

ANTHONY VEACH LAW LLC

ANTHONY VEACH 1575 BIRDIE WAY, A107
202-631-9190 LAWRENCE, KS 66047

Lynn M. Retz
Executive Director
Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604

November 22, 2024

**RE: Application Of Moundridge Telephone Company For Kansas Universal
Service Fund Support, Docket No. 25-MRGT-_____-KSF**

Dear Ms. Retz,

Attached for filing with the Kansas Corporation Commission is Moundridge Telephone Company's application for Kansas Universal Service Fund support. The application's attachments consist of opening testimony and schedules containing supporting data.

Pursuant to K.S.A. 66-1220a, confidential treatment is requested for certain schedules containing confidential commercial information. The information therein is highly sensitive and its disclosure would cause competitive harm. As such, those schedules are being filed confidentially, and redacted versions have been included in the public filing.

Should you require further information or have questions, please do not hesitate to contact me.

Sincerely,



Anthony Veach
Anthony Veach Law LLC
anthonyveach@anthonyveachlaw.com
202.631.9190

Counsel for Moundridge Telephone Company

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

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

**APPLICATION
FOR KANSAS UNIVERSAL SERVICE FUND SUPPORT**

COMES NOW Moundridge Telephone Company (“Moundridge” or “Company”) and files this application pursuant to K.S.A. 66-2008 requesting that the Kansas Corporation Commission (the “Commission”) review the Company’s embedded costs, revenue requirements, investments, and expenses necessary to provide sufficient and efficient service, and issue an order providing Moundridge support from the Kansas Universal Service Fund (“KUSF”). In support of its application, Moundridge respectfully shows the Commission as follows:

1. Moundridge is a Kansas corporation holding one or more Certificates of Convenience and Authority to engage in the business of providing local exchange and exchange access telecommunications services in its designated service area within the State of Kansas. It is a rural telephone company as defined by K.S.A. 66-1,187(l).

2. Moundridge’s principal place of business is 109 N Christian Ave, Moundridge, KS 67107. Communications regarding this application should be sent to the following individuals:

Rhonda Goddard
Moundridge Telephone Company
PO Box 158
Lenora, KS 67645

Anthony Veach
Anthony Veach Law LLC
1575 Birdie Way, A107
Lawrence, KS 66047

3. Moundridge operates under traditional rate of return regulation and serves as the carrier of last resort for telecommunications customers within its designated service area. The

Commission designated Moundridge as an Eligible Telecommunications Carrier by order dated December 5, 1997, in Docket No. 98-GIMT-241-GIT. Moundridge is a wholly owned subsidiary of Rural Telephone Service Company, Inc. (“Rural”). The Commission approved Rural’s acquisition of the Company by order dated July 7, 2022, in Docket No. 22-MRGT-483-ACQ.

4. Moundridge’s intrastate access and local exchange service rates, which are set and approved by the Commission pursuant to K.S.A. 66-2005(c) and (e), are not sufficient to afford the Company a reasonable opportunity to recover its costs, investments, and expenses. Moreover, they do not provide the Company a reasonable opportunity to earn a reasonable return on its investments. Such insufficiencies are contrary to the public’s interest in reliable, affordable, sufficient, and efficient telecommunications public utility service, and are contrary to Moundridge’s rights under traditional rate of return regulation.

5. Pursuant to K.S.A. 66-2008(e)(1), Moundridge’s application for KUSF support is based on the Company’s embedded costs, revenue requirements, investments, and expenses. The receipt of KUSF support is necessary for the Company to continue to provide sufficient and efficient telecommunications services, and therefore is in the public interest.

6. The test year to be used in the evaluation of this application is the year ending December 31, 2023.

7. This application includes opening testimony of Rhonda Goddard, CFO, Moundridge, and opening testimony of Nick Huckaby, Senior Manager, Moss Adams. Also included are the following schedules, filed in conformity with K.A.R. 82-1-231, containing data to be used in the evaluation of the Company’s application:

Section 3. Summary Of Rate Base, Operating Income, And Rate Of Return
Section 4. Plant Investments

Section 5. Accumulated Provision For Depreciation, Amortization, And Depletion
Section 6. Working Capital
Section 7. Capital And Cost Of Money
Section 8. Financial And Operating Data
Section 9. Test Year And Pro Forma Income Statements
Section 10. Depreciation And Amortization
Section 11. Taxes
Section 12. Allocation Ratios (And Cost Allocation Manual (Redacted))
Section 15. Additional Evidence – Cost Study (Redacted)
Section 16. Financial Statements (Redacted)

8. Moundridge, pursuant to K.S.A. 66-1220a, requests confidential treatment of certain schedules, in whole or in part, containing confidential commercial information. Moundridge further requests that access to these schedules, which are being filed confidentially, be made available only through an appropriate protective order. Redacted versions of the confidential schedules are being filed with this application and have been marked accordingly.

WHEREFORE, Moundridge respectfully requests the Commission review the Company's embedded costs, revenue requirements, investments, and expenses, and issue an order providing the Company KUSF support and such other and further relief as the Commission deems just and equitable.

Respectfully submitted,



Anthony Veach, KS Bar # 29613
Anthony Veach Law LLC
1575 Birdie Way, A107
Lawrence, KS 66047
202-631-9190
anthonyveach@anthonyveachlaw.com

VERIFICATION

I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am an attorney for Moundridge Telephone Company, and that the foregoing is true and correct. Executed on November 22, 2024.

Handwritten signature of Anthony Veach in black ink, appearing as 'A. Veach'.

Anthony Veach

1 **Q. What is your name and business address?**

2 A. My name is Rhonda Goddard. My business address is 145 N Main, PO Box 158, Lenora, KS
3 67645.

4
5 **Q. Who is your employer and your position with the company?**

6 A. I am employed as Chief Financial Officer of Rural Telephone Service Company, Inc. dba Nex-
7 Tech (“Nex-Tech”) and its subsidiaries. Moundridge Telephone Company (“Moundridge”) is a
8 subsidiary of Nex-Tech.

9
10 **Q. What is your educational background and work experience?**

11 A. I have a B.B.A. in Accounting from Fort Hays State University and am a Certified Public
12 Accountant. I have been employed with Nex-Tech since April 1993. Prior to my current position
13 as the Chief Financial Officer, I held various positions at the company, including Chief Operating
14 Officer, Regulated Services.

15
16 **Q. What is Moundridge’s corporate structure?**

17 A. Moundridge provides local exchange telecommunications service, as the carrier of last resort to a
18 rural study area in central Kansas, approximately 40 miles north of Wichita. Moundridge is the
19 sister company of Nex-Tech, LLC, which provides non-regulated services. Both Moundridge and
20 Nex-Tech, LLC are wholly owned subsidiaries of Rural Telephone Service Company, Inc. dba
21 Nex-Tech.

22
23 **Q. What is the purpose of your direct testimony?**

24 A. I am providing this direct testimony in support of Moundridge’s request for support from the
25 Kansas Universal Service Fund (“KUSF”). Moundridge currently does not receive KUSF and
26 has not been a recipient of KUSF support since 2015. Moundridge has made significant

1 investments in its network to ensure modern, safe and reliable telecommunications service for its
2 customers, which necessitates this filing for KUSF support. While Moundridge has retained the
3 consulting firm Moss Adams LLP to calculate its KUSF shortfall – which is supported by the
4 direct testimony of Nick Huckaby – I understand the Commission also requires a company
5 representative to file direct testimony and to be available as a witness at the evidentiary hearing
6 during KUSF proceedings. Specifically, the Commission requires that the company
7 representative be authorized to speak on behalf of the company and be able to discuss the
8 company’s corporate structure, cost allocation procedures, affiliate practices and transactions, and
9 specific company operations and policies. As the Chief Financial Officer of Moundridge, I am
10 knowledgeable on each of these subjects and will be available at the evidentiary hearing to
11 provide the testimony the Commission requires.

12

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

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

1 VERIFICATION

2 I, the undersigned, hereby certify under penalty of perjury pursuant to K.S.A. 53-601 that I am
3 the Chief Financial Officer for Moundridge Telephone Company, Inc. and that the foregoing is true and
4 correct. Executed November 22, 2024.

5

6

7

/s/ Rhonda S. Goddard
Rhonda S. Goddard

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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

OPENING TESTIMONY OF NICK HUCKABY
ON BEHALF OF MOUNDRIDGE TELEPHONE COMPANY
November 22, 2024

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

2 A. 1: My name is Nick Huckaby. I am a Senior Manager in the Communications and Media
3 Practice at Moss Adams LLP (“Moss Adams”), an accounting and business consulting firm. My
4 business address is 7285 W 132nd Street, Suite 220, Overland Park, KS 66213.

5

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

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

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

18

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

20 A. 3: No, this is my first time testifying before the Kansas Corporation Commission. However, I
21 have previously provided written and live testimony in California and Nevada rate case
22 proceedings, where I have addressed similar subjects.

23

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

25 A. 4: The purpose of my testimony is to explain the forms filed by Moundridge Telephone
26 Company (“Moundridge”) as required by Kansas Administrative Regulation (“K.A.R.”) 82-1-231.
27 I will present the rate of return, revenue requirement, and rate design calculations that form the

28

1 basis for Moundridge’s requested relief in this case. In my testimony, I will explain the cost
2 separations process utilized in determining the Kansas rate base and revenue requirement
3 identified in this proceeding for Moundridge. Further, I will explain the figures included in the
4 forms and discuss adjustments to the test year results to reflect the requested relief. In addition, I
5 will address Moundridge’s cost allocation process and cost of capital issues. Finally, my
6 testimony will present the company’s requested draw from the Kansas Universal Service Fund
7 (“KUSF”). I also provide additional computations, clarifications, and explanations necessary to
8 support the relief requested in the Application.

9

10 **Q. 5: What forms and schedules did you utilize in developing Moundridge’s revenue**
11 **requirement and rate design for the test year?**

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

16

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

18 A. 6: I will address each of the forms individually. The base financial data reflect calendar year-
19 end results from the 2023 test period for Moundridge’s operations. These figures are adjusted
20 only for regulatory adjustments associated with Federal Communications Commission (“FCC”)
21 rules and/or guidance from the National Exchange Carrier Association (“NECA”), who acts as the
22 FCC’s cost pooling administrator, with authority to implement FCC regulations and directives.
23 The ratemaking figures that I present incorporate adjustments to remove costs associated with
24 non-regulated activities pursuant to 47 C.F.R. Section 64.901 of the FCC’s rules (a regulation that
25 is often referenced simply as “Part 64”), and the known and measurable effects of “expected
26 changes in circumstances” reflecting impacts outside of the test period, without which
27 Moundridge’s revenue requirement and rate design would not reasonably reflect its forward-

28

1 looking operational and financial needs. The applicable forms pursuant to K.A.R. § 82-1-
2 231(c)(4) are:

3 **Section 1. Application, letter of transmittal, and authorization (K.A.R. § 82-1-**
4 **231(c)(4)(A)).** This section includes the Letter of Transmittal, Application, Opening Testimony of
5 Rhonda Goddard, Chief Financial Officer, Moundridge Telephone Company and Opening
6 Testimony of Nick Huckaby, Senior Manager, Moss Adams.

7 **Section 3. Summary of rate base, operating income, and rate of return (K.A.R. § 82-**
8 **1-231(c)(4)(C)).** This section contains a schedule that reflects a summary of rate base, operating
9 income, and the rate of return for the adjusted test year. This schedule shows the determination of
10 Moundridge’s Kansas intrastate regulated rate base, as adjusted for this rate case, based on year-
11 end balances for the calendar year ended December 31, 2023, including known and measurable
12 effects of “expected changes in circumstances,” and it determines the amount of KUSF necessary
13 for Moundridge to produce revenues equal to the revenue requirement and earn the requested rate
14 of return. The rate base information displayed is detailed further in Section 4, and the operating
15 income information displayed is further detailed in Section 9, which I will describe below.

16 **Section 4. Plant investments (K.A.R. § 82-1-231(c)(4)(D)).** Section 4 contains
17 information relating to plant investments. This section also contains the detail of Moundridge’s
18 adjusted 2023 total company and intrastate rate base, including regulated assets and liabilities.

19 Part one of the information provided in Section 4 displays Moundridge’s detailed rate base
20 information. It starts with the total company balances as recorded in the financial statements
21 (identified in the schedule as “Recorded Test Year Balance Moundridge”); makes adjustments for
22 known and measurable “expected changes in circumstances” (identified in the schedule as
23 “Normalizing Adjustments to Test Year Balance Moundridge”); displays Moundridge’s total
24 normalized balance (identified in the schedule as “Normalized Test Year Balance Moundridge”);
25 makes adjustments from Moundridge’s 2023 cost study to remove non-regulated activities or
26 reclassify certain expenses to the appropriate account group (identified in the schedule as “Study
27 Adjustments to Test Year Balance Moundridge”); calculates the balances related to Moundridge’s
28

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

13 Part two of the information includes a summary of Moundridge’s Telecommunications
14 Plant in Service balances as of December 31, 2023, including the three preceding years of 2020,
15 2021, and 2022.

16 Additionally, supplemental schedules have been prepared for known and measurable
17 “expected changes in circumstances” for capitalized additions through September 30, 2024,
18 changes in depreciation rates for Cable & Wire Facilities assets, and normalizing depreciation
19 expense for assets capitalized during 2023. I will discuss these adjustments further below in my
20 testimony.

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

25 **Section 6. Working capital (K.A.R. § 82-1-231(c)(4)(F)).** Section 6 contains information
26 pertaining to Moundridge’s cash working capital. The calculation of cash working capital that is
27 included in Moundridge’s adjusted test year rate base is shown in this section, utilizing its adjusted
28

1 expenses, operating taxes, and fixed charges. Moundridge has utilized the “standard allowance
2 factor” of 15 days, pursuant to the National Exchange Communications Association’s (“NECA”)
3 Reporting Guideline (“NRG”) 7.2, which results in an allowance factor of 4.1096%.¹ The
4 calculation in this form differs from the calculation in Moundridge’s 2023 cost study due to the
5 exclusion of expenses recorded related to contributions, which have been excluded for universal
6 service funding.

7 **Section 7. Capital and cost of money (K.A.R. § 82-1-231(c)(4)(G)).** This schedule
8 computes a weighted average cost of capital for the total company based on the December 31,
9 2023, debt and equity balances. Because the two loans are new as of 2023, the balances reflect the
10 year-end December 31, 2023, obligations. This approach allows for an appropriate calculation of
11 the cost of debt, as interest expense fluctuates with each payment based on the amount of
12 outstanding debt. This form computes the company’s actual average cost of debt and return on
13 equity to produce a requested cost of capital of 9.75%.

14 **Section 8. Financial and operating data (K.A.R. § 82-1-231(c)(4)(H)).** Section 8
15 contains the financial and operating data including the balance sheet, income statement and
16 statement of retained earnings for the total company as of December 31, 2023, including the three
17 preceding years 2020, 2021, and 2022. Additionally, Moundridge is supplying its minutes of use
18 date for the year ending December 31, 2023, and the three preceding years of 2020, 2021, and
19 2023, pursuant to K.A.R. § 82-1-231(c)(4)(H)(iv), and has also supplied annual payrolls by
20 account for the year-ending December 31, 2023 and December 31, 2022, pursuant to K.A.R. § 82-
21 1-231(c)(4)(H)(v). Moundridge does not have payroll data available by account for years ending
22 December 31, 2021, and December 31, 2020. When Moundridge was acquired by the Rural
23 Telephone Service Company, Inc. in 2022, the previous owners did not provide this data.

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

27

28 ¹ 15 / 265 = 4.1096%

1 Part one of the information provided in Section 9 displays Moundridge’s detailed income
2 statement information, including total company revenues, expenses, known and measurable
3 “expected changes in circumstances,” intrastate regulatory adjustments, and intrastate operating
4 net revenues. It starts with the total company balances as recorded in the financial statements
5 (identified in the schedule as “Recorded Test Year Balance Moundridge”); makes adjustments for
6 known and measurable “expected changes in circumstances” (identified in the schedule as
7 “Normalizing Adjustments to Test Year Balance Moundridge”); displays Moundridge’s total
8 normalized balance (identified in the schedule as “Normalized Test Year Balance Moundridge”);
9 makes adjustments from Moundridge’s 2023 cost study to remove non-regulated activities or
10 reclassify certain expenses to the appropriate account group (identified in the scheduled as “Study
11 Adjustments to Test Year Balance Moundridge”); calculates the balances related to Moundridge’s
12 regulated operations (identified in the scheduled as “Subject to Separations Moundridge”);
13 jurisdictionally separates Moundridge’s intrastate regulated operations based on the cost
14 separations factors from its cost study to leave only intrastate regulated balances (identified in the
15 schedule as “Intrastate Balance Moundridge”); makes adjustments to the intrastate regulated
16 balances for known and measurable regulatory adjustments in this proceeding (identified in the
17 schedule as “Adjustments to Intrastate Balance Moundridge”); and calculates the final intrastate
18 balances related to Moundridge’s regulated operations after regulatory adjustments (identified in
19 the schedule as “Adjusted Intrastate Balance Moundridge”). All balances provided are from
20 Moundridge’s December 31, 2023, financial statements, as adjusted for known and measurable
21 “expected changes in circumstances,” and are jurisdictionally separated based on the separations
22 factors from its 2023 cost study.

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

25 **Section 10. Depreciation and amortization (K.A.R. § 82-1-231(c)(4)(J)).** This schedule
26 shows Moundridge’s current depreciation rates by primary account and depreciation expense for
27 the test year.

28

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

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

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

14 **Section 12: Allocation ratios (K.A.R. § 82-1-231(c)(4)(L)).** This section includes
15 Moundridge’s interstate and intrastate separation factors as calculated in its updated 2023 cost
16 study, which I will discuss further below. Additionally, Moundridge has included a copy of its
17 Cost Allocation Manual, which reflects cost allocations recorded in its general ledger and through
18 the cost study preparation process.

19

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

21 A. 7: My calculation of Moundridge’s revenue requirement begins with results of operations for
22 the calendar year ended December 31, 2023, as reflected in Moundridge’s year-end trial balance.
23 The December 31, 2023, financial information included in the forms reflects the clearing of
24 Moundridge’s payroll, benefits, travel, and continuing education expenses, as reflected in account
25 numbers 6050.01, 6050.02, 6905, and 6995 in its General Ledger, respectively, to reflect
26 Moundridge’s total operating expenses by account. While the 2023 annual financial results
27 provide the starting point for computing a revenue requirement, those financials must be updated
28

1 for items identified in Moundridge’s Application and for any known and measurable “expected
2 changes in circumstances,” adjustments reflected in its cost study, and intrastate regulatory
3 adjustments for rate case expense. The necessary adjustments to the test year results are described
4 below.

5
6 **Q. 8: Does Moundridge prepare and submit a cost study to NECA on an annual basis?**

7 A. 8: Moundridge no longer performs or submits a formal, annual cost study to NECA for
8 interstate ratemaking purposes because of its election of federal incentive regulation for business
9 data services, generally referred to as special access, pursuant to the FCC’s rules in 47 C.F.R.
10 Section 61.50. This option was afforded to companies like Moundridge that elected Enhanced
11 Alternative Connect America Cost Model (“E-ACAM”) support because the annual cost study
12 was only being formally used for setting interstate special access rates. As a result, Moundridge’s
13 interstate special access rates were frozen and now adjusted annually using inflationary and
14 efficiency factors. The last year for which Moundridge was required to submit a NECA cost study
15 was 2018, and that submission was made in July 2019. However, Moundridge has continued to
16 prepare an annual cost study that mirrors the process that it previously utilized in preparing the
17 NECA cost study to develop the appropriate jurisdictional separations factors for intrastate
18 regulatory reporting purposes, and has utilized the same process for the cost study prepared for
19 this Application, including adjustments for known and measurable “expected changes in
20 circumstance.” The updated cost study should assist the Commission in confirming that only the
21 appropriate regulated, intrastate costs are included in Moundridge’s proposed revenue
22 requirement.

23
24 **Q. 9: Please summarize your calculation of Moundridge’s intrastate revenue requirement.**

25 A. 9: Moundridge’s intrastate revenue requirement is \$1,861,672. This figure is computed as a
26 function of the company’s target return on its rate base ($\$6,311,015 * 9.75\% = \$615,324$), plus
27 operating expenses, taxes, and interest ($\$1,246,438$). These calculations sum to the total intrastate
28

1 revenue requirement ($\$615,324 + \$1,246,348 = \$1,861,672$), which is the intrastate revenue
2 requirement to be recovered through the intrastate rate design. I will discuss the inputs to this
3 revenue requirement equation in further detail below. I will also explain why there is no
4 adjustment to the revenue requirement for federal high-cost support.

5
6 **Q. 10: How did you determine the intrastate portions of rate base, revenues, and expenses?**

7 A. 10: The intrastate rate base and expenses were determined using jurisdictional separations
8 factors developed in Moundridge's 2023 cost study based on year-end financial information as of
9 December 31, 2023, as adjusted for known and measurable "expected changes in circumstance,"
10 the results of which are summarized in Section 12. Moundridge's 2023 cost study, including the
11 intrastate jurisdictional separations factors for rate base and expenses to be used in the calculation
12 of the intrastate revenue requirement, was prepared by my firm, Moss Adams. I have reviewed
13 the cost study and associated work papers and believe that it was prepared in accordance with FCC
14 rules and NECA guidelines, and I am comfortable utilizing the resulting separations factors in my
15 work papers. These jurisdictional allocation factors were then applied to Moundridge's costs
16 subject to separations in Sections 3 (rate base) and 9 (expenses).

17
18 **Q. 11: Where in Moundridge's rate case submission can the revenue requirement**
19 **calculation be found?**

20 A. 11: Pursuant to K.A.R. 82-1-231(c)(4)(C)), Moundridge's revenue requirement calculation can
21 be found in Section 3. This schedule contains a summary of rate base, operating income, and the
22 rate-of-return for the adjusted test year.

