%	39,860	0.713909	28,456
6			<u>\$ 512,024</u>		<u>\$ 464,211</u>		<u>\$ 311,246</u>

Source: Exhibit KLF-1a

Cunningham Telephone Company, Inc.
Plant in Service
Rate Base Adjustment No. 1
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-1a

Line No.	Account No.	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	
			Plant Book Balance Per Application	Company Cost Study Adjustments	Company Normalizing Adjustments	Company Normalized Balance	Trial Balance as of September 30, 2024	Staff Adjustment to Plant Balance	Staff Adjusted Plant Balance	
						(a) + (b) + (c)			(e) - [(a) + (c)]	(d) + (f)
General Support Assets										
1	2111.000	Land	12,357	(3,479)	-	8,878	12,357	(0)	8,878	
2	2112.000	Motor Vehicles - Common	4,455	-	-	4,455	4,455	-	4,455	
3	2112.100	Motor Vehicles - Regulated	45,937	-	-	45,937	45,937	0	45,937	
4	2115.000	Garage Work Equipment	970	-	-	970	970	0	970	
5	2116.000	Other Work Equipment	613,249	-	11,173	624,422	635,595	11,173	635,595	
6	2121.000	Buildings	887,212	(249,767)	10,685	648,130	1,054,405	156,508	804,638	
7	2122.000	Furniture	176,963	(49,819)	-	127,144	176,963	0	127,144	
8	2123.100	Office Equipment - Office Support Equipment	26,761	(7,534)	-	19,227	26,761	0	19,227	
9	2123.200	Office Equipment - Company Communications	19,056	(5,365)	-	13,691	19,056	(0)	13,691	
10	2123.400	Office Equipment - Items \$200 or less	279	(79)	-	200	279	0	200	
11	2124.000	General Purpose Computers	85,506	(24,071)	15,962	77,397	103,640	2,172	79,569	
12		Total General Support Facilities	1,872,745	(340,114)	37,820	1,570,451	2,080,419	169,854	1,740,305	
Central Office Assets										
13	2212.000	Digital Switching	488,797	(281,746)	-	207,051	488,797	(0)	207,051	
14	2212.100	Digital Switching - Common Power	55,776	-	-	55,776	55,776	0	55,776	
15	2212.200	Robocall Software	40,430	(4,523)	-	35,907	40,430	(0)	35,907	
16	2232.000	Circuit Equipment - Digital	920,728	-	-	920,728	920,728	0	920,728	
17	2232.300	Circuit Equipment - Digital Toll	78,301	-	-	78,301	78,301	(0)	78,301	
18	2232.400	Circuit Equipment - DSL	656,657	50,900	-	707,557	656,657	(0)	707,557	
19	2232.500	Circuit Equipment - FTTH	1,367,978	-	225,562	1,593,540	1,895,851	302,311	1,895,851	
20	2232.600	Speed Testing Equipment	43,986	-	-	43,986	43,986	(0)	43,986	
21		Total Central Office Equipment	3,652,653	(235,369)	225,562	3,642,846	4,180,526	302,311	3,945,157	
Cable & Wire Facilities Assets										
22	2421.000	Aerial Cable Fiber	49,386	-	-	49,386	49,386	0	49,386	
23	2423.000	Buried Cable - Metallic	48,796	-	-	48,796	48,796	0	48,796	
24	2423.200	Buried Cable - Toll Fiber	341,617	-	-	341,617	341,617	0	341,617	
25	2423.300	Buried Cable - Fiber	14,784,569	-	5,745	14,790,314	14,830,174	39,860	14,830,174	
26	2423.400	Buried Cable - Fiber Toll CC to GE	133,254	-	-	133,254	133,254	0	133,254	
27		Total Cable & Wire Facilities	15,357,622	-	5,745	15,363,367	15,403,228	39,861	15,403,228	
28	2690.000	Intangibles	-	-	-	-	-	-	-	
29		Total Regulated Plant	\$ 20,883,020	\$ (575,483)	\$ 269,127	\$ 20,576,664	\$ 21,664,173	\$ 512,026	\$ 21,088,690	

Sources: Cunningham Telephone Company's Application, Section 4
Cunningham Telephone Company's Response to Staff Data Request No. 4, Trial Balance
Cunningham Telephone Company's Response to Staff Data Request No. 66, Updated Trial Balance

Cunningham Telephone Company, Inc.
Accumulated Depreciation
Rate Base Adjustment No. 2
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-2

Line No.	Account No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	3100	Staff Adjustment to Accumulated Depreciation	<u>\$ 872,915</u>	0.531136	<u>\$ 463,637</u>
			(A)	(B)	(C)
Line No.	Account No.	Description	Staff Adjustment to Accum. Depr.	Staff Regulated %	Staff Regulated Accum. Depr. Adjustment
		General Support Assets			
2	3112.000	Motor Vehicles - Common	-	71.85%	-
3	3112.100	Motor Vehicles - Regulated	0	71.85%	0
4	3115.000	Garage Work Equipment	0	71.85%	0
5	3116.000	Other Work Equipment	25,305	71.85%	18,182
6	3121.000	Buildings	33,845	71.85%	24,318
7	3122.000	Furniture	0	71.85%	0
8	3123.100	Office Equipment - Office Support Equipment	3,633	71.85%	2,610
9	3123.200	Office Equipment - Company Communication	2,587	71.85%	1,859
10	3123.400	Office Equipment - items \$200 or less	0	71.85%	0
11	3124.000	General Purpose Computers	13,454	71.85%	9,667
12		Total General Support Facilities	<u>\$ 78,826</u>		<u>\$ 56,636</u>
		Central Office Equipment			
13	3212.000	Digital Switching	(0)	100%	(0.06)
14	3212.100	Digital Switching - Common Power	0	100%	0.35
15	3212.200	Robocall Software	3,511	100%	3,510.95
16	3232.000	Circuit Equipment - Digital	0	100%	0.35
17	3232.300	Circuit Equipment - Digital Toll	(0)	100%	(0.15)
18	3232.400	Circuit Equipment - DSL	863	100%	862.56
19	3232.500	Circuit Equipment - FTTH	176,658	100%	176,658.35
20	3232.600	Speed Testing Equipment	5,278	100%	5,278.43
21		Total Central Office Transmission	<u>\$ 186,311</u>		<u>\$ 186,311</u>
		Cable & Wire Facilities Assets			
22	3421.000	Aerial Cable - Fiber	0	100%	0
23	3423.000	Buried Cable - Metallic	0	100%	0
24	3423.200	Buried Cable - Toll Fiber	(283)	100%	(283)
25	3423.300	Buried Cable - Fiber	630,250	100%	630,250
26	3423.400	Buried Cable - Toll Fiber CC to GE	0	100%	0
27		Total Cable & Wire Facilities Assets	<u>\$ 629,968</u>		<u>\$ 629,968</u>
28		Intangibles	-	100%	-
29		Total Accumulated Depreciation	<u>\$ 895,105</u>		<u>\$ 872,915</u>

Source: Exhibit KLF-2a

Cunningham Telephone Company, Inc.
Accumulated Depreciation
Rate Base Adjustment No. 2
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-2a

Line No.	Account No.	Description	(A) Company Book Balance Per Application	(B) Company Cost Study Adjustments	(C) Company Normalizing Adjustments	(D) Company Normalized Balance (a) + (b) + (c)	(E) Trial Balance as of September 30, 2024	(F) Staff Adjustment to Accum. Depr. (e) - [(a) + (c)]	(G) Staff Adjusted Accum. Depr. (d) + (f)
General Support Assets									
1	3112.000	Motor Vehicles - Common	4,455	-	-	4,455	4,455	4,455	
2	3112.100	Motor Vehicles - Regulated	45,937	-	-	45,937	45,937	45,937	
3	3115.000	Garage Work Equipment	970	-	-	970	970	970	
4	3116.000	Other Work Equipment	610,290	-	-	610,290	635,595	635,595	
5	3121.000	Buildings	748,310	(210,664)	-	537,646	782,155	571,491	
6	3122.000	Furniture	176,963	(49,819)	-	127,144	176,963	127,144	
7	3123.100	Office Equipment - Office Support Equipment	21,813	(6,141)	-	15,672	25,446	19,305	
8	3123.200	Office Equipment - Company Communication	5,271	(1,484)	-	3,787	7,858	6,374	
9	3123.400	Office Equipment - items \$200 or less	279	(79)	-	200	279	200	
10	3124.000	General Purpose Computers	80,039	(22,533)	-	57,506	93,493	70,960	
11		Total General Support Facilities	1,694,327	(290,720)	-	1,403,607	1,773,153	1,482,433	
Central Office Equipment									
12	3212.000	Digital Switching	488,797	(281,746)	-	207,051	488,797	207,051	
13	3212.100	Digital Switching - Common Power	55,776	-	-	55,776	55,776	55,776	
14	3212.200	Robocall Software	9,364	-	-	9,364	12,875	12,875	
15	3232.000	Circuit Equipment - Digital	920,728	-	-	920,728	920,728	920,728	
16	3232.300	Circuit Equipment - Digital Toll	78,301	-	-	78,301	78,301	78,301	
17	3232.400	Circuit Equipment - DSL	655,794	46,378	-	702,172	656,657	703,035	
18	3232.500	Circuit Equipment - FTTH	1,270,173	-	-	1,270,173	1,446,831	1,446,831	
19	3232.600	Speed Testing Equipment	8,793	-	-	8,793	14,071	14,071	
20		Total Central Office Equipment	3,487,726	(235,368)	-	3,252,358	3,674,037	3,438,669	
Cable & Wire Facilities Assets									
21	3421.000	Aerial Cable - Fiber	49,386	-	-	49,386	49,386	49,386	
22	3423.000	Buried Cable - Metallic	48,796	-	-	48,796	48,796	48,796	
23	3423.200	Buried Cable - Toll Fiber	341,900	-	-	341,900	341,617	341,617	
24	3423.300	Buried Cable - Fiber	12,091,437	-	-	12,091,437	12,721,687	12,721,687	
25	3423.400	Buried Cable - Toll Fiber CC to GE	133,254	-	-	133,254	133,254	133,254	
26		Total Cable & Wire Facilities Assets	12,664,773	-	-	12,664,773	13,294,741	13,294,741	
27	3690	Intangibles	-	-	-	-	-	-	
28		Total Accumulated Depreciation	\$ 17,846,826	\$ (526,088)	\$ -	\$ 17,320,738	\$ 18,741,931	\$ 18,215,843	