23
24 **Q. 12: Does Moundridge provide any non-regulated services directly or through affiliates?**

25 A. 12: Yes, Moundridge provides non-regulated services to customers through an affiliate,
26 NexTech, LLC. Part 64 adjustments have been made in Moundridge's 2023 cost study to allocate
27 certain joint costs, such as jointly used general support assets and their corresponding depreciation

28

1 reserve, depreciation expense, maintenance expense, and property tax expense associated with
2 joint regulated and non-regulated activities.

3

4 **Q. 13: Does Moundridge’s intrastate revenue requirement include any non-regulated**
5 **expenses or rate base items?**

6 A. 13: No. Pursuant to 47 C.F.R. Section 64.901 carriers are required to separate their regulated
7 costs from non-regulated costs using the “attributable cost method of cost allocation” following
8 the hierarchy of cost assignment methods outlined therein, and Moundridge follows those
9 requirements through either general ledger allocations or cost study adjustments.

10

11 **Q. 14: How does Moundridge separate regulated costs from non-regulated costs?**

12 A. 14: Moundridge maintains separate sets of financial records for regulated and non-regulated
13 services. For the non-regulated services that Moundridge provides to customers, including
14 broadband service, Moundridge maintains a Cost Allocation Manual (“CAM”) that outlines the
15 procedures that it follows to identify and exclude non-regulated costs from regulated cost
16 recovery. As reflected in the CAM, Moundridge relies on direct assignments wherever possible
17 and appropriate allocations grounded in “direct analysis” or indirect attribution to other cost
18 categories where direct assignment is not possible, according to the “common cost” hierarchy in
19 47 C.F.R. Section 64.901(b)(3). Moundridge utilizes direct assignment to identify most of its non-
20 regulated costs and ensure their exclusion from regulated revenue requirement. For labor
21 expenses, Moundridge uses employee timesheets to facilitate these direct assignments. For those
22 costs that cannot be directly assigned in the normal course of business, Moundridge either
23 performs a “direct analysis,” or, where a direct analysis is not possible, it relies on an “indirect
24 cost-causative linkage” to the non-regulated component of its directly assigned labor. These
25 allocation methodologies are authorized pursuant to 47 C.F.R. Sections 64.901(b)(3)(i) and
26 64.901(b)(3)(ii). Moundridge’s Part 64 procedures and calculations are outlined in its CAM and
27 an accompanying non-regulated cost assignment analysis for 2023, both of which are provided
28

1 with the Application.

2

3 **Q. 15: Where are Moundridge’s Part 64 adjustments shown in the Rate Case Forms?**

4 A. 15: Moundridge’s Part 64 adjustments appear in the columns labeled “Study Adjustments to
5 Test Year Balances Moundridge,” in Sections 4(i), 5, 6, 9(i), and 9(ii)a of Moundridge’s forms.
6 These adjustments include a variety of adjustments to Moundridge’s costs that are made based on
7 Moundridge’s Part 64 “common cost” adjustments, including the removal of non-regulated
8 expenses and rate base. Also included in these columns are adjustments made in Moundridge’s
9 cost study to reclassify costs to the proper accounts for cost separations purposes.

10

11 **Q. 16: How was Moundridge’s 2023 cost study prepared and the associated revenue
12 requirement determined?**

13 A. 16: Moundridge’s cost study and associated revenue requirement are based on the results of the
14 operations for the twelve months ending December 31, 2023, utilizing the FCC’s Part 64 cost
15 allocation rules and Part 36 cost separations rules. Moundridge maintains its accounting records
16 in accordance with the FCC’s Part 32 – Uniform System of Accounts for Telecommunications
17 Companies. Moundridge’s rate base was determined using an average of the assets and liabilities
18 included in rate base as of January 1, 2023, and December 31, 2023, pursuant to the FCC’s Part 65
19 rules, less Part 64 non-regulated adjustments as required by FCC rules. In addition to the Part 64
20 non-regulated adjustments, additional analyses were performed in the determination of the rate
21 base, including:

- 22 • An analysis of the Central Office Equipment (“COE”) Continuing Property Records
23 (“CPR”) was performed, and the COE assets were categorized based on the usage within
24 Moundridge’s network.
- 25 • An analysis of the Cable & Wire Facilities (“CWF”) Network was performed to determine
26 the categorization of the CWF assets, based on the usage within Moundridge’s network.
- 27 • Telephone access lines, DSL subscriber counts, and special access circuits were analyzed

28

1 based on Moundridge’s billing records for proper classification in the cost study, and
2 determination of how assets were utilized within Moundridge’s network.

3 The expenses included in the separations analysis were based on the results of operations for the
4 twelve months ending December 31, 2023, and include Part 64 non-regulated adjustments.

5 Additionally, the expenses were analyzed for any separations adjustments required to reclassify
6 expenses to the proper accounts pursuant to Part 32, or to exclude expenses from the cost study.

7 These separations adjustments are further discussed later in my testimony. The allocation of rate
8 base and expenses to the intrastate jurisdiction in this rate case application were based on factors
9 calculated for use in the 2023 cost study.

10 To ensure the jurisdictional separations factors accurately reflect Moundridge’s network,
11 the 2023 cost study was further updated to include the known and measurable “expected changes
12 in circumstances,” which I will discuss further below. If not for the inclusion of these changes,
13 the jurisdictional separations factors would not accurately reflect Moundridge’s network on a
14 forward looking basis, due to the capitalized Telecommunications Plant in Service additions and
15 retirements through September 30, 2024.

16

17 **Q. 17: Please describe the factors used to allocate costs to the intrastate jurisdiction**
18 **calculated in the 2023 cost study.**

19 A. 17: The starting point for allocating costs to the intrastate jurisdiction is the account balances
20 that Moundridge recorded on its year end 2023 trial balance for which capital investments, reserve
21 balances, expenses, and operating taxes were recorded in accordance with Part 32 rules for the
22 beginning of the period, January 1, 2023, and the end of the period, December 31, 2023. The
23 costs were then adjusted for any non-regulated costs identified in the Part 64 analysis, which is
24 further described below.

25 Part 36 of the FCC’s rules sets forth the jurisdictional separations process. The
26 investments, or rate base, are separated based on factors associated with their actual use through a
27 count of active loops, circuits, and terminations, as well as the interstate, intrastate or local nature

28

1 of those loops, circuits, and terminations. Traffic factors, which are primarily based on minutes of
2 use, are also used to separate certain categories of the COE and CWF investment. These factors
3 are generally based on customer usage of the investment and the number of minutes that are routed
4 on the equipment and the distance the minutes travel on the network. The traffic factors applied to
5 the Moundridge separations analysis include: (1) the Weighted Dial Equipment Minutes of Use
6 Factor which allocates 82.6922% of the COE switching investment to the interstate jurisdiction
7 and 17.3078% to the intrastate/local jurisdiction, (2) the Subscriber Plant Factor which allocates
8 25% of loop investment for COE and CWF to the interstate jurisdiction and 75% to the
9 intrastate/local jurisdiction, and (3) the Conversion Minutes of Use Factor which allocates
10 56.7284% of interexchange toll investment for COE and CWF to the intrastate jurisdiction. The
11 traffic factors that apply to expenses include: (1) the Subscriber Line Use Factor which allocates
12 approximately 76.3150% of the directory expense to the intrastate jurisdiction and the remainder
13 to the interstate jurisdiction, (2) the Carrier Access Billing Factor of 50% interstate and 50%
14 intrastate, and (3) a series of customer service allocation factors for the provision of service order
15 processing, payment and collection, and billing inquiry for end users and interexchange carriers
16 ranging from 31.0507% to 100% intrastate allocation with the remaining percentage allocated to
17 the interstate jurisdiction. In accordance with FCC determinations in 2001, the factors described
18 above have been frozen at the usage calculated for the year 2000.

19

20 **Q. 18: Does Moundridge maintain a cost allocation manual and conduct an annual cost**
21 **apportionment analysis?**

22 A. 18: Yes. Moundridge is a “Class B” carrier under the FCC’s rules and it is therefore not
23 required to maintain a CAM. However, Moundridge has elected to develop a CAM in accordance
24 with 47 C.F.R Section 64.903 to document its cost allocation procedures. I have reviewed
25 Moundridge’s current CAM and its non-regulated cost assignment summary for 2023, and believe
26 they comply with the FCC’s Part 64 rules and produce allocations that are representative of
27 Moundridge’s regulated and non-regulated activities.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Q. 19: Were intra-company allocations, non-regulated Part 64 adjustments, and other separations study adjustments performed in Moundridge’s 2023 cost study?

A. 19: Yes. Intra-company allocations are performed at the general ledger level by Moundridge. Non-regulated adjustments were made based on the FCC’s Part 64 rules, and other separations adjustments were made based on guidelines issued by NECA. As a result of these allocations and adjustments, as well as further adjustments explained throughout my testimony, I believe the costs included in Moundridge’s application are consistent with FCC determinations and NECA guidance.

Q. 20: What types of cost assignments are reflected in Moundridge’s general ledger?

A. 20: Moundridge provides non-regulated services associated with retail Internet services. Moundridge directly assigns costs related to these activities, including labor and other operating expenses, to its Internet Service Provider (“ISP”) affiliate. These costs are not included in the Part 36 cost separations process.

Q. 21: What cost allocations were performed in the separations study, outside of the general ledger?

A. 21: In addition to the adjustments recorded to Moundridge’s general ledger, the following Part 64 adjustments were made to costs in Moundridge’s 2023 cost study:

- A total of \$170,529 of net rate base was removed related to general support assets and leasehold improvements, based on an analysis of regulated and non-regulated labor hours. \$42,099 of associated depreciation and amortization expense was also removed, following the same methodology.
- A total of \$6,702,817 of Goodwill was removed, along with the related accumulated amortization of \$1,005,422 and amortization expense of \$670,281.
- A total of \$0 of net rate base was removed related to COE Switching equipment, to

1 remove voicemail equipment.

2 • A total of \$9,413 of plant specific operations expense was removed, based on an analysis
3 of regulated and non-regulated labor hours.

4 • A total of \$2,567 of property tax expense was removed, based on analysis of total
5 regulated and non-regulated Telecommunications Plant in Service.

6

7 **Q. 22: Aside from cost allocation adjustments, did Moundridge remove any costs from its**
8 **recorded financials through the cost study?**

9 A. 22: Yes. In addition to the allocations described above, separations study adjustments are
10 included in the cost study to reclassify investments and expenses to the correct account grouping,
11 in accordance with Part 32 or Part 36 rules, or to remove investment and expenses from the cost
12 study that are not eligible for recovery. The following separations study adjustments were made
13 in Moundridge’s 2023 cost study:

14 • A total of \$34,400 of Universal Service Fund Contribution expenses were removed. These
15 expenses are interstate in nature, and pursuant to NECA guidance are removed for E-
16 ACAM carriers.

17 • \$20,129 of lease revenue was removed associated with leased fiber investment that is
18 removed from the regulated rate base.

19 • \$8,862 of nonregulated inside wire revenues was removed.

20

21 **Q. 23: Were any adjustments to the expenses or rate base made to Moundridge’s 2023 cost**
22 **study for impacts outside of the test year?**

23 A. 23: Yes. As I will explain below, Moundridge made adjustments in its cost study for known
24 and measurable “expected changes in circumstance,” including capitalized additions through
25 September 30, 2024, and changes to depreciation to rates. The Part 64 adjustments I have
26 discussed above reflect adjustments to Moundridge’s rate base and depreciation and amortization
27 expense on these known and measurable adjustments.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Q. 24: What are the known and measurable “expected changes in circumstance” that Moundridge has included in its Application?

A. 24: Moundridge has included known and measurable “expected changes in circumstance” related to the following items:

- \$6,484,710 of work orders closed through September 30, 2024, have been included. Adjustments to reflect closed work orders are recorded in Account Nos. 2116.010.24 – Other Work Equipment.24, 2121.00.24 – Buildings.24, 2232.150.24 – Circuit Equipment DSL, 2423.010.24 – Buried Fiber Optic Cable.24, and 2450 – Developed Software. Additionally, an adjustment of \$534,421 has been included for depreciation and amortization expense and accumulated depreciation and amortization related to these additions. Section 4(ii)e includes the detail of these adjustments.
- \$265,201 of COE retirements have been included. Adjustments to reflect these retirements are recorded in Account Nos. 2212.000.22 – Digital Electronics.22 and 2232.110.22 – Circuit Equipment Digital Sub.22. These retirements are related to the retirement of Moundridge’s existing switch. The related accumulated depreciation was also removed.
- \$204,094 of depreciation expense was normalized, to include a full year of depreciation expense on assets capitalized during 2023. Included in this adjustment is a change to the depreciation rate associated with Account No. 2423.010.23 – Buried Fiber Optic Cable.23 from 5.68% to 6.66%, which is the upper end of the acceptable range for this account established by the Commission in Docket 24-GIMT-459-GIT.² Section 4(ii)d of the forms includes the detail of these adjustments.
- \$71,303 of depreciation expense was adjusted for the same depreciation rate change described above for Account No. 2423.010.22. Section 4(ii)c of the forms includes the detail of this adjustment.
- \$49,904 of labor and benefits were included to reflect additional Network Operating

² See Report and Recommendation Utilities Division, Docket 24-GIMT-459-GIT, page 3.

- 1 Center (“NOC”) payroll allocated to Moundridge, as well as to reflect increased labor costs
2 incurred in 2024.
- 3 • \$39,823 of expense was removed from Account No. 6212 – Digital Electronics to reflect
4 the retirement of Moundridge’s existing switch, as no further maintenance expense will be
5 incurred.
 - 6 • \$18,563 of expense was removed from Plant Specific Operations expenses to reflect
7 updated Part 64 allocations performed by Moundridge in its General Ledger.
 - 8 • \$41,000 of expense was included in Account No. 6124 – General Purpose Computers to
9 reflect the updated allocation of shared costs related to software licenses.
 - 10 • \$8,309 of Customer Service operations were included to reflect updated allocations
11 between Moundridge and its affiliates.
 - 12 • \$1,410 of Corporate Operations expenses were included to reflect the updated allocation of
13 general insurance expenses between Moundridge and its affiliates.
 - 14 • \$17,811 of property tax expense was included to reflect additional expected property tax
15 due to the inclusion of work orders closed through September 30, 2024. Section 9(i)c of
16 the forms includes the details of this adjustment.

17
18 **Q. 25: Were these known and measurable “expected changes in circumstance” included in**
19 **the 2023 cost study?**

20 A. 25: Yes. Although these expenses are for changes outside of the 2023 test year, the 2023 cost
21 study was updated to include these adjustments in order to develop the jurisdictional separation
22 factors that are best representative of Moundridge’s network structure on a going-forward basis.
23 Additionally, the 2023 cost study was utilized to develop an estimate of Moundridge’s 2025 High
24 Cost Loop Support (“HCLS”) that the company would have received if not for its Enhanced
25 Alternative Connect America Model (“E-ACAM”) election. I will discuss the utilization of this
26 figure further below.

27

28

1 **Q. 26: How were the results of Moundridge’s 2023 cost study used in developing the Kansas**
2 **rate base and revenue requirement identified in the application forms?**

3 A. 26: As I described previously, the results of the 2023 cost study, including Part 64 allocations
4 made for the cost study adjustments, were utilized in the forms to develop the same regulated rate
5 base items and expenses. The separations factors that are calculated in Part 36 were utilized in the
6 application forms to separate the regulated rate base items and expenses between the interstate and
7 intrastate jurisdictions. The intrastate rate base items and expenses are then utilized as the starting
8 point for any additional necessary adjustments, which I will enumerate below, to arrive at the
9 required intrastate revenue requirement and appropriate level of KUSF to achieve Moundridge’s
10 requested rate of return.

11

12 **Q. 27: What types of federal high-cost funding does Moundridge receive that should be**
13 **considered in determining Kansas Universal Service Fund support?**

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

27

28

1 **Q. 28: Please provide a brief overview of E-ACAM support.**

2 A. 28: Rural incumbent local exchange carriers (“ILECs”) operating in Kansas traditionally
3 received federal high-cost universal service support through a variety of mechanisms, one of
4 which is entitled federal HCLS. HCLS is calculated through a specific process or algorithm
5 pursuant to 47 CFR Part 54 Subpart M. Carriers then apply this support amount as an offset to the
6 expenses and taxes apportioned to intrastate in accordance with 47 CFR Part 36 Subpart D,
7 pursuant to 47 CFR 54.1301. Several Kansas rural ILECS elected to forego HCLS and other
8 traditional federal high-cost support programs and instead receive support from E-ACAM. E-
9 ACAM support is a fixed amount of support that is provided over a 15-year funding period, from
10 2024 through 2038, and includes specific broadband deployment obligations to 100% of the
11 locations in the electing carrier’s study area. Because there is no federal guidance on how to
12 assign E-ACAM support between interstate and intrastate jurisdictions, rural ILECS need to
13 identify a portion of their E-ACAM support to the intrastate jurisdiction, in lieu of the HCLS
14 previously received. Since HCLS was only one of multiple mechanisms used by federal regulators
15 to support high-cost local loops, it is not appropriate, just, or reasonable to assign all E-ACAM
16 support to the intrastate jurisdiction. Other federal high-cost programs that have been replaced by
17 E-ACAM are specifically designed to recover interstate costs and as such this support remains
18 interstate in nature.

19

20 **Q. 29: How was Moundridge’s E-ACAM support determined?**

21 A. 29: E-ACAM support is derived using a forward-looking economic cost model created by
22 CostQuest Associates and adopted by the FCC, which calculates the theoretical cost of deploying
23 a “fiber to the home” network in a “greenfield” environment from a company’s existing central
24 offices to all locations in the study area. These costs are averaged within each census block in the
25 study area, with the cost above a nationwide benchmark rate supported up to a maximum amount
26 per location per month. Locations in which there was determined to be a qualifying competitor
27 offering voice and fixed broadband at speeds of at least 100 Mbps downstream and 20 Mbps

28

1 upstream at the time of the E-ACAM offer were not eligible for E-ACAM support, or received a
2 reduced amount of support. In addition, locations to which there was an enforceable commitment
3 to deploy fixed broadband speeds at of at least 100 Mbps downstream and 20 Mbps upstream at
4 the time of the E-ACAM offer (i.e., under a broadband grant program), were not eligible for E-
5 ACAM support or received a reduced amount of support. Moundridge elected its E-ACAM offer
6 and began receiving funding in 2024. As a result, Moundridge’s E-ACAM support is a fixed
7 amount of funding for a 15-year period, which commenced in 2024, so Moundridge’s E-ACAM
8 support runs through 2038. The fixed annual support that Moundridge is currently receiving is
9 \$1,777,365.

10

11 **Q. 30: Is Moundridge’s E-ACAM support a fixed amount through 2038?**

12 A. 30: Yes, but the support is subject to possible adjustment. In the Report and Order that
13 announced the E-ACAM offers, the FCC noted that “[c]omplete information on federal
14 commitments will likely not be available in the National Broadband Funding Map at the time
15 Enhanced A-CAM offers are made or elected, and the Map is not expected to include information
16 regarding commitments using state funds.”³ As a result, carriers electing E-ACAM may see a
17 reduction in their E-ACAM support by December 31, 2025 as updates are made to the National
18 Broadband Funding Map between the time of election and the final reporting by all carrier and
19 commitments subject to state funding are determined. Any potential reductions in E-ACAM
20 support rely on the change in total locations from the time the E-ACAM offers were made.
21 Because it is unknown at this time if Moundridge’s current E-ACAM support will be adjusted by
22 December 31, 2025, no known and measurable “expected change in circumstance” has been
23 included in the Application to adjust Moundridge’s recorded revenues.

24

25 **Q. 31: How have you jurisdictionally allocated Moundridge’s E-ACAM support between the**
26 **interstate and intrastate rate design?**

27

28 ³ *In the Matter of Connect America Fund (WC Docket 10-90), Report and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 23-60, Para 43, (rel. July 24, 2023).*

1 A. 31: I have calculated the amount of HCLS that Moundridge would have otherwise received
2 had it not elected E-ACAM support and utilized this amount in the intrastate rate design. The
3 remaining E-ACAM support is assigned to CAF BLS and is included in the interstate rate design.
4 This produces the same amount of federal funding for intrastate purposes as if Moundridge had
5 remained on the legacy federal HCLS.

6

7 **Q. 32: What is the amount of HCLS that Moundridge would be projected to receive in 2025,**
8 **if not for its E-ACAM election?**

9 A. 32: Based on my analysis, Moundridge would receive \$610,102 in HCLS funding in 2025 if
10 not for its E-ACAM election.

11

12 **Q. 33: How did you perform this calculation?**

13 A. 33: I have included my calculation for the HCLS that Moundridge would have received in
14 2025 if not for its E-ACAM election in Section 9(i)b of the forms. I utilized Moundridge’s 2023
15 cost study, as adjusted for the known and measurable “expected changes in circumstance” I
16 described above, which produces an updated and more accurate HCLS calculation that best
17 reflects Moundridge’s network configuration and operations as of the date of this filing. I
18 populated the “USF Data Collection” based on the form that is submitted to NECA each year for
19 those companies that are still required to submit this information. Using the data populated in the
20 USF Data Collection, I determined that Moundridge would not be impacted by either the
21 Corporate Operations Expense Limitation⁴ or the Operating Expense (“OpEx”) Limitation.⁵ I then
22 calculated Moundridge’s “Study Area Total Unseparated Loop Cost” pursuant to 47 C.F.R. §
23 54.1308. Next, I calculated Moundridge’s “Study Area Cost Per Loop” (“SACPL”) pursuant to 47
24 C.F.R. § 54.1309(b). I then calculated Moundridge’s “expense adjustment pursuant to 47 C.F.R. §
25 54.1310(a). This calculation produced a total expense adjustment of \$1,012,443. I then applied
26 the “pro-rata adjustment factor” of 61.3969% that NECA released on October 1, 2024, for

27

28 ⁴ See 47 C.F.R. § 54.1308(a)(4).