Sources: Cunningham Telephone Company's Application, Section 5
Cunningham Telephone Company's Response to Staff Data Request No. 4, Trial Balance
Cunningham Telephone Company's Response to Staff Data Request No. 66, Updated Trial Balance

Cunningham Telephone Company, Inc.
Telephone Plant Under Construction
Rate Base Adjustment No. 3
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-3

Line No.	Account No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	2003	Staff Adjustment to Telephone Plant Under Construction	<u>\$ (141,929)</u>	0.697271	<u>\$ (98,963)</u>

Source: Cunningham Telephone Company's Application, Section 4

Line No.	Account No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	1220	Staff Adjustment to Materials & Supplies	<u>\$ (9,271)</u>	0.713909	<u>\$ (6,619)</u>
			<u>Year</u>	<u>Account Balance</u>	<u>Percent Increase/Decrease</u>
2		Materials & Supplies Balance	2018	219,337	
3			2019	232,450	5.98%
4			2020	259,651	11.70%
5			2021	282,283	8.72%
6			2022	305,449	8.21%
7			2023	286,087	-6.34%
8		5 Year Average		<u>273,184</u>	
9		Staff's Adjustment to Materials & Supplies		<u>\$ (12,903)</u>	
10		Staff Calculated Regulated Percentage		<u>71.85%</u>	
11		Staff's Adjustment to Materials & Supplies		<u>\$ (9,271)</u>	

Sources: Cunningham Telephone Company, Inc.'s Annual Report as filed with the Kansas Corporation Commission
Cunningham Telephone Company, Inc.'s Response to Staff Data Request No. 4 - Trial Balance
Cunningham Telephone Company, Inc.'s Application, Section 8

Cunningham Telephone Company, Inc.
 Depreciation Expense
 Income Statement Adjustment No. 2
 Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
 Exhibit KLF-5

Line No.	Account No.	Description	Total Company	Intrastate Separations	Intrastate Adjustment
1	6560	Staff Adjustment to Depreciation Expense	<u>\$ 20,405</u>	0.709002	<u>\$ 14,467</u>
		<u>Breakdown of Adjustment:</u>			
2		Staff normalized regulated depreciation expense	1,198,396		
3		Cunningham's depreciation expense pro forma	1,177,991		
4	6560	Staff Adjustment to Depreciation Expense	<u>\$ 20,405</u>		