⁵ See 47 C.F.R. § 54.303(a).

1 payments starting January 1, 2025. The “pro-rata adjustment factor” is applied to ensure that the
2 total HCLS fund does not exceed the authorized program-specific budget for the year for
3 companies receiving HCLS. After applying the “pro-rata adjustment factor,” I calculated a total of
4 \$621,608 in HCLS funding that Moundridge would have received in 2025. Next, I applied the
5 Budget Control Mechanism (“BCM”) factor that is currently applied to all HCLS funding amounts
6 to maintain the FCC’s overall budget for High Cost Support. Using the most current data
7 available from USAC, a reduction of 1.85098% is being utilized for the BCM for July 2024
8 through June 2025. While it is expected that the BCM adjustment will change as of July 2025,
9 and will more than likely increase, I have applied the same factor for all of 2025 for purposes of
10 this calculation, making it a conservative calculation. Applying the BCM of 1.85098% to the
11 \$621,608 in HCLS after application of the “pro-rata adjustment factor,” I have calculated a total of
12 \$610,102 in HCLS that Moundridge would have received in 2025 if not for its E-ACAM election.

13
14 **Q. 34: Would it be appropriate to assign a greater amount of the E-ACAM support to the**
15 **intrastate rate design?**

16 A. 34: No, this would be analytically incorrect and contrary to the function of E-ACAM. As I
17 mentioned previously, the E-ACAM support is designed to replace both HCLS and CAF BLS, so
18 it serves both an interstate and intrastate function. CAF BLS is the support for the cost of the local
19 loop that is assigned to the interstate jurisdiction. As more and more customers adopt broadband
20 services, which are jurisdictionally interstate, more of the cost of the local loop is assigned to the
21 interstate jurisdiction, so it is imperative that the support transitions along with the costs. My
22 proposed allocation methodology, which continues to calculate the HCLS that Moundridge would
23 have received if not for the E-ACAM election appropriately recognizes this shift in cost and
24 support.

25
26 **Q. 35: Does your calculation of intrastate revenue requirement and rate design include any**
27 **adjustments to recorded 2023 amounts?**

28

1 A. 35: Yes. In addition to the adjustments described above to remove the costs of non-regulated
2 activities pursuant to Part 64 of the FCC’s rules and include known and measurable “expected
3 changes in circumstance,” several additional adjustments are necessary to properly reflect
4 Moundridge’s intrastate revenue requirement that will inform the rates and KUSF draw applied
5 starting on January 1, 2025. These adjustments include:

6 1. Adjustments to include rate case related expenses are included that have been and will be
7 incurred in the preparation, filing, and processing of this rate case. The rate case expense
8 is amortized over five years. In addition, I have incorporated a regulatory asset and the
9 associated deferred taxes to be included in rate base that result from the amortization of
10 this expense, which is based on the average balance that will be in place over the five-year
11 amortization period to avoid overstating the impact of the deferred cost. These
12 adjustments ensure that Moundridge recovers the reasonable costs of presenting this
13 Application before the Commission over the period that the resulting rate structure will be
14 in place. The details of these calculations are included in Section 9(i) of the forms.

15 2. Cash Working Capital is calculated in cost study and included as a component of rate base
16 pursuant to 47 C.F.R. Section 65 of the FCC’s Rules (“Part 65”). Cash Working Capital
17 has been calculated in accordance with the FCC’s standard allowance of 15-days of cash
18 working capital, which produces a cash working capital factor of 4.11%. This factor is
19 multiplied by Moundridge’s cash expenses to determine the amount of cash working
20 capital that is included in rate base. This calculation was performed in conjunction with
21 the cost study. The calculation included in the forms differs slightly from the calculation
22 in Moundridge’s 2023 cost study, due to the exclusion of contribution expense in this
23 application. This adjustment is necessary to include the amount of Cash Working Capital
24 that has been deemed necessary for the successful operation of the company. The details
25 of this calculation are included in Section 6 of the forms.

26 3. An adjustment has been performed to reflect the known and measurable reduction in
27 intrastate switched access and access replacement revenues Moundridge will experience in
28

1 2024 and 2025 pursuant to the mandatory phase-down in these revenues under FCC rules.
2 These adjustments are necessary to present a sufficient intrastate revenue requirement and rate
3 design consistent with Moundridge’s 2023 cost study, FCC Rules, K.A.R., and/or prior practice of
4 the Commission.

5
6 **Q. 36: How did you identify the rate case expense adjustment in your ratemaking**
7 **calculations?**

8 A. 36: I have included \$150,000 in total rate case expense to be amortized over five years in my
9 ratemaking calculations. This figure is based on my previous experience of rate case proceedings,
10 and an understanding of the process applied by the Commission.

11
12 **Q. 37: Please describe the rate case expenses associated with this Application.**

13 A. 37: As I described above, I have included \$150,000 in total rate case expenses. These fees are
14 necessary to complete vital tasks throughout the presentation, negotiation, and litigation of this
15 proceeding, including legal and consulting fees associated with: preparation of the Application
16 and Commission required work papers for filing; necessary pre-application communications and
17 meetings with Staff; responding to data requests; preparation of rebuttal testimony; participation in
18 hearings; preparation of motions and procedural filings; participation in settlement discussions;
19 and other activities to ensure that Moundridge is properly represented and advised in this
20 proceeding. Moundridge has divided this amount by five to reflect the 5 year amortization period.
21 This \$30,000 ($\$150,000 / 5 = \$30,000$) increase in expense is an adjustment in Section 9(i) and
22 increases intrastate expenses for the test year.

23 In addition, Moundridge has calculated a deferred regulatory asset for the average
24 unamortized rate case expense over the same five-year period, which is included in rate base.
25 Doing so reflects the fact that this expense will not be fully recovered for five years and provides
26 Moundridge with an appropriate return on its investment in the rate case process. Each year this
27 regulatory asset is amortized by one-fifth of the original amount, so the rate base impact declines
28

1 over time. To reflect the fact that the rate base impact will decline each year, the rate base impact
2 must be averaged over the five-year amortization period. So, instead of including \$150,000 in rate
3 base, I have included \$75,000 ($\$150,000 / 2$) in rate base so that the return on the deferred
4 regulatory asset over the amortization period is not overstated, and instead is the same as it would
5 have been if the KUSF were calculated each year of the five-years of the amortization period. In
6 addition, because the rate case expense is being deferred, it is necessary to calculate an impact on
7 the income taxes that Moundridge's shareholders will be required to pay over this same period.
8 To reflect this, I have calculated an accumulated deferred income tax associated with the deferred
9 rate case expense, which effectuates a reduction to rate base. This deferred tax is calculated as
10 26.04% (the same tax rate calculated in Moundridge's tax rate calculation in Section 11) of the
11 average deferred regulatory asset that is included in rate base, which ensures the impact is also
12 properly stated over the five-year life of the deferred regulatory asset.

13

14 **Q. 38: Please describe your proposed treatment of rate case expense in the rate case forms.**

15 A. 38: The revenue requirement calculation properly amortizes the expense incurred in bringing
16 this rate case over five years. This is accomplished through the addition of the amortized \$30,000
17 of rate case expense to the test year in Section 9(i), which is then assigned to the intrastate
18 jurisdiction. The unamortized portion of rate case expense is then recorded as an adjustment to
19 Account 1438 – Miscellaneous Deferred Charges in Section 4(i) as a deferred regulatory asset and
20 added to rate base. The deferred tax balance calculated on the unamortized portion of rate case
21 recorded as an adjustment to Account 4340 – Accum. Deferred Inc. Taxes in Section 4(i).

22

23 **Q. 39: How was the amount of rate case expense determined?**

24 A. 39: The rate case costs include expenses for work performed by Moundridge's attorneys and
25 cost and regulatory consultants: Anthony Veach Law, LLC ("AVL") and Moss Adams LLP
26 ("Moss Adams"). AVL provided legal services to Moundridge in connection with the
27 Application. Moss Adams provided cost separations, financial, and regulatory consulting services.

28

1 Professionals at both firms assisted in preparing the application, developing the forms and exhibits
2 to accompany the application, and fulfilling various regulatory obligations related to the case.
3 Both firms also assisted Moundridge in preparing an overall strategy for the case and identifying
4 key issues, anticipated discovery items, and areas for further discussion with Commission Staff.

5

6 **Q. 40: Why does Moundridge expect to incur a total of \$150,000 in rate case expenses in this**
7 **proceeding?**

8 A. 40: These expenses are necessary for Moundridge to receive appropriate representation in a
9 complicated and intensive proceeding like a general rate case. Moundridge is a very small
10 company with limited resources and experience in complex regulatory matters, and therefore must
11 rely on outside legal counsel and consultants with the requisite expertise and experience.
12 Moundridge has retained legal counsel and regulatory consultants with extensive ratemaking
13 experience.

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

- 16 1. Initial analysis of test period earnings to determine if a rate case is warranted.
- 17 2. Notification of the intent to file a rate case and compliance with procedural requirements.
- 18 3. Preparation of the separations analysis, including Part 64 allocations, to determine the
19 intrastate separation factors.
- 20 4. Development and preparation of forms that comply with subsection (c) of K.A.R. 82-1-
21 231, including modification to reflect company-specific circumstances and to incorporate
22 adjustments from the separations analysis as well as rate case specific adjustments.
- 23 5. Preparation of the application and supporting exhibits, including schedules necessary to
24 comply with K.A.R 82-1-231.
- 25 6. Preparation and submission of direct testimony by company and expert witnesses. In this
26 proceeding, Moundridge will present testimony from one company witnesses and one
27 expert witness.

28

- 1 7. Responses to data requests from Staff.
- 2 8. Review and verification of Staff opening testimony and work papers.
- 3 9. Submission of data requests to Staff based on opening testimony and work papers.
- 4 10. Engagement in settlement discussions, analysis of settlement offers, and potentially
- 5 preparation of settlement documents, including a stipulation and exhibits.
- 6 11. Preparation and submission of rebuttal testimony by company and expert witnesses in
- 7 response to Staff testimony.
- 8 12. Preparation and participation in a live hearing before the Commission. In my experience,
- 9 when hearings are required, it can take multiple days and requires the participation of all
- 10 expert witnesses and legal counsel, which generally necessitates travel time and associated
- 11 expenses.
- 12 13. Preparation and filing of motions, pleadings and briefs and attendance at procedural
- 13 hearings and conferences.
- 14 There can be additional activities and efforts that are not identified here, and the necessary tasks
- 15 can vary from one rate case to another. Based on my experience in general rate case proceedings,
- 16 I believe that the forecasted rate case expense of \$150,000 is a reasonable and conservative
- 17 estimate of the incremental costs that Moundridge will incur in this rate case process if it is fully
- 18 litigated through hearings, and it could be greater depending on the extent of discovery and motion
- 19 practice. Likewise, the amount incurred could be less if the volume and scope of data requests is
- 20 reasonably limited, and the parties are able to settle this matter without preparing rebuttal
- 21 testimony and/or the requirement for a full hearing of the case.

22

23 **Q. 41: Does the \$150,000 rate case expense figure you have identified include any internal**

24 **costs?**

25 A. 41: No. The \$150,000 rate case expense figure identified includes only external costs from

26 AVL and Moss Adams. Any costs incurred internally by Moundridge are reflected in the

27 regulated operating expenses as costs that would have otherwise been incurred during the normal

28

1 course of business.

2

3 **Q. 42: How did you determine the amount of intrastate access and intercarrier**
4 **compensation revenues for the test year?**

5 A. 42: Intrastate intercarrier compensation revenue has three components: terminating switched
6 access revenue, originating switched access revenue, and special access revenue. Terminating
7 switched access revenues require an additional calculation because they are subject to a strict
8 federal phase-down of 5% each year starting in 2012, regardless of the individual revenue
9 components that may contribute to switched access revenues. To determine Moundridge's
10 intrastate terminating switched access revenues for inclusion in its rate design, I identified the
11 components of intrastate terminating switched access and intercarrier compensation revenue for
12 that historical period, and then I made a minor forward-looking adjustment to reflect a known and
13 measurable 5% reduction to the overall amount in this revenue category that Moundridge will
14 receive during 2025, the year for which KUSF is requested in its Application. To compute the
15 impact of the 5% reduction for 2025, I first identified the eligible recovery figure for the 2022-
16 2023 fiscal year and then averaged it with the eligible recovery figure for 2023-2024, which
17 produces the 2023 eligible recovery figure. I then reduced the 2023 eligible recovery by 5% to
18 determine the 2024 eligible recovery and then reduced the 2024 eligible recovery by another 5%
19 to determine the 2025 eligible recovery.

20

21 **Q. 43: Does your intrastate terminating switched access calculation account for receipt of**
22 **Connect America Fund Intercarrier Compensation ("CAF ICC") revenues?**

23 A. 43: Yes. The calculation I described above produces the total amount of intrastate terminating
24 switched access, reciprocal compensation, Access Recovery Charge ("ARC"), and CAF ICC
25 revenue that Moundridge received from all sources for 2023. The 5% annual reductions for 2024
26 and 2025 ensure that the adjusted intrastate switched access revenue included in Section 9(i) of the
27 forms is the amount of intrastate terminating switched access, reciprocal compensation, ARC, and

28

1 CAF ICC revenue that Moundridge will receive in 2025.

2

3 **Q. 44: Based on Moundridge’s revenue requirement, its allocated federal E-ACAM Support,**
4 **and its projected intrastate revenue, what level of funding from the KUSF would**
5 **Moundridge require to provide a reasonable opportunity to meet its revenue requirement?**

6 A. 44: Moundridge requires a total of \$1,311,826 from the KUSF. This support amount is
7 determined in Section 3(i) and is calculated as the shortfall in Net Operating Income Before Taxes,
8 so that once Federal Income Taxes are calculated on this amount, Moundridge’s Return on Rate
9 Base will equal the requested Rate of Return of 9.75%. This calculation is performed in the
10 column labeled “Total Regulated Intrastate,” which then produces the requested Rate of Return of
11 9.75%.

12

13 **Q. 45: Does this conclude your opening testimony?**

14 A. 45: Yes.

15

16

17

18

19

20

21

22

23

24

25

26

27

28

1 **Verification**

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

4

5 Dated: November 20, 2024

6 /s/ Nick Huckaby

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Section 3

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

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-__-KSF

Test Year Ending: 12/31/23
Normalization Period: 9/30/24

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

Section 3(i): Summary of Revenue Requirement

| Line No. | Description | Total Regulated Company (a) | Total Regulated Intrastate (b) | Reference |
|----------|------------------------------|--------------------------------|-----------------------------------|-----------|
| 1 | Rate Base | \$ 13,283,951 | \$ 6,311,015 | 4 (i) |
| 2 | Rate of Return | <u>9.75%</u> | <u>9.75%</u> | 7 (i) |
| 3 | Allowable Return | \$ 1,295,185 | \$ 615,324 | (1) x (2) |
| 4 | Operating Income | <u>\$ (347,255)</u> | <u>\$ (354,857)</u> | 9 (i) |
| 5 | Revenue Deficiency (Excess) | \$ 1,642,440 | \$ 970,181 | (3) - (4) |
| 6 | Net to Gross Multiplier | | <u>1.352146327</u> | 11, ln 15 |
| 7 | Revenue Deficiency (Excess) | | <u>\$ 1,311,826</u> | (5) x (6) |
| | Realized Return on Rate Base | -2.61% | -5.62% | (4) / (1) |

Section 4

Plant Investments-Adjusted Rate Base and Supplemental Schedules

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

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

Section 4(i): Rate Base/Plant Investments

| Line No. | Description (a) | Part 32 Account Numbers (b) | Recorded Test Year Balance Moundridge (c) | Normalizing Adjustments to Test Year Balance Moundridge (d) | Normalized Test Year Balance Moundridge (e) | Study Adjustments to Test Year Balance Moundridge (f) | Subject to Separations Moundridge (g) | Intrastate Balance Moundridge (h) | Adjustments to Intrastate Balance Moundridge (i) | Adjusted Intrastate Balance Moundridge (j) | |
|-------------------------|--|-----------------------------|---|---|---|---|---------------------------------------|-----------------------------------|--|--|--|
| Plant in Service | | | | | | | | | | | |
| 1 | Telecom Plant in Service (From Line 57) | 2001 | \$ 32,435,410 | \$ 6,219,510 | \$ 38,654,920 | \$ (7,598,677) | \$ 31,056,243 | \$ 13,492,494 | \$ - | \$ 13,492,494 | |
| 2 | Accumulated Depreciation | | \$ (20,540,662) | \$ (544,617) | \$ (21,085,278) | \$ 1,730,755 | \$ (19,354,524) | \$ (8,004,431) | \$ - | \$ (8,004,431) | |
| 3 | Net Utility Plant in Service | | \$ 11,894,748 | \$ 5,674,893 | \$ 17,569,641 | \$ (5,867,923) | \$ 11,701,719 | \$ 5,488,063 | \$ - | \$ 5,488,063 | |
| 4 | Add | | | | | | | | | | |
| 5 | Materials and Supplies | 1220 | \$ 2,936,236 | \$ - | \$ 2,936,236 | \$ - | \$ 2,936,236 | \$ 1,360,458 | \$ - | \$ 1,360,458 | |
| 6 | Prepayments | 1280 | \$ 20,685 | \$ - | \$ 20,685 | \$ (20,685) | \$ - | \$ - | \$ - | \$ - | |
| 7 | Miscellaneous Deferred Charges | 1438 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 75,000 | \$ 75,000 | |
| 8 | Accum. Deferred Inc. Taxes | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 9 | Cash Working Capital | | \$ - | \$ - | \$ - | \$ 33,377 | \$ 33,377 | \$ 17,092 | \$ - | \$ 17,092 | |
| 10 | Other | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 11 | Sub Total | | \$ 2,956,921 | \$ - | \$ 2,956,921 | \$ 12,692 | \$ 2,969,612 | \$ 1,377,550 | \$ 75,000 | \$ 1,452,550 | |
| 12 | Less | | | | | | | | | | |
| 13 | Other Liab. and Def. Credits | 4300 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 14 | Accum. Deferred Inc. Taxes | 4340 | \$ 1,011,734 | \$ - | \$ 1,011,734 | \$ 375,647 | \$ 1,387,381 | \$ 610,065 | \$ 19,533 | \$ 629,597 | |
| 15 | Net Deferred Tax Liab. Adjustments | 4341 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 16 | Deferred Tax Regulatory Adjustments | 4361 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 17 | Other Jurisdictional Liab. And Def. Credits | 4370 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 18 | Customer Deposits | 4040 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 19 | Sub Total | | \$ 1,011,734 | \$ - | \$ 1,011,734 | \$ 375,647 | \$ 1,387,381 | \$ 610,065 | \$ 19,533 | \$ 629,597 | |
| 20 | Net Rate Base | | \$ 13,839,935 | \$ 5,674,893 | \$ 19,514,828 | \$ (6,230,878) | \$ 13,283,951 | \$ 6,255,548 | \$ 55,467 | \$ 6,311,015 | |
| 21 | | | | | | | | | | | |
| 22 | | | | | | | | | | | |
| 23 | | | | | | | | | | | |
| 24 | Property, Plant, and Equipment | | | | | | | | | | |
| 25 | Property Held for Future Use | 2002 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 26 | Telecom Plant Under Const. | 2003 | \$ 22,754 | \$ - | \$ 22,754 | \$ - | \$ 22,754 | \$ 9,706 | \$ - | \$ 9,706 | |
| 27 | Telecom Plant Adjustment | 2005 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 28 | Nonoperating Plant | 2006 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 29 | Goodwill | 2007 | \$ 6,702,817 | \$ - | \$ 6,702,817 | \$ (6,702,817) | \$ - | \$ - | \$ - | \$ - | |
| 30 | TPIS-General Support Assets | | | | | | | | | | |
| 31 | Land | 2111 | \$ 33,518 | \$ - | \$ 33,518 | \$ (5,336) | \$ 28,182 | \$ 12,022 | \$ - | \$ 12,022 | |
| 32 | Motor Vehicles | 2112 | \$ 235,000 | \$ - | \$ 235,000 | \$ (66,679) | \$ 168,321 | \$ 71,802 | \$ - | \$ 71,802 | |
| 33 | Garage Work Equipment | 2115 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 34 | Other Work Equipment | 2116 | \$ 264,340 | \$ 10,604 | \$ 274,944 | \$ (78,013) | \$ 196,931 | \$ 84,006 | \$ - | \$ 84,006 | |
| 35 | Buildings | 2121 | \$ 1,047,607 | \$ 41,861 | \$ 1,089,468 | \$ (193,216) | \$ 896,252 | \$ 382,319 | \$ - | \$ 382,319 | |
| 36 | Furniture | 2122 | \$ 142,120 | \$ - | \$ 142,120 | \$ (39,300) | \$ 102,820 | \$ 43,860 | \$ - | \$ 43,860 | |
| 37 | Office Equipment | 2123 | \$ 23,930 | \$ - | \$ 23,930 | \$ (6,617) | \$ 17,313 | \$ 7,385 | \$ - | \$ 7,385 | |
| 38 | General Purpose Computers | 2124 | \$ 79,049 | \$ - | \$ 79,049 | \$ (31,859) | \$ 47,190 | \$ 24,396 | \$ - | \$ 24,396 | |
| 39 | Total Land and Support Assets | | \$ 1,825,564 | \$ 52,465 | \$ 1,878,029 | \$ (411,021) | \$ 1,467,008 | \$ 625,789 | \$ - | \$ 625,789 | |
| 40 | TPIS-Central Office Assets | | | | | | | | | | |
| 41 | Central Office Switching | 2210 | \$ 806,384 | \$ (157,766) | \$ 648,618 | \$ (648,618) | \$ 0 | \$ 0 | \$ - | \$ 0 | |
| 42 | Operator Systems | 2220 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 43 | Central Office Transmission | 2230 | \$ 4,692,590 | \$ 134,047 | \$ 4,826,637 | \$ 647,765 | \$ 5,474,402 | \$ 1,634,476 | \$ - | \$ 1,634,476 | |
| 44 | Total Central Office Equipment | | \$ 5,498,974 | \$ (23,719) | \$ 5,475,255 | \$ (853) | \$ 5,474,402 | \$ 1,634,476 | \$ - | \$ 1,634,476 | |
| 45 | TPIS-Information Origination Termination Assets | | | | | | | | | | |
| 46 | Information Origination/Termination | 2310 | \$ 1,383 | \$ - | \$ 1,383 | \$ (1,383) | \$ - | \$ - | \$ - | \$ - | |
| 47 | TPIS-Cable and Wire Facilities | | | | | | | | | | |
| 48 | Poles | 2411 | \$ 924 | \$ - | \$ 924 | \$ - | \$ 924 | \$ 428 | \$ - | \$ 428 | |
| 49 | Aerial Cable | 2421 | \$ 31,941 | \$ - | \$ 31,941 | \$ - | \$ 31,941 | \$ 14,799 | \$ - | \$ 14,799 | |
| 50 | Buried Cable | 2423 | \$ 15,999,527 | \$ 5,599,754 | \$ 21,599,281 | \$ (272,924) | \$ 21,326,357 | \$ 9,881,226 | \$ - | \$ 9,881,226 | |
| 51 | Aerial Wire | 2431 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 52 | Conduit Systems | 2441 | \$ 2,183,057 | \$ - | \$ 2,183,057 | \$ (46,249) | \$ 2,136,808 | \$ 990,056 | \$ - | \$ 990,056 | |
| 53 | Total Land and Wire Facilities | | \$ 18,215,448 | \$ 5,599,754 | \$ 23,815,202 | \$ (319,174) | \$ 23,496,029 | \$ 10,886,509 | \$ - | \$ 10,886,509 | |
| 54 | TPIS - Amortizable Tangible Assets | | | | | | | | | | |
| 55 | Amortizable Tangible Assets | 2680 | \$ 168,470 | \$ - | \$ 168,470 | \$ - | \$ 168,470 | \$ 71,865 | \$ - | \$ 71,865 | |
| 56 | Intangibles | 2690 | \$ - | \$ 591,010 | \$ 591,010 | \$ (163,431) | \$ 427,580 | \$ 264,149 | \$ - | \$ 264,149 | |
| 57 | Total Telecom. Plant in Serv. | 2001 | \$ 32,435,410 | \$ 6,219,510 | \$ 38,654,920 | \$ (7,598,677) | \$ 31,056,243 | \$ 13,492,494 | \$ - | \$ 13,492,494 | |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules
Section Section 4(ii): Unadjusted Year-End Plant Investment Balances, for the test year and preceding calendar years

| Line No. | Account Number | Description | Balances per Books | | | |
|----------|----------------|--|-------------------------|------------------------|------------------------|------------------------|
| | | | Test Year 12/31/2023 | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | | Other Regulated Plant | | | | |
| 2 | 2002 | Property Held for Future Use | \$ - | \$ - | \$ - | \$ - |
| 3 | 2003 | Telecom Plant Under Const. | \$ 22,754 | \$ 172,518 | \$ 495,292 | \$ 899,349 |
| 4 | 2005 | Telecom Plant Adjustment | \$ - | \$ - | \$ - | \$ - |
| 5 | 2006 | Nonoperating Plant | \$ - | \$ - | \$ - | \$ - |
| 6 | 2007 | Goodwill | \$ 5,697,395 | \$ 5,897,113 | \$ - | \$ - |
| 7 | | Total Other Regulated Plant | \$ 5,720,149 | \$ 6,069,631 | \$ 495,292 | \$ 899,349 |
| 8 | | Telecommunications Plant in Service | | | | |
| 9 | 2111 | Land | \$ 33,518 | \$ 33,518 | \$ 33,518 | \$ 33,518 |
| 10 | 2112 | Motor Vehicles | \$ 235,000 | \$ 323,443 | \$ 460,236 | \$ 407,426 |
| 11 | 2115 | Garage Work Equipment | \$ - | \$ - | \$ - | \$ - |
| 12 | 2116 | Other Work Equipment | \$ 264,340 | \$ 183,043 | \$ 183,043 | \$ 177,454 |
| 13 | 2121 | Buildings | \$ 1,067,380 | \$ 1,001,499 | \$ 921,481 | \$ 908,603 |
| 14 | 2122 | Furniture | \$ 142,120 | \$ 142,120 | \$ 142,120 | \$ 146,405 |
| 15 | 2123 | Office Equipment | \$ 23,930 | \$ 23,930 | \$ 23,930 | \$ 23,930 |
| 16 | 2124 | General Purpose Computers | \$ 79,049 | \$ 73,161 | \$ 73,161 | \$ 70,655 |
| 17 | 2110 | Total Land and Support Assets | \$ 1,845,337 | \$ 1,780,715 | \$ 1,837,490 | \$ 1,767,990 |
| 18 | | TPIS-Central Office Assets | | | | |
| 19 | 2211 | Analog electronic switching | \$ - | \$ - | \$ - | \$ - |
| 20 | 2212 | Digital electronic switching | \$ 806,384 | \$ 806,384 | \$ 1,449,938 | \$ 1,341,862 |
| 21 | 2215 | Electromechanical switching | \$ - | \$ - | \$ - | \$ - |
| 22 | 2210 | Total Central Office Switching | \$ 806,384 | \$ 806,384 | \$ 1,449,938 | \$ 1,341,862 |
| 23 | 2220 | Operator Systems | \$ - | \$ - | \$ - | \$ - |
| 24 | 2231 | Radio Systems | \$ - | \$ - | \$ - | \$ - |
| 25 | 2232 | Circuit Equipment | \$ 4,692,590 | \$ 4,510,229 | \$ 4,547,314 | \$ 4,074,110 |
| 26 | | Total Circuit Equipment | \$ 4,692,590 | \$ 4,510,229 | \$ 4,547,314 | \$ 4,074,110 |
| 27 | | Total Central Office Equipment | \$ 5,498,974 | \$ 5,316,613 | \$ 5,997,252 | \$ 5,415,973 |
| 28 | | TPIS-Information Origination Termination Assets | | | | |
| 29 | 2311 | Station Apparatus | \$ 1,383 | \$ 1,383 | \$ 1,383 | \$ 1,383 |
| 30 | 2321 | Customer premises wiring | \$ - | \$ - | \$ - | \$ - |
| 31 | 2341 | Large PBX | \$ - | \$ - | \$ - | \$ - |
| 32 | 2351 | Public Telephone Terminal Equipment | \$ - | \$ - | \$ - | \$ - |
| 33 | 2362 | Other Terminal Equipment | \$ - | \$ - | \$ - | \$ - |
| 34 | 2310 | Total Information Origination/Termination | \$ 1,383 | \$ 1,383 | \$ 1,383 | \$ 1,383 |
| 35 | | TPIS-Cable and Wire Facilities | | | | |
| 36 | 2411 | Poles | \$ 924 | \$ 924 | \$ 924 | \$ 924 |
| 37 | 2421 | Aerial Cable | \$ 31,941 | \$ 31,941 | \$ 31,941 | \$ 31,941 |
| 38 | 2422 | Underground Cable | \$ - | \$ - | \$ - | \$ - |
| 39 | 2423 | Buried Cable | \$ 15,999,527 | \$ 13,307,698 | \$ 13,157,235 | \$ 12,418,675 |
| 40 | 2424 | Submarine Cable | \$ - | \$ - | \$ - | \$ - |
| 41 | 2425 | Deep Sea Cable | \$ - | \$ - | \$ - | \$ - |
| 42 | 2426 | Intrabuilding network cable | \$ - | \$ - | \$ - | \$ - |
| 43 | 2431 | Aerial Wire | \$ - | \$ - | \$ - | \$ - |
| 44 | 2441 | Conduit Systems | \$ 2,183,057 | \$ 2,182,942 | \$ 2,088,621 | \$ 1,913,891 |
| 45 | | Total Cable and Wire Facilities | \$ 18,215,448 | \$ 15,523,504 | \$ 15,278,720 | \$ 14,365,431 |
| 46 | | TPIS - Amortizable Tangible Assets | | | | |
| 47 | 2681 | Capital Leases | \$ - | \$ - | \$ - | \$ - |
| 48 | 2682 | Leasehold Improvements | \$ 168,470 | \$ 168,470 | \$ 168,470 | \$ 168,470 |
| 49 | 2680 | Total Amortizable Tangible Assets | \$ 168,470 | \$ 168,470 | \$ 168,470 | \$ 168,470 |
| 50 | | | | | | |
| 51 | 2690 | Intangibles | \$ - | \$ - | \$ - | \$ - |
| 52 | | | | | | |
| 53 | | Total Telecom. Plant in Serv. | \$ 25,729,612 | \$ 22,790,685 | \$ 23,283,316 | \$ 21,719,247 |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

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

Section 4(ii)a: Normalizing Telephone Plant Adjustments

| Line No. | Adj # | Moundridge | Rate Case | Description | DB | CR |
|----------|-------|-------------------------------|------------------------|---|--------------|------------|
| | | General Ledger Account Number | Forms Account Grouping | | | |
| 1 | 1 | 2116 | 2116 | Other Work Equipment | \$ 10,604 | |
| 2 | | 2121 | 2121 | Buildings | \$ 41,861 | |
| 3 | | 2230 | 2230 | Central Office Transmission | \$ 241,481 | |
| 4 | | 2423 | 2423 | Buried Cable | \$ 5,599,754 | |
| 5 | | 2690 | 2690 | Intangibles | \$ 591,010 | |
| 6 | | | | To record plant investments capitalized through September 30, 2024 | | |
| 7 | | | | | | |
| 8 | 2 | 3100-2423 | 3100-2410 | Accum Depr - Buried Fiber Optic Cable | | \$ 71,303 |
| 9 | | | | To adjust depreciation rate on existing assets recorded prior to 2023 | | |
| 10 | | | | | | |
| 11 | 3 | 3100-2116 | 3100-2110 | Accum Depr - Other Work Equipment | | \$ 7,459 |
| 12 | | 3100-2121 | 3100-2110 | Accum Depr - Buildings | | \$ 1,581 |
| 13 | | 3100-2124 | 3100-2110 | Accum Depr - General Purpose Computers | | \$ 137 |
| 14 | | 3100-2230 | 3100-2230 | Accum Depr - Circuit Equipment | | \$ 25,563 |
| 15 | | 3100-2423 | 3100-2410 | Accum Depr - Buried Cable | | \$ 813 |
| 16 | | 3100-2423 | 3100-2410 | Accum Depr - Buried Fiber Optic Cable | | \$ 168,541 |
| 17 | | | | To normalize depreciation on plant investments capitalized in 2023 | | |
| 18 | | | | | | |
| 19 | 4 | 3100-2121 | 3100-2110 | Accum Depr - Other Work Equipment | | \$ 2,545 |
| 20 | | 3100-2123 | 3100-2110 | Accum Depr - Buildings | | \$ 2,093 |
| 21 | | 3100-2230 | 3100-2230 | Accum Depr - Central Office Transmission | | \$ 38,637 |
| 22 | | 3100-2423 | 3100-2410 | Accum Depr - Buried Cable | | \$ 372,944 |
| 23 | | 3100-2690 | 3500 | Accum Depr - Intangibles | | \$ 118,202 |
| 24 | | | | To record annual accumulated depreciation on plant investments capitalized through September 30, 2024 | | |
| 25 | | | | | | |
| 26 | 5 | 2210 | 2210 | Central Office Switching | | \$ 157,766 |
| 27 | | 2230 | 2230 | Central Office Transmission | | \$ 107,435 |
| 28 | | 3100-2210 | 3100-2210 | Accum Depr - Central Office Switching | \$ 157,766 | |
| 29 | | 3100-2230 | 3100-2230 | Accum Depr - Central Office Transmission | \$ 107,435 | |
| 30 | | | | To record plant retirements through September 30, 2024 | | |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-__-KSF

Test Year Ending: 12/31/23
 Normalization Period Ending: 9/30/24

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

Section 4(ii)b: Normalizing Telephone Plant Adjustments

| Line No. | Adj # | Moundridge General Ledger Account Number | Rate Case Forms Account Grouping | Description | DB | CR |
|----------|-------|--|----------------------------------|--|-----------|----|
| 1 | 1 | | 1438 | Miscellaneous Deferred Charges | \$ 75,000 | |
| 2 | | | 4340 | Accum. Deferred Inc. Taxes | \$ 19,533 | |
| 3 | | | | To include deferred asset and accumulated deferred income taxes on unamortized rate case expense | | |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules
Section 4(i): Normalizing 2023 Telephone Plant Addition, Depreciation and Property Taxes

| Line No. | Account Number | Description | Vintage Year 2022 Asset Balance | Current Depreciation Rate | 2023 | | New Depreciation Rate | Annual Depreciation Expense | Normalization Adjustment | Intrastate Allocation | Intrastate Normalizing Adjustment |
|----------|----------------|--------------------------|---------------------------------|---------------------------|-------------------------------|--|-----------------------|-----------------------------|--------------------------|-----------------------|-----------------------------------|
| | | | | | Recorded Depreciation Expense | | | | | | |
| 1 | 3100-2423 | Buried Fiber Optic Cable | \$ 7,275,654 | 5.68% | \$ 413,256 | | 6.66% | \$ 484,559 | \$ 71,303 | 46.3334% | \$ 33,037 |
| 2 | | | | | | | | | | | |
| 3 | | | <u>\$ 7,275,654</u> | | <u>\$ 413,256</u> | | | <u>\$ 484,559</u> | <u>\$ 71,303</u> | | <u>\$ 33,037</u> |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules
Section 4(i)d: Normalizing 2023 Telephone Plant Addition, Depreciation and Property Taxes

| Line No. | Account Number | Description | 2023 | | 2023 | | New Depreciation Rate | Annual Depreciation Expense | Normalization Adjustment | Intrastate Allocation | Intrastate Normalizing Adjustment |
|----------|----------------|---------------------------|---------------------|---------------------------|-------------------------------|-------------------|-----------------------|-----------------------------|--------------------------|-----------------------|-----------------------------------|
| | | | Capital Expenditure | Current Depreciation Rate | Recorded Depreciation Expense | Depreciation Rate | | | | | |
| 1 | 3100-2116 | Other Work Equipment | \$ 81,296 | 24.00% | \$ 12,052 | 24.00% | \$ 19,511 | \$ 7,459 | 42.6575% | \$ 3,182 | |
| 2 | 3100-2121 | Buildings | \$ 46,108 | 5.00% | \$ 724 | 5.00% | \$ 2,305 | \$ 1,581 | 42.6575% | \$ 674 | |
| 3 | 3100-2124 | General Purpose Computers | \$ 5,888 | 18.57% | \$ 957 | 18.57% | \$ 1,093 | \$ 137 | 42.6575% | \$ 58 | |
| 4 | 3100-2230 | Circuit Equipment | \$ 182,348 | 16.00% | \$ 3,612 | 16.00% | \$ 29,176 | \$ 25,563 | 29.8567% | \$ 7,632 | |
| 5 | 3100-2423 | Buried Cable | \$ 14,931 | 5.68% | \$ 35 | 5.68% | \$ 848 | \$ 813 | 46.3334% | \$ 377 | |
| 6 | 3100-2423 | Buried Fiber Optic Cable | \$ 2,676,385 | 5.68% | \$ 9,706 | 6.66% | \$ 178,247 | \$ 168,541 | 46.3334% | \$ 78,091 | |
| 7 | | | | | | | | | | | |
| 8 | | | <u>\$ 3,006,957</u> | | <u>\$ 27,087</u> | | <u>\$ 231,181</u> | <u>\$ 204,094</u> | | <u>\$ 90,014</u> | |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 4: Plant Investments - Adjusted Rate Base and Supplemental Schedules
Section 4(ii): Normalizing 2024 Telephone Plant Addition, Depreciation and Property Taxes

| Line No. | Account Number | Description | 2024 Capital Expenditure | Depreciation Rate | Annual Depreciation Expense | Intrastate Allocation | Intrastate Depreciation Expense |
|----------|----------------|-----------------------------|--------------------------|-------------------|-----------------------------|-----------------------|---------------------------------|
| 1 | 2116 | Other Work Equipment | \$ 10,604 | 24.00% | \$ 2,545 | 42.6575% | \$ 1,086 |
| 2 | 2121 | Buildings | \$ 41,861 | 5.00% | \$ 2,093 | 42.6575% | \$ 893 |
| 3 | 2230 | Central Office Transmission | \$ 241,481 | 16.00% | \$ 38,637 | 29.8567% | \$ 11,536 |
| 4 | 2423 | Buried Cable | \$ 5,599,754 | 6.66% | \$ 372,944 | 46.3334% | \$ 172,797 |
| 5 | 2690 | Intangibles | \$ 591,010 | 20.00% | \$ 118,202 | 42.6575% | \$ 50,422 |
| 6 | | | | | | | |
| 7 | | | <u>\$ 6,484,710</u> | | <u>\$ 534,421</u> | | <u>\$ 236,734</u> |

Section 5

Accumulated Provision for Depreciation and Amortization

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT- -KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

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

| Line No. | Account Number | Description | Recorded Test Year Balance Moundridge | Normalizing Adjustments to Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Study Adjustments to Test Year Balance Moundridge | Subject to Separations Moundridge | Intrastate Balance Moundridge |
|----------|----------------|---|---------------------------------------|---|---|---|-----------------------------------|-------------------------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | | Investment Offsets | | | | | | |
| 2 | 3100 | Accum Depr. - TPIS | | | | | | |
| 3 | 3100-2110 | Accum Depr. - Land and Support Assets | \$ 1,672,486 | \$ 13,815 | \$ 1,686,301 | \$ (371,237) | \$ 1,315,064 | \$ 543,870 |
| 4 | 3100-2210 | Accum Depr. - COE Switching | \$ 806,384 | \$ (157,766) | \$ 648,618 | \$ (648,618) | \$ - | \$ - |
| 5 | 3100-2220 | Accum Depr. - COE Operator Systems | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | 3100-2230 | Accum Depr. - COE Transmission | \$ 4,513,854 | \$ (43,234) | \$ 4,470,620 | \$ 647,765 | \$ 5,118,385 | \$ 2,116,805 |
| 7 | 3100-2310 | Accum Depr. - IOT Equipment | \$ 1,383 | \$ - | \$ 1,383 | \$ (1,383) | \$ - | \$ - |
| 8 | 3100-2410 | Accum Depr. - Cable and Wire Facilities | \$ 12,372,663 | \$ 613,600 | \$ 12,986,263 | \$ (319,174) | \$ 12,667,089 | \$ 5,238,715 |
| 9 | 3100 | Total Accum. Depr. - TPIS | \$ 19,366,770 | \$ 426,414 | \$ 19,793,185 | \$ (692,647) | \$ 19,100,538 | \$ 7,899,390 |
| 10 | | | | | | | | |
| 11 | 3200 | Accum Depr. - PHFU | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 12 | 3300 | Accum Depr. - Nonoperating | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 13 | 3410 | Accum Depr. - Capitalized Leases | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 14 | 3420 | Accum Depr. - Leasehold Improvements | \$ 168,470 | \$ - | \$ 168,470 | \$ - | \$ 168,470 | \$ 71,865 |
| 15 | 3500 | Accum Depr. - Intangible | \$ - | \$ 118,202 | \$ 118,202 | \$ (32,686) | \$ 85,516 | \$ 36,479 |
| 16 | 3600 | Accum Depr. - Other | \$ 1,005,422 | \$ - | \$ 1,005,422 | \$ (1,005,422) | \$ - | \$ - |
| 17 | | | | | | | | |
| 18 | | Total Investment Offsets | \$ 20,540,662 | \$ 544,617 | \$ 21,085,278 | \$ (1,730,755) | \$ 19,354,524 | \$ 8,007,734 |

Section 6

Working Capital

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 6: Working Capital

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

| Line No. | Account Number | Description | Recorded Test Year Balance Moundridge | Normalizing Adjustments to Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Study Adjustments to Test Year Balance Moundridge | Adjusted Balance | Reference |
|----------|----------------|---|---------------------------------------|---|---|---|-------------------|----------------|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| 1 | | | | | | | | |
| 2 | 6110 - 6410 | Plant Specific Expense | \$ 765,108 | \$ 10,402 | \$ 775,510 | \$ - | \$ 775,510 | 9(i), ln 20 |
| 3 | 6510 - 6540 | Plant Non-Specific Expense | \$ 288,742 | \$ 9,132 | \$ 297,875 | \$ (34,400) | \$ 263,475 | 9(i), ln 26 |
| 4 | 6610 - 6620 | Customer Operations Expense | \$ 168,790 | \$ 15,173 | \$ 183,963 | \$ - | \$ 183,963 | 9(i), ln 34 |
| 5 | 6710 - 6720 | Corporate Operations Expense | \$ 169,183 | \$ 6,530 | \$ 175,713 | \$ - | \$ 175,713 | 9(i), ln 23 |
| 6 | 7370 | Other Expense - Contributions | \$ 100 | \$ - | \$ 100 | \$ (100) | \$ - | |
| 7 | 7510 | Operating Fixed Charges | \$ 24,516 | \$ - | \$ 24,516 | \$ (9,743) | \$ 14,773 | 9(i), ln 49 |
| 8 | 7200 less 7250 | Operating Taxes | \$ (26,055) | \$ 17,811 | \$ (8,245) | \$ (593,023) | \$ (601,267) | 9(i), ln 44-46 |
| 9 | 7540 | Interest on Customer Deposits | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 10 | | Annual Cash Operating Expense Base | \$ 1,390,384 | \$ 59,048 | \$ 1,449,432 | \$ (637,265) | \$ 812,167 | |
| 11 | | | | | | | | |
| 12 | | Standard Allowance Factor | | | 4.1096% | | 4.1096% | |
| 13 | | | | | | | | |
| 14 | | Cash Working Capital | | | \$ 59,566 | | \$ 33,377 | |
| 15 | | Intrastate Allocation Factor | | | | | 51.2091% | |
| 16 | | | | | | | | |
| 17 | | Cash Working Capital - State | | | | | \$ 17,092 | |