Sources: Cunningham Telephone Company's Application, Section 9
 Exhibit KLF-5a

Line No.	Plant FERC Account	(A) Plant Book Balance	(B) Cost Study Adjustment	(C) Normalizing Adjustment	(D) Staff Adjustment	(E) Staff Adjusted Gross Plant	(F) Acc. Dep. Book Balance	(G) Cost Study Adjustment	(H) Normalizing Adjustment	(I) Staff Adjustment	(J) Staff Adjusted Acc. Dep.	(K) Staff Adjusted Net Book	(L) Depreciation Rate	(M) Annual Depreciation	(N) Staff Annualized Depreciation ⁽¹⁾	(O) Staff's Regulated Percentage	(P) Staff's Regulated Depreciation
					(a) + (b) + (c) + (d)						(f) + (g) + (h) + (i)	(e) + (j)	(e) * (l)		(n) * (o)		
1	2111.000 Land	12,357	(3,479)	-	(0)	8,878	-	-	-	-	-	8,878	0.00%	-	-	71.85%	-
2	2112.000 Motor Vehicles - Common	4,455	-	-	-	4,455	(4,455)	-	-	-	(4,455)	-	26.27%	1,170	-	71.85%	-
3	2112.100 Motor Vehicles - Regulated	45,937	-	-	0	45,937	(45,937)	-	-	(0)	(45,937)	-	26.27%	12,068	-	71.85%	-
4	2115.000 Garage Work Equipment	970	-	-	0	970	(970)	-	-	(0)	(970)	-	19.12%	185	-	71.85%	-
5	2116.000 Other Work Equipment	613,249	-	11,173	11,173	635,595	(610,290)	-	-	(25,305)	(635,595)	-	23.80%	151,272	-	71.85%	-
6	2121.000 Buildings	887,212	(249,767)	10,685	156,508	804,638	(748,310)	210,664	-	(33,845)	(571,491)	233,146	5.02%	40,393	40,393	71.85%	29,022
7	2122.000 Furniture	176,963	(49,819)	-	0	127,144	(176,963)	49,819	-	(0)	(127,144)	-	15.57%	19,796	-	71.85%	-
8	2123.100 Office Equipment - Office Support Equipment	26,761	(7,534)	-	0	19,227	(21,813)	6,141	-	(3,633)	(19,305)	-	18.10%	3,480	-	71.85%	-
9	2123.200 Office Equipment - Company Communications	19,056	(5,365)	-	(0)	13,691	(5,271)	1,484	-	(2,587)	(6,374)	7,317	18.10%	2,478	2,478	71.85%	1,780
10	2123.400 Office Equipment - Items \$200 or less	279	(79)	-	0	200	(279)	79	-	(0)	(200)	-	18.10%	36	-	71.85%	-
11	2124.000 General Purpose Computers	85,506	(24,071)	15,962	2,172	79,569	(80,039)	22,533	-	(13,454)	(70,960)	8,609	18.10%	14,402	8,609	71.85%	6,185
12	Total General Support Facilities	1,872,745	(340,114)	37,820	169,854	1,740,305	(1,694,327)	290,720	-	(78,826)	(1,482,433)	257,950		245,281	51,480		36,988
13	2212.000 Digital Switching	488,797	(281,746)	-	(0)	207,051	(488,797)	281,746	-	0	(207,051)	-	11.58%	23,976	-	100%	-
14	2212.100 Digital Switching - Common Power	55,776	-	-	0	55,776	(55,776)	-	-	(0)	(55,776)	-	11.58%	6,459	-	100%	-
15	2212.200 Robocall Software	40,430	(4,523)	-	(0)	35,907	(9,364)	-	-	(3,511)	(12,875)	23,032	11.58%	4,158	4,158	100%	4,158.01
16	2232.000 Circuit Equipment - Digital	920,728	-	-	0	920,728	(920,728)	-	-	(0)	(920,728)	-	16.00%	147,317	-	100%	-
17	2232.300 Circuit Equipment - Digital Toll	78,301	-	-	(0)	78,301	(78,301)	-	-	0	(78,301)	-	16.00%	12,528	-	100%	-
18	2232.400 Circuit Equipment - DSL	656,657	50,900	-	(0)	707,557	(655,794)	(46,378)	-	(863)	(703,035)	4,522	16.00%	113,209	4,522	100%	4,522.00
19	2232.500 Circuit Equipment - FTTH	1,367,978	-	225,562	302,311	1,895,851	(1,270,173)	-	-	(176,658)	(1,446,831)	449,020	16.00%	303,336	303,336	100%	303,336.18
20	2232.600 Speed Testing Equipment	43,986	-	-	(0)	43,986	(8,793)	-	-	(5,278)	(14,071)	29,914	16.00%	7,038	7,038	100%	7,037.73
21	Total Central Office Equipment	3,652,653	(235,369)	225,562	302,311	3,945,157	(3,487,726)	235,368	-	(186,311)	(3,438,669)	506,488		618,021	319,054		319,054
22	2421.000 Aerial Cable Fiber	49,386	-	-	0	49,386	(49,386)	-	-	(0)	(49,386)	-	17.58%	8,682	-	100%	-
23	2423.000 Buried Cable - Metallic	48,796	-	-	0	48,796	(48,796)	-	-	(0)	(48,796)	-	5.68%	2,772	-	100%	-
24	2423.200 Buried Cable - Toll Fiber	341,617	-	-	0	341,617	(341,900)	-	-	283	(341,617)	-	5.68%	19,404	-	100%	-
25	2423.300 Buried Cable - Fiber	14,784,569	-	5,745	39,860	14,830,174	(12,091,437)	-	-	(630,250)	(12,721,687)	2,108,487	5.68%	842,354	842,354	100%	842,354
26	2423.400 Buried Cable - Fiber Toll CC to GE	133,254	-	-	0	133,254	(133,254)	-	-	(0)	(133,254)	-	5.68%	7,569	-	100%	-
27	Total Cable & Wire Facilities	15,357,622	-	5,745	39,861	15,403,228	(12,664,773)	-	-	(629,968)	(13,294,741)	2,108,487		880,780	842,354		842,354
28	2690.000 Intangibles	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-	100%	-
29	Total	\$ 20,883,020	\$ (575,483)	\$ 269,127	\$ 512,026	\$ 21,088,690	\$ (17,846,826)	\$ 526,088	\$ -	\$ (895,105)	\$ (18,215,843)	\$ 2,872,925		\$ 1,744,082	\$ 1,212,887		\$ 1,198,396

⁽¹⁾ The value in column (N) is limited to the lesser of col (K) or col (M). If negative, value was increased to zero.

Sources: Cunningham Telephone Company's Application, Sections 4 and 5
 Exhibit KLF-1a
 Exhibit KLF-2a

Cunningham Telephone Company, Inc.
Payroll Expense Adjustment
Income Statement Adjustment No. 3
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-6

Line No.	Account No.	Description	Staff Adjustment Pro Forma Wage & Distribution	Intrastate Separations	Intrastate Adjustment
		Plant Specific Operations Expense			
1	6110	Network Support Expense	(2,088)	0.697271	(1,456)
2	6120	General Support Expense	(4,908)	0.697271	(3,422)
3	6210	Central Office Switching Expense	(18,593)	0.622496	(11,574)
4	6230	Central Office Transmission Expense	(4,628)	0.622496	(2,881)
5	6310	Information Orig/Term Expense	(297)	-	-
6	6410	Cable and Wire Facilities Expense	(12,497)	0.713909	(8,922)
7		Total Plant Specific Operations Expense	<u>\$ (43,012)</u>		<u>\$ (28,255)</u>
		Plant Non-Specific Operations Expense			
8	6510	Other Plant Expense	-	0.697271	-
9	6530	Network Operations Expense	(97,298)	0.697271	(67,843)
10	6540	Access Expense	-	-	-
11	6560	Depreciation & Amortization Expense	-	0.709002	-
12		Total Plant Non-Specific Operations Expense	<u>\$ (97,298)</u>		<u>\$ (67,843)</u>
		Customer Operations Expense			
13	6610	Marketing Expense	(876)	0.661984	(580)
14	6620	Directory Expense	(361)	0.841127	(304)
15	6623	Customer Services Expense	(11,578)	0.628262	(7,274)
16		Total Customer Operations Expense	<u>\$ (12,816)</u>		<u>\$ (8,158)</u>
		Corporate Operations Expense			
17	6710	Executive and Planning Expense	(31,102)	0.673760	(20,955)
18	6720	General and Administrative Expense	(22,809)	0.580201	(13,234)
19		Total Corporate Operations Expense	<u>\$ (53,911)</u>		<u>\$ (34,189)</u>
20		Total Staff Adjustment	<u>\$ (207,037)</u>		<u>\$ (138,445)</u>

Source: Exhibit KLF-6a

Cunningham Telephone Company, Inc.
Payroll Expense Adjustment Summary
Income Statement Adjustment No. 3
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-6a

Line No.	Account No.	Description	Actual 2023 Test Year Wage & Distribution	% Actual 2023 Test Year Distribution	Staff Pro Forma Wage & Distribution	% Staff Pro Forma Distribution	Staff Adjustment Pro Forma Wage & Distribution	Staff Adjustment Comp Disallowance	Staff Regulated Percentage	Subtotal Staff Adjustment Regulated
		Plant Specific Operations Expense								
1	6110	Network Support Expense	6,402	0.29%	3,496	0.15%	(2,906)	-	71.85%	(2,088)
2	6120	General Support Expense	50,141	2.23%	49,029	2.13%	(1,112)	(5,719)	71.85%	(4,908)
3	6210	Central Office Switching Expense	61,757	2.75%	42,698	1.86%	(19,060)	(6,818)	71.85%	(18,593)
4	6230	Central Office Transmission Expense	99,092	4.42%	102,390	4.45%	3,298	(9,739)	71.85%	(4,628)
5	6310	Information Orig/Term Expense	3,131	0.14%	2,717	0.12%	(414)	-	71.85%	(297)
6	6410	Cable and Wire Facilities Expense	152,692	6.80%	146,818	6.38%	(5,874)	(11,520)	71.85%	(12,497)
7		Total Plant Specific Operations Expense	\$ 373,215	16.63%	\$ 347,148	15.09%	\$ (26,067)	\$ (33,796)		\$ (43,012)
		Plant Non-Specific Operations Expense								
8	6510	Other Plant Expense	-	0.00%	-	0.00%	-	-	100%	-
9	6530	Network Operations Expense	355,748	15.85%	370,991	16.13%	15,244	(112,542)	100%	(97,298.05)
10	6540	Access Expense	-	0.00%	-	0.00%	-	-	100%	-
11	6560	Depreciation & Amortization Expense	-	0.00%	-	0.00%	-	-	100%	-
12		Total Plant Non-Specific Operations Expense	\$ 355,748	15.85%	\$ 370,991	16.13%	\$ 15,244	\$ (112,542)		\$ (97,298)
		Customer Operations Expense								
13	6610	Marketing Expense	1,697	0.08%	820	0.04%	(876)	-	100%	(876)
14	6620	Directory Expense	-	0.00%	-	0.00%	-	-	100%	-
15	6622	Number Services Expense	2,449	0.11%	2,088	0.09%	(361)	-	100%	(361)
16	6623	Service Order Processing	19,761	0.88%	18,432	0.80%	(1,328)	(1,187)	100%	(2,516)
17	6623.1	End User Payment & Collections	-	0.00%	-	0.00%	-	-	100%	-
18	6623.2	End User Billing Inquiry	6,191	0.28%	5,061	0.22%	(1,130)	(1,187)	100%	(2,317)
19	6623.3	Rev Acct - CABS	197	0.01%	-	0.00%	(197)	-	100%	(197)
20	6623.4	IXC Service Order Processing	197	0.01%	-	0.00%	(197)	-	100%	(197)
21	6623.5	IXC Payment & Collections	-	0.00%	-	0.00%	-	-	100%	-
22	6623.6	B&C Expense	-	0.00%	-	0.00%	-	-	100%	-
23	6623.7	Toll Ticket Processing	82,114	3.66%	75,763	3.29%	(6,351)	-	100%	(6,351)
24	6629	Other B&C-KS-NR	-	0.00%	-	0.00%	-	-	100%	-
25		Total Customer Operations Expense	\$ 112,606	5.02%	\$ 102,165	4.44%	\$ (10,441)	\$ (2,375)		\$ (12,816)
		Corporate Operations Expense								
26	6710	Executive and Board Expense	101,527	4.52%	92,008	4.00%	(9,519)	(21,583)	100%	(31,102)
27	6721	Accounting/Finance Expense	157,971	7.04%	154,447	6.71%	(3,524)	(10,468)	100%	(13,992)
28	6722	External Relations	-	0.00%	-	0.00%	-	-	100%	-
29	6723	Human Resources	-	0.00%	-	0.00%	-	-	100%	-
30	6726	Procurement	18,557	0.83%	18,828	0.82%	271	-	100%	271
31	6728	Other G&A Expense	57,751	2.57%	52,224	2.27%	(5,527)	(3,561)	100%	(9,088)
32		Total Corporate Operations Expense	\$ 335,806	14.96%	\$ 317,507	13.80%	\$ (18,299)	\$ (35,612)		\$ (53,911)
33		Total Regulated Expense	\$ 1,177,375	52.46%	\$ 1,137,812	49.46%	\$ (39,564)	\$ (184,325)		\$ (207,037)
34		Direct Non-Regulated Expense	1,043,693	46.51%	1,086,321	47.22%	42,628	(18,715)		
35	2003	Telephone Plant Under Construction	23,078	1.03%	76,355	3.32%	53,277	-		
36		Total Salary: TPUC + Reg Expense + Non-Reg Expense	\$ 2,244,147	100.00%	\$ 2,300,488	100.00%	\$ 56,341	\$ (203,040)		