Section 7

Capital and Cost of Money

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 7: Capital and Cost of Money

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

| Line No. | Description | Recorded Test Year Balance Total Company | Weight (% of Total) | Cost (%) | Weighted Cost (%) |
|----------|---------------------------|---|------------------------|-------------|-------------------------|
| | (a) | (c) | (d) | (e) | (f) |
| 1 | Total Long Term Debt | \$ 1,796,316 | 14.11% | 3.41% | 0.48% |
| 2 | Total Equity | \$ 10,935,679 | 85.89% | 10.79% | 9.27% |
| 3 | Total Capital | <u>\$ 12,731,995</u> | <u>100%</u> | | |
| 4 | Requested Cost of Capital | | | | <u>9.75%</u> |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
 Normalization Period Ending: 9/30/24

Section 7: Capital and Cost of Money

Section 7(ii): Summary of Debt

| Line No. | Issuer | Balance | Rate | Maturity Date | Annual Interest |
|----------|-----------------------|---------------------|-------|---------------|------------------|
| | (a) | (c) | (d) | (e) | (f) |
| 1 | CoBank Loan | \$ 120,000 | 8.66% | 7/20/2030 | \$ 10,392 |
| 2 | Intercompany Loan | \$ 1,676,316 | 3.03% | 7/31/2028 | \$ 50,792 |
| 3 | | | | | |
| 4 | Total Long Term Debt | <u>\$ 1,796,316</u> | | | <u>\$ 61,184</u> |
| 5 | | | | | |
| 6 | Weighted Cost of Debt | | | | 3.41% |

Section 8

Financial and Operating Data

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 8: Financial and Operating Data

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

| Line No. | Account Number | Description | Balances per Books | | | |
|----------|----------------|---|-------------------------|------------------------|------------------------|------------------------|
| | | | Test Year 12/31/2023 | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| 1 | | | | | | |
| 2 | | <u>Current Assets</u> | | | | |
| 3 | 1120 | Cash and Equivalents | \$ 166,061 | \$ 394,108 | \$ 1,291,895 | \$ 1,777,723 |
| 4 | 1170 | Receivables | \$ 164,079 | \$ 257,928 | \$ 373,709 | \$ 282,523 |
| 5 | 1171 | Allowance for Doubtful Accounts* | \$ - | \$ - | \$ - | \$ - |
| 6 | 1191 | Accounts Receivable Allowance - Other | \$ (1,005,680) | \$ - | \$ - | \$ - |
| 7 | 1220 | Inventories - Materials and Supplies | \$ 2,936,236 | \$ 1,739,108 | \$ 1,068,703 | \$ 863,113 |
| 8 | 1280 | Prepayments | \$ 20,685 | \$ 10,319 | \$ 27,997 | \$ 30,696 |
| 9 | 1350 | Other Current Assets | \$ - | \$ - | \$ - | \$ - |
| 10 | | Total Current Assets | \$ 2,281,381 | \$ 2,401,463 | \$ 2,762,304 | \$ 2,954,055 |
| 11 | | | | | | |
| 12 | | <u>Noncurrent Assets</u> | | | | |
| 13 | 1406 | Nonregulated Investments | \$ - | \$ - | \$ 1,038,311 | \$ 1,047,341 |
| 14 | 1410 | Other Noncurrent Assets | \$ 999 | \$ 999 | \$ 999 | \$ 999 |
| 15 | 1438 | Def. Maintenance, Retirements, Other Def. Charges | \$ - | \$ - | \$ - | \$ - |
| 16 | 1500 | Other Jurisdictional Assets - Net | \$ - | \$ - | \$ - | \$ - |
| 17 | | Total Noncurrent Assets | \$ 999 | \$ 999 | \$ 1,039,310 | \$ 1,048,340 |
| 18 | | | | | | |
| 19 | | <u>Other Regulated Plant</u> | | | | |
| 20 | 2002 | Property Held for Future Use | \$ - | \$ - | \$ - | \$ - |
| 21 | 2003 | Telecom Plant Under Const. | \$ 22,754 | \$ 172,518 | \$ 495,292 | \$ 899,349 |
| 22 | 2005 | Telecom Plant Adjustment | \$ - | \$ - | \$ - | \$ - |
| 23 | 2006 | Nonoperating Plant | \$ - | \$ - | \$ - | \$ - |
| 24 | 2007 | Goodwill | \$ 6,702,817 | \$ 6,367,676 | \$ - | \$ - |
| 25 | | Total Other Regulated Plant | \$ 6,725,570 | \$ 6,540,194 | \$ 495,292 | \$ 899,349 |
| 26 | | | | | | |
| 27 | | <u>Plant, Property and Equipment</u> | | | | |
| 28 | 2111 | Land | \$ 33,518 | \$ 33,518 | \$ 33,518 | \$ 33,518 |
| 29 | 2112 | Motor Vehicles | \$ 235,000 | \$ 323,443 | \$ 460,236 | \$ 407,426 |
| 30 | 2115 | Garage Work Equipment | \$ - | \$ - | \$ - | \$ - |
| 31 | 2116 | Other Work Equipment | \$ 264,340 | \$ 183,043 | \$ 183,043 | \$ 177,454 |
| 32 | 2121 | Buildings | \$ 1,047,607 | \$ 1,021,271 | \$ 921,481 | \$ 908,603 |
| 33 | 2122 | Furniture | \$ 142,120 | \$ 142,120 | \$ 142,120 | \$ 146,405 |
| 34 | 2123 | Office Equipment | \$ 23,930 | \$ 23,930 | \$ 23,930 | \$ 23,930 |
| 35 | 2124 | General Purpose Computers | \$ 79,049 | \$ 73,161 | \$ 73,161 | \$ 70,655 |
| 36 | 2211 | Analog electronic switching | \$ - | \$ - | \$ - | \$ - |
| 37 | 2212 | Digital electronic switching | \$ 806,384 | \$ 806,384 | \$ 1,449,938 | \$ 1,341,862 |
| 38 | 2215 | Electromechanical switching | \$ - | \$ - | \$ - | \$ - |
| 39 | 2220 | Operator Systems | \$ - | \$ - | \$ - | \$ - |
| 40 | 2231 | Radio Systems | \$ - | \$ - | \$ - | \$ - |
| 41 | 2232 | Circuit Equipment | \$ 4,692,590 | \$ 4,510,229 | \$ 4,547,314 | \$ 4,074,110 |
| 42 | 2311 | Station Apparatus | \$ 1,383 | \$ 1,383 | \$ 1,383 | \$ 1,383 |
| 43 | 2321 | Customer premises wiring | \$ - | \$ - | \$ - | \$ - |
| 44 | 2341 | Large PBX | \$ - | \$ - | \$ - | \$ - |
| 45 | 2351 | Public Telephone Terminal Equipment | \$ - | \$ - | \$ - | \$ - |
| 46 | 2362 | Other Terminal Equipment | \$ - | \$ - | \$ - | \$ - |
| 47 | 2411 | Poles | \$ 924 | \$ 924 | \$ 924 | \$ 924 |
| 48 | 2421 | Aerial Cable | \$ 31,941 | \$ 31,941 | \$ 31,941 | \$ 31,941 |
| 49 | 2422 | Underground Cable | \$ - | \$ - | \$ - | \$ - |
| 50 | 2423 | Buried Cable | \$ 15,999,527 | \$ 13,307,698 | \$ 13,157,235 | \$ 12,418,675 |
| 51 | 2424 | Submarine Cable | \$ - | \$ - | \$ - | \$ - |
| 52 | 2425 | Deep Sea Cable | \$ - | \$ - | \$ - | \$ - |
| 53 | 2426 | Intrabuilding network cable | \$ - | \$ - | \$ - | \$ - |
| 54 | 2431 | Aerial Wire | \$ - | \$ - | \$ - | \$ - |
| 55 | 2441 | Conduit Systems | \$ 2,183,057 | \$ 2,182,942 | \$ 2,088,621 | \$ 1,913,891 |
| 56 | | Total Plant in Service | \$ 25,541,370 | \$ 22,641,988 | \$ 23,114,846 | \$ 21,550,777 |

Section 8: Financial and Operating Data

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

| Line No. | Account Number | Description | Balances per Books | | | |
|----------|----------------|---|-------------------------|------------------------|------------------------|------------------------|
| | | | Test Year 12/31/2023 | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| 57 | | | | | | |
| 58 | | TPIS - Amortizable Tangible Assets | | | | |
| 59 | 2681 | Capital Leases | \$ - | \$ - | \$ - | \$ - |
| 60 | 2682 | Leasehold Improvements | \$ 168,470 | \$ 168,470 | \$ 168,470 | \$ 168,470 |
| 61 | | Total Amortizable Tangible Assets | \$ 168,470 | \$ 168,470 | \$ 168,470 | \$ 168,470 |
| 62 | | | | | | |
| 63 | | Less: Accumulated Depreciation | | | | |
| 64 | | Depreciation and Amortization | | | | |
| 65 | 3300 | Depreciation Non-Operating | \$ - | \$ - | \$ - | \$ - |
| 66 | | | | | | |
| 67 | 3100-2112 | Depreciation Vehicle | \$ (235,000) | \$ (323,443) | \$ (419,129) | \$ (407,426) |
| 68 | 3100-2116 | Depreciation Work Equipment | \$ (195,095) | \$ (183,043) | \$ (183,043) | \$ (162,558) |
| 69 | 3100-2121 | Depreciation Building-Grounds | \$ (1,002,223) | \$ (983,646) | \$ (921,628) | \$ (912,810) |
| 70 | 3100-2122 | Depreciation Furniture | \$ (142,120) | \$ (142,120) | \$ (142,120) | \$ (146,405) |
| 71 | 3100-2123 | Depreciation Office Equipment | \$ (23,930) | \$ (23,930) | \$ (23,827) | \$ (19,496) |
| 72 | 3100-2124 | Depreciation Computer | \$ (74,118) | \$ (73,161) | \$ (72,900) | \$ (70,655) |
| 73 | 3100-2212 | Depreciation Digital Switch | \$ (806,384) | \$ (806,384) | \$ (1,357,966) | \$ (1,336,862) |
| 74 | 3100-2232 | Depreciation Circuit | \$ (4,513,854) | \$ (4,510,229) | \$ (4,396,070) | \$ (3,853,850) |
| 75 | 3100-2232 | Depreciation IOT Equipment | \$ (1,383) | \$ (1,383) | \$ (1,383) | \$ (1,383) |
| 76 | 3100-2411 | Depreciation Poles | \$ (924) | \$ (924) | \$ (924) | \$ (924) |
| 77 | 3100-2423 | Depreciation Buried Cable | \$ (10,712,821) | \$ (10,289,644) | \$ (10,274,571) | \$ (10,464,841) |
| 78 | 3100-2441 | Depreciation Conduit Systems | \$ (1,658,918) | \$ (1,517,457) | \$ (1,464,905) | \$ (1,422,608) |
| 79 | 3600 | Amortization - Tangible Assets | \$ (168,470) | \$ (168,470) | \$ (168,470) | \$ (168,470) |
| 80 | 3600 | Amortization - Goodwill | \$ (1,005,422) | \$ (294,856) | \$ - | \$ - |
| 81 | | Total Less: Accumulated Depreciation & Amortization | \$ (20,540,662) | \$ (19,023,834) | \$ (19,426,937) | \$ (18,968,289) |
| 82 | | | | | | |
| 83 | | Net Plant | \$ 5,169,178 | \$ 3,786,624 | \$ 3,856,379 | \$ 2,750,958 |
| 84 | | | | | | |
| 85 | | Total Assets | \$ 14,177,128 | \$ 12,729,280 | \$ 8,153,284 | \$ 7,652,702 |
| 86 | | | | | | |
| 87 | | Current Liabilities | | | | |
| 88 | 4000 | Current Accounts and Notes Payable | \$ 331,210 | \$ 527,253 | \$ 1,578,135 | \$ 1,075,149 |
| 89 | 4040 | Customer's Deposits | \$ - | \$ 32,387 | \$ 34,734 | \$ 38,288 |
| 90 | 4070 | Income Taxes Accrued | \$ - | \$ - | \$ - | \$ - |
| 91 | 4080 | Other Taxes Accrued | \$ 102,189 | \$ 29,551 | \$ 29,977 | \$ 28,031 |
| 92 | 4100 | Net Current Def. Operating Income Taxes | \$ - | \$ - | \$ - | \$ - |
| 93 | 4110 | Net current Def. Nonoperating Income Taxes | \$ - | \$ - | \$ - | \$ - |
| 94 | 4130 | Other Current Liabilities | \$ - | \$ - | \$ - | \$ - |
| 95 | | Total Current Liabilities | \$ 433,399 | \$ 589,191 | \$ 1,642,846 | \$ 1,141,468 |
| 96 | | Other Liabilities and Deferred Credits | | | | |
| 97 | 4200 | Long-Term Debt and Funded Debt | \$ 1,796,316 | \$ - | \$ - | \$ - |
| 98 | 4300 | Other Liabilities and Def. Credits | \$ - | \$ - | \$ - | \$ - |
| 99 | 4320 | Unamortized Operating Invest. Tax Credits- Net | \$ - | \$ - | \$ - | \$ - |
| 100 | 4330 | Unamortized Nonoperating Invest. Tax Credits- Net | \$ - | \$ - | \$ - | \$ - |
| 101 | 4340 | Net Noncurrent Def. Operating Taxes | \$ 1,011,734 | \$ 805,704 | \$ - | \$ - |
| 102 | 4341 | Net Def. Tax Liability Adjustments | \$ - | \$ - | \$ - | \$ - |
| 103 | 4350 | Net Noncurrent Def. Nonoperating Income Taxes | \$ - | \$ - | \$ - | \$ - |
| 104 | 4361 | Def. Tax Regulatory Adjustments | \$ - | \$ - | \$ - | \$ - |
| 105 | 4370 | Other Jurisdictional Liabilities and Def. Credits Net | \$ - | \$ - | \$ - | \$ - |
| 106 | | Total Other Liabilities and Deferred Credits | \$ 2,808,050 | \$ 805,704 | \$ - | \$ - |
| 107 | | Stockholders' Equity | | | | |
| 108 | 4510 | Preferred Stock | \$ - | \$ - | \$ - | \$ - |
| 109 | 4510 | Common Stock | \$ - | \$ - | \$ - | \$ - |
| 110 | 4520 | Additional Paid In Capital | \$ 11,464,901 | \$ 11,464,901 | \$ 6,569,207 | \$ 5,977,471 |
| 111 | 4530 | Treasury Stock* | \$ - | \$ - | \$ - | \$ - |
| 112 | 4540 | Other Capital | \$ 976 | \$ - | \$ - | \$ - |
| 113 | 4550 | Retained Earnings | \$ (530,198) | \$ (130,517) | \$ (58,771) | \$ 533,763 |
| 114 | | Total Common Equity | \$ 10,935,679 | \$ 11,334,384 | \$ 6,510,436 | \$ 6,511,234 |
| 115 | | Total Shareholders' Equity | \$ 10,935,679 | \$ 11,334,384 | \$ 6,510,436 | \$ 6,511,234 |
| 116 | | Total Liabilities and Shareholders' Equity | \$ 14,177,128 | \$ 12,729,279 | \$ 8,153,282 | \$ 7,652,702 |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalizaton Period Ending: 9/30/24

Section 8: Final Section 8: Financial and Operating Data

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

| Line No. | Account Number | Description | Balances per Books | | | |
|----------|----------------|--|-------------------------|------------------------|------------------------|------------------------|
| | | | Test Year 12/31/2023 | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| 1 | | <u>INCOME</u> | | | | |
| 2 | | <u>Current Assets</u> | | | | |
| 3 | 5000 | Operating Revenue | \$ 2,461,838 | \$ 2,554,908 | \$ 2,647,671 | \$ 2,695,221 |
| 4 | 6000 | Operating Expenses | \$ 2,657,618 | \$ 2,614,706 | \$ 2,617,969 | \$ 2,202,395 |
| 5 | 7220 | Federal Income Taxes | \$ (72,473) | \$ - | \$ - | \$ - |
| 6 | 7230 | State and Local Income Taxes | \$ (27,333) | \$ - | \$ - | \$ - |
| 7 | 7240 | Other operating Taxes - Property | \$ 73,751 | \$ 59,700 | \$ 60,379 | \$ 56,034 |
| 8 | 7250 | Provision for Deferred Operating Income Tax | \$ 206,030 | \$ - | \$ - | \$ - |
| 9 | | Operating Income | <u>\$ (375,756)</u> | <u>\$ (119,498)</u> | <u>\$ (30,677)</u> | <u>\$ 436,792</u> |
| 10 | | | | | | |
| 11 | | <u>NonOperating Income/Expense</u> | | | | |
| 12 | 7320 | Interest Income | \$ 231 | \$ 10,442 | \$ 8,201 | \$ 35,353 |
| 13 | 7340 | Allowance for Funds Used During Construction | \$ - | \$ - | \$ - | \$ - |
| 14 | 7350 | Gain or Loss from Disposition of Property | \$ - | \$ - | \$ - | \$ - |
| 15 | 7360 | Other Non-Operating Income | \$ 360 | \$ (48,343) | \$ 10,348 | \$ 111,332 |
| 16 | 7370 | Special Charges | \$ - | \$ - | \$ - | \$ - |
| 17 | 7400 | Total Non-Operating Taxes | \$ - | \$ - | \$ - | \$ - |
| 18 | | Non-Operating Income/Expense - Net | <u>\$ 590</u> | <u>\$ (37,901)</u> | <u>\$ 18,549</u> | <u>\$ 146,685</u> |
| 19 | | | | | | |
| 20 | | Income Available for Fixed Charges | <u>\$ (375,165)</u> | <u>\$ (157,399)</u> | <u>\$ (12,128)</u> | <u>\$ 583,477</u> |
| 21 | | | | | | |
| 22 | | <u>Total Interest & Related Items</u> | | | | |
| 23 | 7510 | Interest Expense | \$ (24,516) | \$ - | \$ - | \$ - |
| 24 | 7540 | Interest Expense | \$ - | \$ 2,640 | \$ 2,519 | \$ 1,982 |
| 25 | 7540 | Other Interest Deduction | \$ - | \$ - | \$ - | \$ - |
| 26 | | | | | | |
| 27 | | Deregulated Income - Net | <u>\$ -</u> | <u>\$ (50,919)</u> | <u>\$ (44,125)</u> | <u>\$ (47,732)</u> |
| 28 | | | | | | |
| 29 | | <u>Total Net Income</u> | <u>\$ (399,681)</u> | <u>\$ (210,958)</u> | <u>\$ (58,772)</u> | <u>\$ 533,763</u> |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