Sources: Exhibits KLF-6b and KLF-6c

Staff Exhibits
KLF-6b, KLF-6c,
KLF-6d, and KLF-6e
are

CONFIDENTIAL

Cunningham Telephone Company, Inc.
Employee Benefit and Payroll Tax Adjustment
Income Statement Adjustment No. 4
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-7

Line No.	Account No.	Description	Staff Adjustment	Intrastate Separations	Intrastate Adjustment
		Plant Specific Operations Expense			
1	6110	Network Support Expense	(974)	0.697271	(679)
2	6120	General Support Expense	(5,247)	0.697271	(3,659)
3	6210	Central Office Switching Expense	(8,407)	0.622496	(5,234)
4	6230	Central Office Transmission Expense	(9,765)	0.622496	(6,079)
5	6310	Information Orig/Term Expense	(365)	-	-
6	6410	Cable and Wire Facilities Expense	(16,252)	0.713909	(11,602)
7		Total Plant Specific Operations Expense	<u>\$ (41,010)</u>		<u>\$ (27,252)</u>
		Plant Non-Specific Operations Expense			
8	6510	Other Plant Expense	-	0.697271	-
9	6530	Network Operations Expense	(48,271)	0.697271	(33,658)
10	6540	Access Expense	-	-	-
11	6560	Depreciation & Amortization Expense	-	0.709002	-
12		Total Plant Non-Specific Operations Expense	<u>\$ (48,271)</u>		<u>\$ (33,658)</u>
		Customer Operations Expense			
13	6610	Marketing Expense	(375)	0.661984	(249)
14	6620	Directory Expense	-	0.841127	-
15	6623	Customer Services Expense	(17,240)	0.628262	(10,831)
16		Total Customer Operations Expense	<u>\$ (17,616)</u>		<u>\$ (11,080)</u>
		Corporate Operations Expense			
17	6710	Executive and Planning Expense	(15,898)	0.673760	(10,712)
18	6720	General and Administrative Expense	(34,669)	0.580201	(20,115)
19		Total Corporate Operations Expense	<u>\$ (50,567)</u>		<u>\$ (30,827)</u>
20		Total Staff Adjustment	<u><u>\$ (157,464)</u></u>		<u><u>\$ (102,817)</u></u>

Source: Exhibit KLF-7a

Cunningham Telephone Company, Inc.
Employee Benefit Payroll Tax Expense Distribution
Income Statement Adjustment No. 4
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-7a