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

| Line No. | Account Number | Description | Recorded Test Year Balance Moundridge | Normalizing Adjustments Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Adjustments to Normalized Test Year Balance Moundridge | Adjusted Test Year Balance Moundridge | INTERstate Balance Test Year 12/31/2023 | INTRAstate Balance Test Year 12/31/2023 | |
|---------------------------------------|--|---|---------------------------------------|--|---|--|---------------------------------------|---|---|--|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | | |
| Local Revenue | | | | | | | | | | |
| 3 | 5001.00 | Basic Service | \$ 189,619 | \$ - | \$ 189,619 | \$ - | \$ 189,619 | \$ - | \$ 189,619 | |
| 4 | 5001.51 | BASIC AREA REVENUE - ACCESS LINES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 5 | 5060.00 | Other Local Exchange | \$ 36,362 | \$ - | \$ 36,362 | \$ - | \$ 36,362 | \$ - | \$ 36,362 | |
| 6 | 5060.11 | OTHER LOCAL EXCH REV-SERVICE ORDER CHARG | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 7 | 5060.12 | OTHER LOCAL EXCH REV-CENTRAL OFFICE CONN | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 8 | 5001 | Total Local Revenue | \$ 225,981 | \$ - | \$ 225,981 | \$ - | \$ 225,981 | \$ - | \$ 225,981 | |
| Network Access Service Revenue | | | | | | | | | | |
| 11 | 5069.11 | OTHER LOCAL EXCH REV-USF ACAM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 12 | 5069.20 | OTHER LOCAL EXCH REV - KUSP/END USER | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 13 | 5069.21 | OTHER LOCAL EXCHANGE EXPENSE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 14 | 5069.30 | OTHER LOCAL EXCHANGE REVENUE-FUSF | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 15 | 5081.00 | END USER REVENUE - LDIER | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 16 | 5081.01 | FCC End User Charges | \$ 77,545 | \$ - | \$ 77,545 | \$ - | \$ 77,545 | \$ 77,545 | \$ - | |
| 17 | 5081.02 | Kansas End User Charges | \$ 25,557 | \$ - | \$ 25,557 | \$ - | \$ 25,557 | \$ - | \$ 25,557 | |
| 18 | 5081.03 | Federal Universal Service Charge | \$ 31,844 | \$ - | \$ 31,844 | \$ - | \$ 31,844 | \$ 31,844 | \$ - | |
| 19 | 5081 | Total End User Revenue | \$ 134,946 | \$ - | \$ 134,946 | \$ - | \$ 134,946 | \$ 109,389 | \$ 25,557 | |
| 20 | | | | | | | | | | |
| 21 | 5082.00 | Voice/Data Line | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 22 | 5082.01 | Consumer Broadband Only Line | \$ 244,627 | \$ - | \$ 244,627 | \$ - | \$ 244,627 | \$ 244,627 | \$ - | |
| 23 | 5082.02 | Switched Access - Interstate Traffic Sen | \$ 12,065 | \$ - | \$ 12,065 | \$ - | \$ 12,065 | \$ 12,065 | \$ - | |
| 24 | 5082.02 | Access Recovery Charges | \$ 26,823 | \$ - | \$ 26,823 | \$ - | \$ 26,823 | \$ 22,100 | \$ 4,724 | |
| 25 | 5082.03 | Special Access - Interstate | \$ 211,703 | \$ - | \$ 211,703 | \$ - | \$ 211,703 | \$ 211,703 | \$ - | |
| 26 | 5082.21 | SWITCHED ACC REV-CCL ACAM | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 27 | 5082.23 | SWITCHED ACC REV-TS ACCESS-LDIER-ATT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 28 | 5082.27 | SWITCH ACC REV-TS ACCESS-INTER-OTHERS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 29 | 5082.28 | ACCESS REVENUE - ACCESS RECOVERY CHARGE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 30 | 5082.29 | ACCESS REVENUE - CAF | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 31 | 5082.32 | DATABASE CHARGES - INTERSTATE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 32 | 5083.011 | Connect America Fund - Interstate | \$ 174,360 | \$ (17,000) | \$ 157,360 | \$ 4,614 | \$ 161,973 | \$ 161,973 | \$ - | |
| 33 | 5083.012 | Connect America Fund - Intrastate | \$ 46,920 | \$ (4,575) | \$ 42,345 | \$ (4,614) | \$ 37,732 | \$ 37,732 | \$ - | |
| 34 | 5082 | Total Switched Access Revenue | \$ 716,497 | \$ (21,575) | \$ 694,923 | \$ - | \$ 694,923 | \$ 690,199 | \$ 4,724 | |
| 35 | | | | | | | | | | |
| 36 | 5083.00 | ACAM | \$ 1,330,199 | \$ (610,102) | \$ 720,096 | \$ - | \$ 720,096 | \$ 720,096 | \$ - | |
| 37 | 5082 | Total ACAM Model Support | \$ 1,330,199 | \$ (610,102) | \$ 720,096 | \$ - | \$ 720,096 | \$ 720,096 | \$ - | |
| 38 | | | | | | | | | | |
| 39 | 5083.HCLS | Allocation of A-CAM Model Support - Imputed HCLS | \$ - | \$ 610,102 | \$ 610,102 | \$ - | \$ 610,102 | \$ - | \$ 610,102 | |
| 40 | 5082 | Total Allocation of A-CAM Support - Imputed HCLS | \$ - | \$ 610,102 | \$ 610,102 | \$ - | \$ 610,102 | \$ - | \$ 610,102 | |
| 41 | | | | | | | | | | |
| 42 | 5083.00 | SPECIAL ACCESS REVENUE-LDIER ATT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 43 | 5083.10 | SPECIAL ACCESS REVENUE - INTER - OTHERS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 44 | 5083.12 | SPECIAL ACCESS - INTER - DSL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 45 | 5083.13 | SPECIAL ACCESS - INTER - CBOL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 46 | 5083.13 | SPECIAL ACC REV - PRIMARY RATE INTERFACE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 47 | 5084.02 | State Access - Intralata Traffic Sen | \$ 3,747 | \$ - | \$ 3,747 | \$ - | \$ 3,747 | \$ 3,747 | \$ 3,747 | |
| 48 | 5084.11 | State Access - Intralata Special An | \$ 2,036 | \$ - | \$ 2,036 | \$ - | \$ 2,036 | \$ 2,036 | \$ 2,036 | |
| 49 | 5084.13 | State Access - Intralata TS | \$ 5,570 | \$ - | \$ 5,570 | \$ - | \$ 5,570 | \$ - | \$ 5,570 | |
| 50 | 5084.22 | STATE ACC REV-TS ACCESS REV-LDIER-ATT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 51 | 5084.28 | STATE ACC REV-TS ACCESS-INTR-A-OTHERS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 52 | 5084.33 | STATE ACC REV-SPEC ACCESS-KIM-LOCAL | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 53 | 5084.36 | DATABASE CHARGES - INTRASTATE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 54 | 5083 | Total Special Access Revenue | \$ 11,353 | \$ - | \$ 11,353 | \$ - | \$ 11,353 | \$ - | \$ 11,353 | |
| 55 | | | | | | | | | | |
| 56 | Long Distance Network Service Revenue | | | | | | | | | |
| 57 | 5100.00 | LONG DISTANCE MESSAGE REVENUE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 58 | 5122.00 | VOICE-GRADE LD PRIVATE NET REVENUE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 59 | 5100 | Total Long Distance Network Service Revenue | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 60 | | | | | | | | | | |
| 61 | Miscellaneous Revenue | | | | | | | | | |
| 62 | 5003.00 | CELLULAR REVENUE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 63 | 5050.20 | CUSTOMER PREMISE REV-OTHER EQ RENT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 64 | 5050.60 | CUSTOMER PREMISE REVENUE-CLASS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 65 | 5230.00 | Directory Revenue | \$ 4,377 | \$ - | \$ 4,377 | \$ - | \$ 4,377 | \$ - | \$ 4,377 | |
| 66 | 5240.00 | Rent Revenue | \$ 7,932 | \$ - | \$ 7,932 | \$ (7,932) | \$ - | \$ - | \$ - | |
| 67 | 5240.10 | RENT REVENUE - KANSAS FIBER NETWORK | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 68 | 5264.00 | Other Incidental Regulated | \$ 8,862 | \$ - | \$ 8,862 | \$ (8,862) | \$ - | \$ - | \$ - | |
| 69 | 5264.20 | INCIDENTAL REG REV-LIFELINE CREDITS | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 70 | 5270.04 | B&C Intrastate Other | \$ 3 | \$ - | \$ 3 | \$ - | \$ 3 | \$ 3 | \$ 3 | |
| 71 | 5270.05 | B&C Interstate Other | \$ 6 | \$ - | \$ 6 | \$ - | \$ 6 | \$ 6 | \$ 6 | |
| 72 | 5270.06 | Billing & Collection Local | \$ 9,224 | \$ - | \$ 9,224 | \$ - | \$ 9,224 | \$ - | \$ 9,224 | |
| 73 | 5270.10 | CARRIER BILLING & COLLECT REV-LDIER-ATT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 74 | 5270.15 | CARRIER BILL & COLLECT REV-INTER-MTI | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 75 | 5270.16 | CARRIER BILL & COLLECT REV-INTR-A-MTI | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 76 | 5270.30 | CARRIER BILLING & COLLECT REV-LDIER-ATT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 77 | 5280.02 | Install & Maintenance | \$ 440 | \$ - | \$ 440 | \$ - | \$ 440 | \$ - | \$ 440 | |
| 78 | 5280.10 | INSIDE WIRE MTCE CONTRACT-NON-REGULATED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 79 | 5280.12 | Fiber Lease | \$ 12,197 | \$ - | \$ 12,197 | \$ (12,197) | \$ - | \$ - | \$ - | |
| 80 | 5280.20 | VOICE MAIL REVENUE-NON-REGULATED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 81 | 5280.30 | INTERNET REVENUE-NON-REGULATED | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 82 | 5280.60 | NON-REG B&C-MID-KANSAS CABLE | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 83 | 5301.00 | UNCOLLECTIBLE REVENUE-TELECOMMUNICATION | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| 84 | 5730.01 | Promotional Discounts | \$ (180) | \$ - | \$ (180) | \$ - | \$ (180) | \$ - | \$ (180) | |
| 85 | 5200 | Total Miscellaneous Revenue | \$ 42,861 | \$ - | \$ 42,861 | \$ (28,992) | \$ 13,869 | \$ 6 | \$ 13,863 | |
| 86 | | | | | | | | | | |
| 87 | Net Operating Revenue | | \$ 2,461,838 | \$ (21,575) | \$ 2,440,263 | \$ (28,992) | \$ 2,411,271 | \$ 1,519,690 | \$ 891,581 | |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 8: Financial and Operating Data

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

| Line No. | Account Number | Description | Test Year 12/31/2023 | Balances per Books | | |
|----------|----------------|--|-------------------------|------------------------|------------------------|------------------------|
| | | | | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| 1 | | | | | | |
| 2 | | Local Revenue | | | | |
| 3 | 5001.00 | Basic Service | \$ 189,619 | \$ 670 | \$ - | \$ - |
| 4 | 5001.51 | BASIC AREA REVENUE - ACCESS LINES | \$ - | \$ 234,753 | \$ 269,468 | \$ 314,441 |
| 5 | 5060.00 | Other Local Exchange | \$ 36,362 | \$ - | \$ - | \$ - |
| 6 | 5060.11 | OTHER LOCAL EXCH REV-SERVICE ORDER CHARG | \$ - | \$ 1,230 | \$ 1,220 | \$ 1,405 |
| 7 | 5060.12 | OTHER LOCAL EXCH REV-CENTRAL OFFICE CONN | \$ - | \$ 1,255 | \$ 1,195 | \$ 1,375 |
| 8 | | Total Local Revenue | \$ 225,981 | \$ 237,908 | \$ 271,883 | \$ 317,221 |
| 9 | | | | | | |
| 10 | | Access Service Revenue | | | | |
| 11 | 5069.11 | OTHER LOCAL EXCH REV-USF ACAM | \$ - | \$ 665,099 | \$ 665,099 | \$ 665,099 |
| 12 | 5069.20 | OTHER LOCAL EXCH REV - KUSF/END USER | \$ - | \$ 21,862 | \$ 25,085 | \$ 19,985 |
| 13 | 5069.21 | OTHER LOCAL EXCHANGE EXPENSE | \$ - | \$ 1,833 | \$ 2,242 | \$ 2,165 |
| 14 | 5069.30 | OTHER LOCAL EXCHANGE REVENUE-FUSF | \$ - | \$ 19,835 | \$ 29,822 | \$ 26,455 |
| 15 | 5081.00 | END USER REVENUE - LDIER | \$ - | \$ 86,137 | \$ 99,043 | \$ 115,947 |
| 16 | 5081.01 | FCC End User Charges | \$ 77,545 | \$ - | \$ - | \$ - |
| 17 | 5081.02 | Kansas End User Charges | \$ 25,557 | \$ - | \$ - | \$ - |
| 18 | 5081.03 | Federal Universal Service Charge | \$ 31,844 | \$ - | \$ - | \$ - |
| 19 | 5082.00 | Voice/Data Line | \$ - | \$ - | \$ - | \$ - |
| 20 | 5082.01 | Consumer Broadband Only Line | \$ 244,627 | \$ - | \$ - | \$ - |
| 21 | 5082.02 | Switched Access - Interstate Traffic Sen | \$ 12,065 | \$ - | \$ - | \$ - |
| 22 | 5082.02 | Access Recovery Charges | \$ 26,823 | \$ - | \$ - | \$ - |
| 23 | 5082.03 | Special Access - Interstate | \$ 211,703 | \$ - | \$ - | \$ - |
| 24 | 5082.21 | SWITCHED ACC REV-CCL ACAM | \$ - | \$ 665,099 | \$ 665,099 | \$ 665,099 |
| 25 | 5082.23 | SWITCHED ACC REV-TS ACCESS-LDIER-ATT | \$ - | \$ 4,060 | \$ 6,339 | \$ 9,962 |
| 26 | 5082.27 | SWITCH ACC REV-TS ACCESS-INTER-OTHERS | \$ - | \$ 19,922 | \$ 27,558 | \$ 37,052 |
| 27 | 5082.28 | ACCESS REVENUE - ACCESS RECOVERY CHARGE | \$ - | \$ 35,384 | \$ 40,871 | \$ 44,783 |
| 28 | 5082.29 | ACCESS REVENUE - CAF | \$ - | \$ 206,952 | \$ 224,982 | \$ 265,810 |
| 29 | 5082.32 | DATABASE CHARGES - INTERSTATE | \$ - | \$ 239 | \$ 582 | \$ 1,003 |
| 30 | 5083.00 | ACAM | \$ 1,330,199 | \$ - | \$ - | \$ - |
| 31 | 5083.00 | SPECIAL ACCESS REVENUE-LDIER ATT | \$ - | \$ 29,261 | \$ 41,175 | \$ 40,317 |
| 32 | 5083.01 | Connect America Fund - Interstate | \$ 174,360 | \$ - | \$ - | \$ - |
| 33 | 5083.01 | Connect America Fund - Intrastate | \$ 46,920 | \$ - | \$ - | \$ - |
| 34 | 5083.10 | SPECIAL ACCESS REVENUE - INTER - OTHERS | \$ - | \$ 30,206 | \$ 28,890 | \$ 30,076 |
| 35 | 5083.12 | SPECIAL ACCESS - INTER - DSL | \$ - | \$ 318,613 | \$ 292,000 | \$ 236,474 |
| 36 | 5083.13 | SPECIAL ACCESS - INTER - CBOL | \$ - | \$ (0) | \$ - | \$ - |
| 37 | 5083.13 | SPECIAL ACC REV - PRIMARY RATE INTERFACE | \$ - | \$ 4,149 | \$ 3,458 | \$ 3,803 |
| 38 | 5084.02 | State Access - Interlata Traffic Sen | \$ 3,747 | \$ - | \$ - | \$ - |
| 39 | 5084.11 | State Access - Intralata Special An | \$ 2,036 | \$ - | \$ - | \$ - |
| 40 | 5084.13 | State Access - Intralata TS | \$ 5,570 | \$ - | \$ - | \$ - |
| 41 | 5084.22 | STATE ACC REV-TS ACCESS REV-LDSER-ATT | \$ - | \$ 778 | \$ 1,312 | \$ 1,697 |
| 42 | 5084.28 | STATE ACC REV-TS ACCESS-INTRA-OTHERS | \$ - | \$ 14,718 | \$ 19,025 | \$ 25,342 |
| 43 | 5084.33 | STATE ACC REV-SPEC ACCESS-KINI-LOCAL | \$ - | \$ 29,871 | \$ 32,090 | \$ 32,237 |
| 44 | 5084.36 | DATABASE CHARGES - INTRASTATE | \$ - | \$ 33 | \$ 82 | \$ 126 |
| 45 | | Total Network Access Revenue | \$ 2,192,995 | \$ 2,154,052 | \$ 2,204,754 | \$ 2,223,435 |
| 46 | | | | | | |
| 47 | | Network Service Revenue | | | | |
| 48 | 5100.00 | LONG DISTANCE MESSAGE REVENUE | \$ - | \$ 88 | \$ - | \$ - |
| 49 | 5122.00 | VOICE GRADE LD PRIVATE NET REVENUE | \$ - | \$ 2,790 | \$ 2,790 | \$ 2,790 |
| 50 | | Total Private Line | \$ - | \$ 2,878 | \$ 2,790 | \$ 2,790 |
| 51 | | | | | | |
| 52 | | Miscellaneous Revenue | | | | |
| 53 | 5003.00 | CELLULAR REVENUE | \$ - | \$ 134 | \$ 792 | \$ 1,013 |
| 54 | 5050.20 | CUSTOMER PREMISE REV-OTHER EQ RENT | \$ - | \$ 1,223 | \$ 1,346 | \$ 1,532 |
| 55 | 5050.60 | CUSTOMER PREMISE REVENUE-CLASS | \$ - | \$ 40,450 | \$ 43,634 | \$ 48,271 |
| 56 | 5230.00 | Directory Revenue | \$ 4,377 | \$ 6,653 | \$ 13,154 | \$ 9,349 |
| 57 | 5240.00 | Rent Revenue | \$ 7,932 | \$ 29,908 | \$ 22,632 | \$ 22,632 |
| 58 | 5240.10 | RENT REVENUE - KANSAS FIBER NETWORK | \$ - | \$ 20,129 | \$ 20,129 | \$ 19,468 |
| 59 | 5264.00 | Other Incidental Regulated | \$ 8,862 | \$ 14,998 | \$ 7,308 | \$ 2,568 |
| 60 | 5264.20 | INCIDENTAL REG REV-LIFELINE CREDITS | \$ - | \$ (1,794) | \$ (2,689) | \$ (2,436) |
| 61 | 5270.04 | B&C Intrastate Other | \$ 3 | \$ - | \$ - | \$ - |
| 62 | 5270.05 | B&C Interstate Other | \$ 6 | \$ - | \$ - | \$ - |
| 63 | 5270.06 | Billing & Collection Local | \$ 9,224 | \$ - | \$ - | \$ - |
| 64 | 5270.10 | CARRIER BILLING & COLLECT REV-LDIER-ATT | \$ - | \$ 31 | \$ 27 | \$ 78 |
| 65 | 5270.15 | CARRIER BILL & COLLECT REV-INTER-MTI | \$ - | \$ 999 | \$ 1,661 | \$ 1,822 |
| 66 | 5270.16 | CARRIER BILL & COLLECT REV-INTRA-MTI | \$ - | \$ 3,191 | \$ 4,133 | \$ 4,697 |
| 67 | 5270.30 | CARRIER BILLING & COLLECT REV-LDSER-ATT | \$ - | \$ 10 | \$ 11 | \$ 25 |
| 68 | 5280.02 | Install & Maintenance | \$ 440 | \$ - | \$ - | \$ - |
| 69 | 5280.10 | INSIDE WIRE MTCE CONTRACT-NON-REGULATED | \$ - | \$ 3,894 | \$ 4,768 | \$ 5,684 |
| 70 | 5280.12 | Fiber Lease | \$ 12,197 | \$ - | \$ - | \$ - |
| 71 | 5280.20 | VOICE MAIL REVENUE-NON-REGULATED | \$ - | \$ 4,329 | \$ 4,677 | \$ 5,159 |
| 72 | 5280.30 | INTERNET REVENUE-NON-REGULATED | \$ - | \$ 7,586 | \$ 16,169 | \$ 4,875 |
| 73 | 5280.60 | NON-REG B&C-MID-KANSAS CABLE | \$ - | \$ 8,845 | \$ 8,923 | \$ 9,655 |
| 74 | 5301.00 | UNCOLLECTIBLE REVENUE-TELECOMMUNICATION | \$ - | \$ (41) | \$ 267 | \$ (364) |
| 75 | 5730.01 | Promotional Discounts | \$ (180) | \$ - | \$ - | \$ - |
| 76 | | Total Miscellaneous Revenue | \$ 42,861 | \$ 140,545 | \$ 146,943 | \$ 134,027 |
| 77 | | | | | | |
| 78 | | Net Operating Revenue | \$ 2,461,838 | \$ 2,535,383 | \$ 2,626,371 | \$ 2,677,472 |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 8: Financial and Operating Data