Line No.	Account No.	Description	2023 Test Year Payroll Distribution	Total Actual 2023 Test Year Benefit & Payroll Tax	Staff Pro Forma Payroll Distribution	Total Staff Pro Forma Benefit & Payroll Tax	Staff Adjustment Benefit & Payroll Tax	Staff Regulated Percentage	Staff Regulated Adjustment	
Plant Specific Operations Expense										
1	6110	Network Support Expense	0.29%	1,890	0.15%	535	(1,355)	71.85%	(974)	
2	6120	General Support Expense	2.23%	14,805	2.13%	7,502	(7,303)	71.85%	(5,247)	
3	6210	Central Office Switching Expense	2.75%	18,235	1.86%	6,534	(11,701)	71.85%	(8,407)	
4	6230	Central Office Transmission Expense	4.42%	29,258	4.45%	15,668	(13,591)	71.85%	(9,765)	
5	6310	Information Orig/Term Expense	0.14%	924	0.12%	416	(509)	71.85%	(365)	
6	6410	Cable and Wire Facilities Expense	6.80%	45,085	6.38%	22,466	(22,619)	71.85%	(16,252)	
7		Total Plant Specific Operations Expense	16.63%	\$ 110,197	15.09%	\$ 53,120	\$ (57,077)		\$ (41,010)	
Plant Non-Specific Operations Expense										
8	6510	Other Plant Expense	0.00%	-	0.00%	-	-	100%	-	
9	6530	Network Operations Expense	15.85%	105,040	16.13%	56,769	(48,271)	100%	(48,271)	
10	6540	Access Expense	0.00%	-	0.00%	-	-	100%	-	
11	6560	Depreciation & Amortization Expense	0.00%	-	0.00%	-	-	100%	-	
12		Total Plant Non-Specific Operations Expense	15.85%	\$ 105,040	16.13%	\$ 56,769	\$ (48,271)		\$ (48,271)	
Customer Operations Expense										
13	6610	Marketing Expense	0.08%	501	0.04%	126	(375)	100%	(375)	
14	6620	Directory Expense	0.00%	-	0.00%	-	-	100%	-	
15	6622	Number Services Expense	0.11%	723	0.09%	320	(404)	100%	(404)	
16	6623	Service Order Processing	0.88%	5,835	0.80%	2,820	(3,014)	100%	(3,014)	
17	6623.1	End User Payment & Collections	0.00%	-	0.00%	-	-	100%	-	
18	6623.2	End User Billing Inquiry	0.28%	1,828	0.22%	774	(1,053)	100%	(1,053)	
19	6623.3	Rev Acct - CABS	0.01%	58	0.00%	-	(58)	100%	(58)	
20	6623.4	IXC Service Order Processing	0.01%	58	0.00%	-	(58)	100%	(58)	
21	6623.5	IXC Payment & Collections	0.00%	-	0.00%	-	-	100%	-	
22	6623.6	B&C Expense	0.00%	-	0.00%	-	-	100%	-	
23	6623.7	Toll Ticket Processing	3.66%	24,245	3.29%	11,593	(12,652)	100%	(12,652)	
24	6629	Other B&C-KS-NR	0.00%	-	0.00%	-	-	100%	-	
25		Total Customer Operations Expense	5.02%	\$ 33,249	4.44%	\$ 15,633	\$ (17,616)		\$ (17,616)	
Corporate Operations Expense										
26	6710	Executive and Board Expense	4.52%	29,977	4.00%	14,079	(15,898)	100%	(15,898)	
27	6721	Accounting/Finance Expense	7.04%	46,643	6.71%	23,633	(23,010)	100%	(23,010)	
28	6722	External Relations	0.00%	-	0.00%	-	-	100%	-	
29	6723	Human Resources	0.00%	-	0.00%	-	-	100%	-	
30	6726	Procurement	0.83%	5,479	0.82%	2,881	(2,598)	100%	(2,598)	
31	6728	Other G&A Expense	2.57%	17,052	2.27%	7,991	(9,061)	100%	(9,061)	
32		Total Corporate Operations Expense	14.96%	\$ 99,152	13.80%	\$ 48,584	\$ (50,567)		\$ (50,567)	
33		Total Regulated Expense	52.46%	\$ 347,638	49.46%	\$ 174,106	\$ (173,532)		\$ (157,464)	
34		Direct Non-Regulated Expense	46.51%	308,166	47.22%	166,227	(141,939)			
35	2003	Telephone Plant Under Construction	1.03%	6,814	3.32%	11,684	4,870			
36		Total: TPUC + Reg Expense + Non-Reg Expense	100.00%	\$ 662,618	100.00%	\$ 352,017	\$ (310,601)			

Sources: Exhibit KLF-6a and KLF-7b

Cunningham Telephone Company, Inc.
Employee Benefit Payroll Tax Expense Summary
Income Statement Adjustment No. 4
Test Year Ending December 31, 2023

Docket No. 24-CNHT-185-KSF
Exhibit KLF-7b

Line No.	Description	Amount
	Actual Test Year Benefit and Payroll Tax Expense:	
1	Employee Benefit Expense	486,369
2	Employer's Payroll Tax Expense	176,249
3	Total Benefit and Payroll Tax Expense	<u>\$ 662,618</u>
	Staff Pro Forma Adjustment Benefit and Payroll Tax Expense:	
4	Employee Benefit Expense	172,110
5	Employer's Payroll Tax Expense	179,907
6	Total Benefit and Payroll Tax Expense	<u>\$ 352,017</u>
7	Total Staff Adjustment Benefit and Payroll Tax Expense	<u><u>\$ (310,601)</u></u>

Sources: Exhibits KLF-7c and KLF-7d

Cunningham Telephone Company, Inc.
 Normalized Employee Benefit Expense
 Income Statement Adjustment No. 4
 Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
 Exhibit KLF-7c

Line No.	Description	<u>Health Insurance</u>		<u>Profit Sharing</u>	Total
		Account No. 4010.700	Account No. 8701.000	Account No. 8701.200	
<u>2023 Test Year Expense</u>					
1	January	1,922	12,270	27,867	42,059
2	February	1,922	12,270	27,867	42,059
3	March	1,922	12,270	31,367	45,559
4	April	1,922	12,840	27,867	42,630
5	May	1,922	12,270	27,867	42,059
6	June	1,922	12,270	27,867	42,059
7	July	1,922	12,270	27,867	42,059
8	August	1,922	12,270	27,867	42,059
9	September	1,922	12,270	27,867	42,059
10	October	1,922	12,270	27,867	42,059
11	November	1,922	12,270	27,867	42,059
12	December	1,922	12,012	5,713	19,647
13		<u>\$ 23,063</u>	<u>\$ 147,551</u>	<u>\$ 315,755</u>	<u>\$ 486,369</u>
<u>January 2024 through September 2024</u>					
14	January	1,648	12,574		14,222
15	February	1,648	13,099		14,746
16	March	1,648	12,847		14,495
17	April	1,648	12,183		13,831
18	May	1,648	12,515		14,163
19	June	1,648	12,515		14,163
20	July	1,768	12,647		14,415
21	August	1,648	12,767		14,415
22	September	1,821	13,522		15,343
23	Staff Pro Forma Expense	20,889	151,221		172,110
24	Staff Adjustment	<u>\$ (2,174)</u>	<u>\$ 3,670</u>		<u>\$ (314,260)</u>

Sources: Cunningham Telephone Company, Inc.'s responses to Staff Data Request Nos. 3, 11, and 63

Cunningham Telephone Company, Inc.
 Payroll Tax Expense Adjustment
 Income Statement Adjustment No. 4
 Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
 Exhibit KLF-7d

Line No.	Description	Amount
1	2023 Test Year Wages	2,244,147
2	Less: wages over 160,200 2023 FICA limit	(365,600)
3	Test Year Wages subject to FICA	<u>\$ 1,878,547</u>
4	Test Year FICA Tax - Employers Share (7.65%)	143,709
5	Test Year Medicare Tax - Employers Share (1.45%)	32,540
6	Total Test Year FICA + Medicare Tax	<u>\$ 176,249</u>
7	Staff's Pro Forma Wages	2,300,488
8	Less: wages over 168,600 2024 FICA limit	(384,800)
9	Pro Forma Wages subject to FICA	<u>\$ 1,915,688</u>
10	Pro Forma FICA Tax - Employers Share (7.65%)	146,550
11	Pro Forma Medicare Tax - Employers Share (1.45%)	33,357
12	Total Pro Forma FICA + Medicare Tax	<u>\$ 179,907</u>
13	Total Staff Adjustment - Employee Benefit & Payroll Tax	<u><u>\$ 3,658</u></u>

Sources: Exhibits KLF-6b and KLF-6c

Cunningham Telephone Company, Inc.
Employee Concessions
Income Statement Adjustment No. 5
Test Year Ending December 31, 2023

Docket No. 25-CNHT-185-KSF
Exhibit KLF-8

Line No.	Account No.	Description	Staff Adjustment to Employee Concession Services	Intrastate Separations	Intrastate Adjustment
1	6120	General Support Expense	(2,311)	0.697271	(1,611)
2	6210	Central Office Switching Expense	(1,518)	0.622496	(945)
3	6230	Central Office Transmission Expense	(2,888)	0.622496	(1,797)
4	6310	Information Orig/Term Expense	(154)	-	-
5	6410	Cable and Wire Facilities Expense	(6,033)	0.713909	(4,307)
6	6530	Network Operations Expense	(3,920)	0.697271	(2,733)
7	6610	Marketing Expense	(105)	0.661984	(69)
8	6620	Directory Expense	(199)	0.841127	(168)
9	6623	Customer Services Expense	(7,850)	0.640142	(5,025)
10	6710	Executive and Planning Expense	(1,602)	0.673760	(1,079)
11	6720	General and Administrative Expense	(9,213)	0.580201	(5,345)
12		Total Staff Adjustment to Employee Concessions	<u>\$ (35,792)</u>		<u>\$ (23,081)</u>

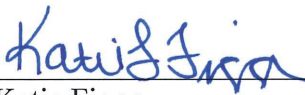
Source: Exhibit KLF-8a

Staff Exhibit KLF-8a is
CONFIDENTIAL

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

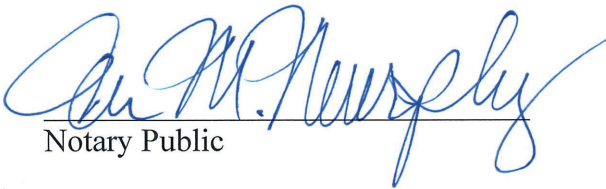
VERIFICATION

Katie Figgs, being duly sworn upon her oath deposes and states that she is a Managing Auditor for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that she 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 her knowledge, information and belief.



Katie Figgs
Managing Auditor
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 4 day of February, 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-CNHT-185-KSF

I, the undersigned, certify that a true and correct copy of the above and foregoing Direct Testimony (Public) was served via electronic service this 13th day of February, 2025, to the following:

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