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

| Line No. | Account Number | Description | Balances per Books | | | |
|----------|----------------|---|-------------------------|------------------------|------------------------|------------------------|
| | | | Test Year 12/31/2023 | Year End 12/31/2022 | Year End 12/31/2021 | Year End 12/31/2020 |
| 1 | | | | | | |
| 2 | | <u>Plant Specific Expenses</u> | | | | |
| 3 | 6110.00 | Network Support Expense | \$ 44,509 | \$ 24,526 | \$ 12,737 | \$ 9,167 |
| 4 | 6121.00 | Land & Buildings Expense | \$ 76,121 | \$ 68,506 | \$ 79,028 | \$ 69,786 |
| 5 | 6123.00 | Office Equipment Expense | \$ 5,018 | \$ 3,911 | \$ 9,847 | \$ 5,841 |
| 6 | 6124.00 | Computers Expense | \$ 14,016 | \$ 17,656 | \$ 18,250 | \$ 11,373 |
| 7 | 6212.00 | Digital COE Expense | \$ 61,483 | \$ 65,573 | \$ 70,137 | \$ 74,635 |
| 8 | 6232.00 | Circuit Expense | \$ 92,294 | \$ 102,857 | \$ 136,912 | \$ 117,467 |
| 9 | 6411.00 | Poles Expense | \$ - | \$ 99 | \$ 99 | \$ 172 |
| 10 | 6421.00 | Aerial Cable Expense | \$ - | \$ 77 | \$ 645 | \$ 258 |
| 11 | 6423.00 | Buried Cable Expense | \$ 471,666 | \$ 198,815 | \$ 177,119 | \$ 247,391 |
| 12 | | Total Plant Specific Expenses | \$ 765,108 | \$ 482,020 | \$ 504,774 | \$ 536,090 |
| 13 | | | | | | |
| 14 | | <u>Plant Non-Specific Expenses</u> | | | | |
| 15 | 6510.00 | Other Plant Expense | \$ - | \$ - | \$ - | \$ - |
| 16 | 6531.00 | Power Expense | \$ 30,223 | \$ 34,162 | \$ 29,243 | \$ 28,230 |
| 17 | 6532.00 | Network Administration Expense | \$ - | \$ - | \$ - | \$ - |
| 18 | 6533.00 | Testing Expense | \$ - | \$ 17,326 | \$ 20,164 | \$ 571 |
| 19 | 6534.00 | Plant Administration | \$ 187,858 | \$ 195,585 | \$ 136,807 | \$ 120,142 |
| 20 | 6535.00 | Engineering | \$ 8,393 | \$ 3,061 | \$ 894 | \$ - |
| 21 | 6540.00 | Transport Expense | \$ 62,268 | \$ 61,383 | \$ 80,451 | \$ 62,846 |
| 22 | | Total Plant Non-Specific Expense | \$ 288,742 | \$ 311,518 | \$ 267,559 | \$ 211,789 |
| 23 | | | | | | |
| 24 | | <u>Depreciation & Amortization</u> | | | | |
| 25 | 6561.00 | Depreciation Expense | \$ 595,513 | \$ 765,223 | \$ 919,302 | \$ 538,737 |
| 26 | 6563.00 | Amortization Expense | \$ 670,281 | \$ 294,856 | \$ - | \$ - |
| 27 | | Total Depreciation & Amortization | \$ 1,265,795 | \$ 1,060,079 | \$ 919,302 | \$ 538,737 |
| 28 | | | | | | |
| 29 | | <u>Customer Operations Expenses</u> | | | | |
| 30 | 6610.00 | Marketing | \$ 3,453 | \$ 46,599 | \$ 89,629 | \$ 63,788 |
| 31 | 6621.00 | Call Completion | \$ - | \$ 5,476 | \$ 7,530 | \$ 8,968 |
| 32 | 6622.00 | Directory Expense | \$ 4,679 | \$ 2,055 | \$ 3,197 | \$ 2,117 |
| 33 | 6623.00 | Customer Service Expense | \$ 160,658 | \$ 217,372 | \$ 249,154 | \$ 234,083 |
| 34 | 6627.00 | Customer Billing Expense | \$ - | \$ - | \$ - | \$ - |
| 35 | | Total Customer Operations Expense | \$ 168,790 | \$ 271,502 | \$ 349,511 | \$ 308,956 |
| 36 | | | | | | |
| 37 | | <u>Corporate Operations Expense</u> | | | | |
| 38 | 6711.00 | Executive Expense | \$ 6,145 | \$ 163,397 | \$ 271,831 | \$ 297,527 |
| 39 | 6712.00 | Corporate Operations Expense | \$ - | \$ - | \$ - | \$ - |
| 40 | 6720.00 | G&A Management Fees | \$ - | \$ - | \$ - | \$ - |
| 41 | 6721.00 | Accounting & Finance Expense | \$ 135,895 | \$ 236,121 | \$ 214,926 | \$ 215,743 |
| 42 | 6722.00 | External Relations & Cost Study Expense | \$ 3,015 | \$ 6,178 | \$ 6,621 | \$ 6,811 |
| 43 | 6723.00 | Human Resources Expense | \$ 6,935 | \$ 5,297 | \$ 3,308 | \$ 2,360 |
| 44 | 6724.00 | Information Management Expense | \$ - | \$ - | \$ - | \$ - |
| 45 | 6725.00 | Legal Expense | \$ (5,489) | \$ 11,500 | \$ 12,425 | \$ 14,680 |
| 46 | 6726.00 | Procurement | \$ - | \$ - | \$ - | \$ - |
| 47 | 6728.00 | Other G&A Expense | \$ 22,682 | \$ 67,094 | \$ 67,712 | \$ 69,703 |
| 48 | | Total Corporate Operating Expense | \$ 169,183 | \$ 489,588 | \$ 576,824 | \$ 606,824 |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | | | | | | |
| 52 | | Total Operating Expenses | \$ 2,657,618 | \$ 2,614,706 | \$ 2,617,969 | \$ 2,202,395 |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 8: Financial and Operating Data

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

| Year | Month | Intrastate | | | |
|------|-----------|---------------------------------|-------------------|------------------------|------------------------|
| | | Total Access MOU# (Wireline) | Interstate | Interlata | Intralata |
| 2023 | January | 209,421 | 86,775 | 28,902 | 93,744 |
| 2023 | February | 168,901 | 67,446 | 24,441 | 77,014 |
| 2023 | March | 163,708 | 66,834 | 23,414 | 73,460 |
| 2023 | April | 154,706 | 68,123 | 23,402 | 63,181 |
| 2023 | May | 160,968 | 72,493 | 25,490 | 62,985 |
| 2023 | June | 151,795 | 70,352 | 23,374 | 58,069 |
| 2023 | July | 152,528 | 68,495 | 21,339 | 62,694 |
| 2023 | August | 155,398 | 66,639 | 20,595 | 68,164 |
| 2023 | September | 154,196 | 66,589 | 20,184 | 67,423 |
| 2023 | October | 149,666 | 63,455 | 19,691 | 66,520 |
| 2023 | November | 118,900 | 46,594 | 16,434 | 55,872 |
| 2023 | December | 106,814 | 38,070 | 15,164 | 53,580 |
| 2022 | January | 162,891 | 95,824 | 13,601 | 53,466 |
| 2022 | February | 163,834 | 94,341 | 12,790 | 56,703 |
| 2022 | March | 167,171 | 98,644 | 15,467 | 53,060 |
| 2022 | April | 182,700 | 83,047 | 18,488 | 81,165 |
| 2022 | May | 221,635 | 97,501 | 23,464 | 100,670 |
| 2022 | June | 205,128 | 95,767 | 20,988 | 88,373 |
| 2022 | July | 220,808 | 99,389 | 22,297 | 99,122 |
| 2022 | August | 202,226 | 89,365 | 20,007 | 92,854 |
| 2022 | September | 207,642 | 92,630 | 22,274 | 92,738 |
| 2022 | October | 196,717 | 86,570 | 21,874 | 88,273 |
| 2022 | November | 195,953 | 85,829 | 22,585 | 87,539 |
| 2022 | December | 181,778 | 76,578 | 24,635 | 80,565 |
| 2021 | January | 229,674 | 134,487 | 19,854 | 75,333 |
| 2021 | February | 219,767 | 126,724 | 19,433 | 73,610 |
| 2021 | March | 237,262 | 139,292 | 19,806 | 78,164 |
| 2021 | April | 194,659 | 111,663 | 17,680 | 65,316 |
| 2021 | May | 198,289 | 117,881 | 17,357 | 63,051 |
| 2021 | June | 187,194 | 113,084 | 16,350 | 57,760 |
| 2021 | July | 173,242 | 104,014 | 14,884 | 54,344 |
| 2021 | August | 180,161 | 105,079 | 16,338 | 58,744 |
| 2021 | September | 178,630 | 105,429 | 15,089 | 58,112 |
| 2021 | October | 184,771 | 108,679 | 16,894 | 59,198 |
| 2021 | November | 157,912 | 96,169 | 13,302 | 48,441 |
| 2021 | December | 170,274 | 98,608 | 14,149 | 57,517 |
| 2020 | January | 231,394 | 139,232 | 20,318 | 71,844 |
| 2020 | February | 222,679 | 133,699 | 17,276 | 71,704 |
| 2020 | March | 235,372 | 136,926 | 22,910 | 75,536 |
| 2020 | April | 212,219 | 127,668 | 19,506 | 65,045 |
| 2020 | May | 306,776 | 183,310 | 27,176 | 96,290 |
| 2020 | June | 270,495 | 165,662 | 24,682 | 80,151 |
| 2020 | July | 232,792 | 141,257 | 20,732 | 70,803 |
| 2020 | August | 234,635 | 136,600 | 22,883 | 75,152 |
| 2020 | September | 235,393 | 138,969 | 23,788 | 72,636 |
| 2020 | October | 218,706 | 130,211 | 21,072 | 67,423 |
| 2020 | November | 205,295 | 118,299 | 20,986 | 66,010 |
| 2020 | December | 224,586 | 127,023 | 22,424 | 75,139 |
| | | Total | Interstate | State-Interlata | State-Intralata |
| | 2023 | 1,847,001 | 781,865 | 262,430 | 802,706 |
| | 2022 | 2,308,483 | 1,095,485 | 238,470 | 974,528 |
| | 2021 | 2,311,835 | 1,361,109 | 201,136 | 749,590 |
| | 2020 | 2,830,342 | 1,678,856 | 263,753 | 887,733 |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Certification Period Ending: 9/30/24

Section 8: Financial and Operating Data

Section 8(v): Annual Payrolls by Primary Accounts

| Line No. | Account Number | Description | Test Year 12/31/2023 | Year End 12/31/2022 | Year End ¹ 12/31/2021 | Year End ¹ 12/31/2020 |
|----------|----------------|---------------------------------------|-------------------------|------------------------|-------------------------------------|-------------------------------------|
| 1 | 2003.00 | Short Term Construction | \$ - | \$ - | \$ - | \$ - |
| 2 | 6112.00 | Expense-Vehicles | \$ - | \$ 29,428 | \$ - | \$ - |
| 3 | 6121.00 | Expense-Land/Building | \$ 9,617 | \$ 8,903 | \$ - | \$ - |
| 4 | 6123.00 | Expense-Office Equipment | \$ 1,076 | \$ - | \$ - | \$ - |
| 5 | 6124.00 | Expense-Computers | \$ 5,112 | \$ 4,260 | \$ - | \$ - |
| 6 | 6212.00 | Expense-COE | \$ 18,057 | \$ 15,045 | \$ - | \$ - |
| 7 | 6232.00 | Expense-Circuit | \$ 39,221 | \$ 32,676 | \$ - | \$ - |
| 8 | 6411.00 | Expense-Poles | \$ - | \$ - | \$ - | \$ - |
| 9 | 6421.00 | Expense-Aerial Cable | \$ - | \$ - | \$ - | \$ - |
| 10 | 6423.00 | Expense-Buried Cable | \$ 172,169 | \$ 112,631 | \$ - | \$ - |
| 11 | 6431.00 | Expense-Aerial Wire | \$ - | \$ - | \$ - | \$ - |
| 12 | 6512.00 | Expense-Provisioning | \$ - | \$ - | \$ - | \$ - |
| 13 | 6532.00 | Expense-Network Administration | \$ - | \$ - | \$ - | \$ - |
| 14 | 6533.00 | Expense-Exchange Testing | \$ - | \$ 5,378 | \$ - | \$ - |
| 15 | 6534.00 | Expense-Plant Operations | \$ 162,172 | \$ 129,726 | \$ - | \$ - |
| 16 | 6535.00 | Expense-Engineering | \$ 6,099 | \$ 5,081 | \$ - | \$ - |
| 17 | 6610.00 | Expense-Marketing | \$ 13 | \$ 9 | \$ - | \$ - |
| 18 | 6622.00 | Expense-Directory | \$ 981 | \$ 816 | \$ - | \$ - |
| 19 | 6623.00 | Expense-Customer Service | \$ 125,488 | \$ 104,542 | \$ - | \$ - |
| 20 | 6627.00 | Expense-Billing | \$ - | \$ - | \$ - | \$ - |
| 21 | 6711.00 | Expense-Executive | \$ 2,430 | \$ 2,025 | \$ - | \$ - |
| 22 | 6721.00 | Expense-Accounting | \$ 80,820 | \$ 59,984 | \$ - | \$ - |
| 23 | 6722.00 | Expense-External Relations | \$ - | \$ - | \$ - | \$ - |
| 24 | 6723.00 | Expense-External Relations | \$ 1,518 | \$ 1,265 | \$ - | \$ - |
| 25 | 6726.00 | Expense-Office Supplies & Procurement | \$ - | \$ - | \$ - | \$ - |
| 26 | 6728.00 | Expense-Other General & Admin | \$ 9,566 | \$ 15,318 | \$ - | \$ - |
| 27 | | Total Labor | \$ 634,339 | \$ 527,087 | \$ - | \$ - |

Footnotes:

¹ Annual payroll by account is not available for 2021 and 2020. Rural Nex-Tech completed the acquisition of Moundridge Telephone in 2022, and payroll data is not available from the previous owner.

Section 9

Test Year and Pro Forma Income Statements

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-__-KSF**

Test Year Ending: 12/31/23
Certification Period Ending: 9/30/24

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

| Line No. | Description | Part 32 Acc. Num. | Recorded Test Year Balance Moundridge | Normalizing Adjustments to Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Study Adjustments to Test Year Balance Moundridge | Subject to Separations Moundridge | Intrastate Balance Moundridge | Adjustments to Intrastate Balance Moundridge | Adjusted Intrastate Balance Moundridge |
|-----------|--|-------------------|---------------------------------------|---|---|---|-----------------------------------|-------------------------------|--|--|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| 1 | Operating Revenues | | | | | | | | | |
| 2 | Basic Area Revenue | 5001 | \$ 225,981 | \$ - | \$ 225,981 | \$ - | \$ 225,981 | \$ 225,981 | \$ - | \$ 225,981 |
| 3 | End User Revenue | 5081 | \$ 134,946 | \$ - | \$ 134,946 | \$ - | \$ 134,946 | \$ 25,557 | \$ - | \$ 25,557 |
| 4 | Switched Access Revenue | 5082 | \$ 716,497 | \$ (21,575) | \$ 694,923 | \$ - | \$ 694,923 | \$ 4,724 | \$ - | \$ 4,724 |
| 5 | ACAM Model Support | 5082 | \$ 1,330,199 | \$ (610,102) | \$ 720,096 | \$ - | \$ 720,096 | \$ - | \$ - | \$ - |
| 6 | Allocation of ACAM Model Support - Imputed HCLS | 5082 | \$ - | \$ (610,102) | \$ 610,102 | \$ - | \$ 610,102 | \$ 610,102 | \$ - | \$ 610,102 |
| 7 | Special Access | 5083 | \$ 11,353 | \$ - | \$ 11,353 | \$ - | \$ 11,353 | \$ 11,353 | \$ - | \$ 11,353 |
| 8 | Long Distance Network Service Revenue | 5100 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 9 | Miscellaneous Revenue | 5200 | \$ 42,861 | \$ - | \$ 42,861 | \$ (28,992) | \$ 13,869 | \$ 13,863 | \$ - | \$ 13,863 |
| 10 | Total Operating Revenues | | \$ 2,461,838 | \$ (21,575) | \$ 2,440,263 | \$ (28,992) | \$ 2,411,271 | \$ 891,581 | \$ - | \$ 891,581 |
| 11 | Plant Specific Operating Expenses | | | | | | | | | |
| 13 | Network Support Expenses | 6110 | \$ 44,509 | \$ - | \$ 44,509 | \$ - | \$ 44,509 | \$ 18,986 | \$ - | \$ 18,986 |
| 14 | General Support Expenses | 6120 | \$ 95,155 | \$ 23,294 | \$ 118,449 | \$ - | \$ 118,449 | \$ 50,528 | \$ - | \$ 50,528 |
| 15 | Central Office Switching Expense | 6210 | \$ 61,483 | \$ (61,483) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 16 | Operators System Expense | 6220 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17 | Central Office Transmission Expenses | 6230 | \$ 92,294 | \$ 37,691 | \$ 129,985 | \$ - | \$ 129,985 | \$ 38,318 | \$ - | \$ 38,318 |
| 18 | Information Origination/Termination Expenses | 6310 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 19 | Cable and Wire Facilities Expenses | 6410 | \$ 471,666 | \$ 10,900 | \$ 482,566 | \$ - | \$ 482,566 | \$ 223,589 | \$ - | \$ 223,589 |
| 20 | Total Plant Specific Operating Exp. | | \$ 765,108 | \$ 10,402 | \$ 775,510 | \$ - | \$ 775,510 | \$ 331,421 | \$ - | \$ 331,421 |
| 21 | Plant Nonspecific Operating Expenses | | | | | | | | | |
| 23 | Other Property Plant and Equipment Expenses | 6510 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 24 | Network Operations Expenses | 6530 | \$ 226,474 | \$ 9,132 | \$ 235,607 | \$ - | \$ 235,607 | \$ 100,504 | \$ - | \$ 100,504 |
| 25 | Access Expense | 6540 | \$ 62,268 | \$ - | \$ 62,268 | \$ (34,400) | \$ 27,868 | \$ 27,868 | \$ - | \$ 27,868 |
| 26 | Total Plant Nonspecific Operation Exp. | | \$ 288,742 | \$ 9,132 | \$ 297,875 | \$ (34,400) | \$ 263,475 | \$ 128,372 | \$ - | \$ 128,372 |
| 27 | Depreciation and Amortization Expenses | | | | | | | | | |
| 29 | Depreciation and Amortization Expenses | 6560 | \$ 1,265,795 | \$ 809,817 | \$ 2,075,612 | \$ (712,380) | \$ 1,363,232 | \$ 616,149 | \$ - | \$ 616,149 |
| 30 | Customer Operation Expenses | | | | | | | | | |
| 32 | Marketing | 6610 | \$ 3,453 | \$ 2,408 | \$ 5,861 | \$ - | \$ 5,861 | \$ 3,650 | \$ - | \$ 3,650 |
| 33 | Services | 6620 | \$ 165,337 | \$ 12,766 | \$ 178,103 | \$ - | \$ 178,103 | \$ 147,467 | \$ - | \$ 147,467 |
| 34 | Total Customer Operation Expenses | | \$ 168,790 | \$ 15,173 | \$ 183,963 | \$ - | \$ 183,963 | \$ 151,116 | \$ - | \$ 151,116 |
| 35 | Corporate Operations Expense | | | | | | | | | |
| 37 | General and Administrative | 6720 | \$ 169,183 | \$ 6,530 | \$ 175,713 | \$ - | \$ 175,713 | \$ 87,425 | \$ - | \$ 87,425 |
| 38 | General and Administrative - Rate Case Expense | 6720 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 30,000 | \$ 30,000 |
| 39 | Total Corporate Operations Expense | | \$ 169,183 | \$ 6,530 | \$ 175,713 | \$ - | \$ 175,713 | \$ 87,425 | \$ 30,000 | \$ 117,425 |
| 40 | Total Operating Expenses | | \$ 2,657,618 | \$ 851,055 | \$ 3,508,673 | \$ (746,780) | \$ 2,761,893 | \$ 1,314,484 | \$ 30,000 | \$ 1,344,484 |
| 41 | Net Operating Income Before Taxes | | \$ (195,781) | \$ (872,629) | \$ (1,068,410) | \$ 717,788 | \$ (350,622) | \$ (422,903) | \$ (30,000) | \$ (452,903) |
| 42 | Operating Taxes | | | | | | | | | |
| 46 | a. Property Taxes | 7200 | \$ 73,751 | \$ 17,811 | \$ 91,561 | \$ (2,567) | \$ 88,994 | \$ 37,963 | \$ - | \$ 37,963 |
| 47 | b. Operating Federal Income Taxes | 7220 | \$ (72,473) | \$ - | \$ (72,473) | \$ (589,521) | \$ (661,994) | \$ (314,003) | \$ - | \$ (111,053) |
| 48 | c. Operating State Income Taxes | 7230 | \$ (27,333) | \$ - | \$ (27,333) | \$ (935) | \$ (28,268) | \$ (13,408) | \$ - | \$ (31,773) |
| 49 | d. Provision for Deferred Operating Income Taxes | 7250 | \$ 206,030 | \$ - | \$ 206,030 | \$ 377,097 | \$ 583,127 | \$ 276,594 | \$ - | \$ - |
| 50 | e. AFUDC | 7340 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 51 | f. Interest and Related Items | 7500 | \$ 24,516 | \$ - | \$ 24,516 | \$ (9,743) | \$ 14,773 | \$ 6,817 | \$ - | \$ 6,817 |
| 52 | Total Operating Taxes | | \$ 204,491 | \$ 17,811 | \$ 222,302 | \$ (225,668) | \$ (3,367) | \$ (6,038) | \$ - | \$ (98,046) |
| 53 | Net Operating Income | | \$ (400,272) | \$ (890,440) | \$ (1,290,712) | \$ 943,457 | \$ (347,255) | \$ (416,865) | \$ (30,000) | \$ (354,857) |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending:
Normalization Period Ending:

12/31/23
9/30/24

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

| Line No. | Adj # | Moundridge General Ledger Account Number | Rate Case Forms Account Grouping | Description | DB | CR |
|----------|-------|--|----------------------------------|--|------------|------------|
| 1 | 1 | 6124 | 6120 | General Purpose Computers | \$ 41,000 | |
| 2 | | | | To record allocation of software license not recorded in 2023 | | |
| 3 | | | | | | |
| 4 | 2 | 6212 | 6210 | Digital Electronics | | \$ 61,483 |
| 5 | | | | To remove Central Office Switching maintenance expense due to switch retirement | | |
| 6 | | | | | | |
| 7 | 3 | 6728.04 | 6720 | Property Exclusion | \$ 1,410 | |
| 8 | | | | To record General Insurance allocation to Moundridge | | |
| 9 | | | | | | |
| 10 | 4 | 6610 | 6610 | Marketing | \$ 2,407 | |
| 11 | | 6623 | 6620 | Customer Sales | \$ 5,902 | |
| 12 | | | | To record increased allocation of customer service costs experienced in 2024 | | |
| 13 | | | | | | |
| 14 | 5 | 6121 | 6120 | Land & Building | \$ 456 | |
| 15 | | 6123.02 | 6120 | Furniture & Office Equipment | \$ 51 | |
| 16 | | 6124 | 6120 | General Purpose Computers | \$ 242 | |
| 17 | | 6232 | 6230 | Transmission | \$ 32,141 | |
| 18 | | 6423 | 6410 | Cable & Wire Expense | \$ 9,733 | |
| 19 | | 6534 | 6530 | Plant Operations | \$ 7,692 | |
| 20 | | 6535 | 6530 | Engineering | \$ 289 | |
| 21 | | 6610 | 6610 | Sales & Marketing | \$ 1 | |
| 22 | | 6622.02 | 6620 | Directory Services | \$ 47 | |
| 23 | | 6623 | 6620 | Customer Sales | \$ 5,952 | |
| 24 | | 6711.01 | 6720 | Executive | \$ 115 | |
| 25 | | 6721.01 | 6720 | Accounting & Finance | \$ 3,833 | |
| 26 | | 6723 | 6720 | Human Resources | \$ 72 | |
| 27 | | 6728 | 6720 | General & Administrative | \$ 454 | |
| 28 | | | | To record increased labor and benefits costs due to allocations and labor raises | | |
| 29 | | | | | | |
| 30 | 6 | 6121 | 6120 | Land & Building | \$ 66 | |
| 31 | | 6123.02 | 6120 | Furniture & Office Equipment | \$ 7 | |
| 32 | | 6124 | 6120 | General Purpose Computers | \$ 35 | |
| 33 | | 6232 | 6230 | Transmission | \$ 4,806 | |
| 34 | | 6423 | 6410 | Cable & Wire Expense | \$ 1,167 | |
| 35 | | 6534 | 6530 | Plant Operations | \$ 1,109 | |
| 36 | | 6535 | 6530 | Engineering | \$ 42 | |
| 37 | | 6610 | 6610 | Sales & Marketing | \$ 0 | |
| 38 | | 6622.02 | 6620 | Directory Services | \$ 7 | |
| 39 | | 6623 | 6620 | Customer Sales | \$ 859 | |
| 40 | | 6711.01 | 6720 | Executive | \$ 17 | |
| 41 | | 6721.01 | 6720 | Accounting & Finance | \$ 553 | |
| 42 | | 6723 | 6720 | Human Resources | \$ 10 | |
| 43 | | 6728 | 6720 | General & Administrative | \$ 65 | |
| 44 | | | | To record increased labor and benefits costs due to allocations and labor raises | | |
| 45 | | | | | | |
| 46 | 7 | 7240 | 7200 | Other Operating Taxes | \$ 17,811 | |
| 47 | | | | To record increase in property taxes due to normalizing 2024 plant additions and retirements | | |
| 48 | | | | | | |
| 49 | 8 | 6560-2116 | 6560 | Depreciation Exp - Other Work Equipment | \$ 7,459 | |
| 50 | | 6560-2121 | 6560 | Depreciation Exp - Buildings | \$ 1,581 | |
| 51 | | 6560-2124 | 6560 | Depreciation Exp - General Purpose Computers | \$ 137 | |
| 52 | | 6560-2230 | 6560 | Depreciation Exp - Circuit Equipment | \$ 25,563 | |
| 53 | | 6560-2423 | 6560 | Depreciation Exp - Buried Cable | \$ 813 | |
| 54 | | 6560-2423 | 6560 | Depreciation Exp - Buried Fiber Optic Cable | \$ 168,541 | |
| 55 | | | | To normalize depreciation on plant investments capitalized in 2023 | | |
| 56 | | | | | | |
| 57 | 9 | 6560-2121 | 6560 | Depreciation Exp - Other Work Equipment | \$ 2,545 | |
| 58 | | 6560-2123 | 6560 | Depreciation Exp - Buildings | \$ 2,093 | |
| 59 | | 6560-2124 | 6560 | Depreciation Exp - Central Office Transmission | \$ 38,637 | |
| 60 | | 6560-2230 | 6560 | Depreciation Exp - Buried Cable | \$ 372,944 | |
| 61 | | 6560-2423 | 6560 | Depreciation Exp - Intangibles | \$ 118,202 | |
| 62 | | | | To record annual depreciation on plant investments capitalized through September 30, 2024 | | |
| 63 | | | | | | |
| 64 | 10 | 6560-2423 | 6560 | Depreciation Exp - Buried Cable | \$ 71,303 | |
| 65 | | | | To adjust depreciation rate on existing assets recorded prior to 2023 | | |
| 66 | | | | | | |
| 67 | 11 | 6121 | 6120 | Land & Building | \$ 17,545 | |
| 68 | | 6123.02 | 6120 | Furniture & Office Equipment | \$ 1,019 | |
| 69 | | | | To account for Part 64 allocations recorded in 2024 | | |
| 70 | | | | | | |
| 71 | 12 | 6232 | 6230 | Transmission | \$ 744 | |
| 72 | | | | To reallocate clearing of travel from switching expense to transmission expense | | |
| 73 | | | | | | |
| 74 | 13 | 5083.011 | 5082 | Connect America Fund - Interstate | \$ 17,000 | |
| 75 | | 5083.012 | 5082 | Connect America Fund - Intrastate | \$ 4,575 | |
| 76 | | | | To adjust recorded 2023 CAF ICC revenues to 2025 amounts based on 5% annual reduction | | |
| 77 | | | | | | |
| 78 | | | | | | |
| 79 | 14 | 5083.011 | 5082 | Connect America Fund - Interstate | | \$ 4,614 |
| 80 | | 5083.012 | 5082 | Connect America Fund - Intrastate | \$ 4,614 | |
| 81 | | | | To adjust interstate and intrastate CAF ICC revenues based on CAF ICC split calculation | | |
| 82 | | | | | | |
| 83 | 15 | 5083.000 | 5082 | A-CAM | \$ 610,102 | |
| 84 | | 5083.HCLS | 5082 | Allocation of A-CAM Model Support - Imputed HCLS | | \$ 610,102 |
| 85 | | | | To allocate A-CAM support to intrastate operations based on calculated HCLS | | |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending:
Normalization Period Ending:

12/31/23
9/30/24

Section 9: Test Year and Pro Forma Income Statement

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

| Line No. | Adj # | Moundridge General Ledger Account Number | Rate Case Forms Account Grouping | Description | DB | CR |
|-------------|-------|---|---|--|--------------|----|
| 1 | 16 | | 6720 | General and Administrative - Rate Case Expense | \$ 30,000.00 | |
| 2 | | | | To include five year amortization of rate case expense | | |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT- -KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 9: Test Year and Pro Forma Income Statement

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

| Line No. | Label | Recorded Test Year Balance | Reference | Normalizing Adjustments to Test Year Balances | Reference |
|----------|---|----------------------------|------------------------|---|--------------------------------------|
| (a) | (b) | (c) | (d) | (e) | |
| 1 | Total Telecommunications Plant Under Construction | \$ 22,754 | 4(ii), Col. C, Line 3 | | |
| 2 | Total Plant in Service | \$ 25,729,612 | 4(ii), Col. C, Line 53 | | |
| 3 | Total Property | \$ 25,752,366 | | | |
| 4 | | | | | |
| 5 | Total Property Taxes | \$ 73,746 | 11, Col. C, Line 4 | | |
| 6 | | | | | |
| 7 | % Property Taxes | 0.2864% | | | |
| 8 | | | | | |
| 9 | 2024 Property Additions & Retirements (Net) | | | \$ 6,219,510 | 4(i), Col. C, Line 70 |
| 10 | Total Property | | | \$ 25,752,366 | Col. B, Line 3 |
| 11 | Total Normalized Property | | | \$ 31,971,876 | |
| 12 | Total Normalized Property Taxes | | | \$ 91,557 | (Col. D, Line 12) x (Col. B, Line 7) |
| 13 | Normalized Property Tax Adjustment | | | \$ 17,811 | |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-____-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 9: Test Year and Pro Forma Income Statement

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

| Line No. | Label (a) | Balance (b) | Source (c) |
|----------|---|-------------------|--|
| 1 | Study Area Cost per Loop (SACPL) | \$ 2,286.96 | Moundridge - 2024-1 Algorithm |
| 2 | | | |
| 3 | National Average Cost Per Loop (NACPL) | \$ 647.87 | |
| 4 | | | |
| 5 | 115% to 150% Category | | |
| 6 | | | |
| 7 | Lesser of SACPL or 150% of NACPL | \$ 971.81 | Lesser of Ln 1 or Ln 22 |
| 8 | | | |
| 9 | 115% of NACPL | \$ 745.05 | Ln 3 x 115% |
| 10 | | | |
| 11 | Category Amount | \$ 226.75 | Ln 7 - Ln 9 |
| 12 | | | |
| 13 | Percentage of Category Recoverable | 65% | |
| 14 | | | |
| 15 | Cost per Loop Recoverable | \$ 147.39 | Ln 11 x Ln 13 |
| 16 | | | |
| 17 | | | |
| 18 | Over 150% Category | | |
| 19 | | | |
| 20 | Greater of SACPL or 150% of NACPL | \$ 2,286.96 | Greater of Ln 1 or Ln 22 |
| 21 | | | |
| 22 | 150% of NACPL | \$ 971.81 | |
| 23 | | | |
| 24 | Category Amount | \$ 1,315.15 | Ln 20 - Ln 22 |
| 25 | | | |
| 26 | Percentage of Category Recoverable | 75% | |
| 27 | | | |
| 28 | Cost Per Loop Recoverable | \$ 986.36 | Ln 24 x Ln 28 |
| 29 | | | |
| 30 | | | |
| 31 | Total USF Support per Loop | \$ 1,133.75 | Ln 15 + Ln 28 |
| 32 | | | |
| 33 | Total Category 1.3 Loops | 893 | Moundridge - 2024-1 Data Collection |
| 34 | | | |
| 35 | Unadjusted Annual USF Support | \$ 1,012,443 | Ln 31 x Ln 33 |
| 36 | | | |
| 37 | Pro-Rata Adjustment Factor | 61.3969% | National Exchange Carrier Association, Inc. Overview and Analysis of 2024 USF Data Submission, Pg 5 of 7 |
| 38 | | | |
| 39 | Adjusted Annual USF Support | \$ 621,608 | Ln 35 x Ln 37 |
| 40 | | | |
| 41 | Budget Control Mechanism (BCM) Pro-Rata | 98.15% | Universal Service Administrative Co. |
| 42 | | | |
| 43 | Adjusted Annual HCLS Support After BCM | <u>\$ 610,102</u> | Ln 39 x Ln 41 |

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 9: Test Year and Pro Forma Income Statement

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

| Line No. | Label (a) | Balance (b) | Source (c) |
|-------------|--|----------------|---------------------------------|
| 1 | Total Rate Case Expense to be Amortized | \$ 150,000 | |
| 2 | | | |
| 3 | Unamortized Rate Case Expense - Average | \$ 75,000 | Ln 3 / 2 |
| 4 | | | |
| 5 | Accumulated Deferred Income Tax on Unamortized Rate Case Expense | \$ 19,533 | Ln 3 x Section 11, Col C, Ln 14 |
| 6 | | | |
| 7 | Annual Rate Case Expense Amortization | \$ 30,000 | Ln 3 / 5 |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-__-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 9: Test Year and Pro Forma Income Statement
Section 9(i)(4): Depreciation and Amortization - Adjustments for known or determinable changes in revenues and expenses

| Line No. | Acct | Description | Depreciation Rates | Asset Balances Per Books 12/31/2023 | Normalizing Capital Additions | Accum Depreciation Balance per Books 12/31/2023 | Net Asset Balance Test Year | Capital Adds Depreciation Expense | Other Normalizing Adjustments | Normalizing Deprec Expense Based on Net Asset Balances | Recorded Deprec Expense for Test Year 2023 | Total Deprec Expense for Test Year 2023 | Adjustments to Deprec Exp for Test Year 2023 | Adjusted Deprec Expense for Test Year 2023 | Intrastate Adjusted Deprec Exp for Test Year |
|----------|------|---|--------------------|-------------------------------------|-------------------------------|---|-----------------------------|-----------------------------------|-------------------------------|--|--|---|--|--|--|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) | (p) |
| 1 | | General Support Facilities | | | | | | | | | | | | | |
| 2 | 2112 | Motor Vehicles | 26.27% | \$ 235,000 | \$ - | \$ (235,000) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3 | 2115 | Garage Work Equipment | 24.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 4 | 2116 | Other Work Equipment | 24.00% | \$ 264,340 | \$ 10,604 | \$ (195,095) | \$ 69,244 | \$ 2,545 | \$ 7,459 | \$ 79,249 | \$ 12,052 | \$ 22,056 | \$ (6,258) | \$ 15,798 | \$ 6,739 |
| 5 | 2121 | Buildings | 5.00% | \$ 1,047,607 | \$ 41,861 | \$ (1,021,996) | \$ 25,611 | \$ 2,093 | \$ 1,581 | \$ 29,285 | \$ 142,400 | \$ 17,914 | \$ (2,852) | \$ 15,062 | \$ 6,425 |
| 6 | 2122 | Furniture | 18.10% | \$ 142,120 | \$ - | \$ (142,120) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 7 | 2123 | Office Equipment | 18.10% | \$ 23,930 | \$ - | \$ (23,930) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 8 | 2124 | General Purpose Computers | 18.57% | \$ 79,049 | \$ - | \$ (74,118) | \$ 4,931 | \$ - | \$ 137 | \$ 5,068 | \$ 957 | \$ 1,093 | \$ (302) | \$ 791 | \$ 337 |
| 9 | | | | | | | | | | | | | | | |
| 10 | | Central Office Assets | | | | | | | | | | | | | |
| 11 | 2210 | Digital Electronic Switching Equipment | 11.58% | \$ 806,384 | \$ (157,766) | \$ (806,384) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 12 | 2232 | Circuit Equipment | 16.00% | \$ 4,692,590 | \$ 134,047 | \$ (4,513,254) | \$ 178,736 | \$ 38,637 | \$ 25,563 | \$ 242,936 | \$ 3,625 | \$ 67,826 | \$ - | \$ 67,826 | \$ 20,250 |
| 13 | | | | | | | | | | | | | | | |
| 14 | | Cable and Wire Facilities Assets | | | | | | | | | | | | | |
| 15 | 2411 | Poles | 15.81% | \$ 924 | \$ - | \$ (924) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 16 | 2421 | Aerial Cable | 5.68% | \$ 31,941 | \$ - | \$ (31,941) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 17 | 2423 | Buried Cable | 6.66% | \$ 15,999,537 | \$ 5,599,754 | \$ (10,680,881) | \$ 5,318,646 | \$ 372,944 | \$ 240,656 | \$ 5,932,246 | \$ 423,177 | \$ 1,036,777 | \$ - | \$ 1,036,777 | \$ 480,374 |
| 18 | 2431 | Aerial Wire | 5.68% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 19 | 2441 | Conduit Systems | 6.48% | \$ 2,183,057 | \$ - | \$ (1,658,918) | \$ 524,139 | \$ - | \$ - | \$ 524,139 | \$ 141,402 | \$ 141,402 | \$ - | \$ 141,402 | \$ 65,544 |
| 20 | | | | | | | | | | | | | | | |
| 21 | | Tangible & Intangible Assets | | | | | | | | | | | | | |
| 22 | 2682 | Leasehold Improvements | 10.00% | \$ 168,470 | \$ - | \$ (168,470) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 23 | 2690 | Intangibles | 20.00% | \$ - | \$ 591,810 | \$ - | \$ - | \$ 118,202 | \$ - | \$ 118,202 | \$ - | \$ 118,202 | \$ (32,686) | \$ 85,516 | \$ 36,479 |
| 24 | 2005 | Goodwill | 10.00% | \$ 6,702,817 | \$ - | \$ - | \$ 6,702,817 | \$ - | \$ - | \$ 6,702,817 | \$ 670,281 | \$ 670,281 | \$ (670,281) | \$ - | \$ - |
| 25 | | | | | | | | | | | | | | | |
| 26 | | TOTALS | | \$ 32,377,756 | \$ 6,219,510 | \$ (19,553,631) | \$ 12,824,124 | \$ 534,421 | \$ 275,396 | \$ 13,633,942 | \$ 1,265,795 | \$ 2,075,612 | \$ (712,380) | \$ 1,363,232 | \$ 616,149 |

Section 10

Depreciation and Amortization

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 10: Depreciation and Amortization
Section 10: Depreciation and Amortization expense for the test period

| Line No. | Account | Description | Current Depreciation Rates | Balance Per Books 12/31/2023 | Operations | Clearing Accounts | Construction |
|----------|-------------------|--|----------------------------|------------------------------|--------------|-------------------|--------------|
| | (a) | (b) | (c) | (d) | | | |
| 1 | | | | | | | |
| 2 | 6561 | Depreciation Expense - TPIS | | | | | |
| 3 | 6561.01 | Depr. Exp. - General Support Facilities | | | | | |
| 4 | | Motor Vehicles | 26.27% | \$ - | \$ - | \$ - | \$ - |
| 5 | | Tools and Other Work Equipment | 24.00% | \$ 12,052 | \$ 12,052 | \$ - | \$ - |
| 6 | | Buildings | 5.00% | \$ 14,240 | \$ 14,240 | \$ - | \$ - |
| 7 | | Furniture | 18.10% | \$ - | \$ - | \$ - | \$ - |
| 8 | | Office Equipment | 18.10% | \$ - | \$ - | \$ - | \$ - |
| 9 | | General Purpose Computers | 18.57% | \$ 957 | \$ 957 | \$ - | \$ - |
| 10 | | | | | | | |
| 11 | | Central Office Assets | | | | | |
| 12 | | C.O. Switching | 11.58% | \$ - | \$ - | \$ - | \$ - |
| 13 | 6561.11 & 6561.15 | C.O. Circuit Equipment | 16.00% | \$ 3,625 | \$ 3,625 | \$ - | \$ - |
| 14 | | | | | | | |
| 15 | | Information Orig./Term. Assets | | | | | |
| 16 | | Public Tele. Terminal Equipment | 10.00% | \$ - | \$ - | \$ - | \$ - |
| 17 | | IOT | 10.00% | \$ - | \$ - | \$ - | \$ - |
| 18 | | | | | | | |
| 19 | 6561.3 | Cable & Wire Facilities Assets | | | | | |
| 20 | | Poles | 15.81% | \$ - | \$ - | \$ - | \$ - |
| 21 | | Aerial Cable | 17.58% | \$ - | \$ - | \$ - | \$ - |
| 22 | | Underground Cable | 5.68% | \$ - | \$ - | \$ - | \$ - |
| 23 | | Buried Cable | 5.68% | \$ 423,177 | \$ 423,177 | \$ - | \$ - |
| 24 | | Aerial Wire | 17.58% | \$ - | \$ - | \$ - | \$ - |
| 25 | | Conduit | 6.48% | \$ 141,462 | \$ 141,462 | \$ - | \$ - |
| 26 | | | | | | | |
| 27 | | Amortization Expense - Leasehold Improvements | | | | | |
| 28 | | | | | | | |
| 29 | 6564 | Amortization Expense - Goodwill | 10.00% | \$ 670,281 | \$ 670,281 | \$ - | \$ - |
| 30 | | | | | | | |
| 31 | | Total Depr. & Amort. Expense | | \$ 1,265,795 | \$ 1,265,795 | \$ - | \$ - |

Section 11

Calculation of Taxes

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 11: Calculation of Taxes

| Line No. | Account | Description | Recorded Test Year Balance Moundridge | Normalizing Adjustments to Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Study Adjustments to Test Year Balance Moundridge | Subject to Separations Moundridge | Adjustments to Intrastate Revenues and Expenses Moundridge | Adjusted Intrastate Balance Moundridge |
|----------|---------|--|---------------------------------------|---|---|---|-----------------------------------|--|--|
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| 1 | 7210 | Operating investment tax credits - net | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2 | 7220 | Operating Federal Income Taxes | \$ (72,473) | \$ - | \$ (72,473) | \$ (589,521) | \$ (661,994) | \$ - | \$ (111,053) |
| 3 | 7230 | Operating State and Local Income Taxes | \$ (27,333) | \$ - | \$ (27,333) | \$ (935) | \$ (28,268) | \$ - | \$ (31,773) |
| 4 | 7240.1 | Other Operating Taxes | \$ 73,746 | \$ 17,811 | \$ 91,557 | \$ (2,567) | \$ 88,989 | \$ - | \$ 37,958 |
| 5 | 7240.2 | Interstate Regulatory Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | 7240.3 | Intrastate Regulatory Fees | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5 |
| 7 | 7250 | Provisions for Deferred Operating Income Taxes | \$ 206,030 | \$ - | \$ 206,030 | \$ 377,097 | \$ 583,127 | \$ - | \$ - |
| 8 | 7200 | Total Operating Taxes | \$ 179,975 | \$ 17,811 | \$ 197,786 | \$ (215,925) | \$ (18,140) | \$ - | \$ (104,863) |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | | Net to Gross Multiplier | | | | | | | |
| 12 | | Federal Income Tax Rate | | | 21.0000% | | | | |
| 13 | | State Income Tax Rate | | | 6.3842% | 11(j)a, Col b, Ln 8 | | | |
| 14 | | Combined Tax Rate | | | 26.0435% | | | | |
| 15 | | Net to Gross Multiplier | | | 1.352146327 | | | | |

**Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-___-KSF**

Test Year Ending: 12/31/23
Normalization Period Ending: 9/30/24

Section 11: Calculation of Taxes

Section 110: Taxes Chargeable to Operations

| Line No. | Description | Recorded Test Year Balance Moundridge | Normalizing Adjustments to Test Year Balance Moundridge | Normalized Test Year Balance Moundridge | Adjustments to Test Year Balance Moundridge | Subject to Separations Moundridge | Intrastate Balance Moundridge | Adjustments to Intrastate Balance Moundridge | Adjusted Intrastate Balance Moundridge |
|----------|------------------------------------|---------------------------------------|---|---|---|-----------------------------------|-------------------------------|--|--|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | |
| 1 | Regulated Operating Revenues | \$ 2,461,838 | \$ (21,575) | \$ 2,440,263 | \$ (28,992) | \$ 2,411,271 | \$ 891,581 | \$ - | \$ 891,581 |
| 2 | | | | | | | | | |
| 3 | Less: Regulated Operating Expenses | \$ 2,657,618 | \$ 851,055 | \$ 3,508,673 | \$ (746,780) | \$ 2,761,893 | \$ 1,314,484 | \$ 30,000 | \$ 1,344,484 |
| 4 | | | | | | | | | |
| 5 | Less: AFUDC (Account 7340) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6 | Less: Operating Taxes | \$ 73,751 | \$ 17,811 | \$ 91,561 | \$ (2,567) | \$ 88,994 | \$ 37,963 | \$ - | \$ 37,963 |
| 7 | | | | | | | | | |
| 8 | Net Operating Income | \$ (269,532) | \$ (890,440) | \$ (1,159,972) | \$ 720,356 | \$ (439,616) | \$ (460,866) | \$ (30,000) | \$ (490,866) |
| 9 | | | | | | | | | |
| 10 | Less: Fixed Charges | \$ 24,516 | \$ - | \$ 24,516 | \$ (9,743) | \$ 14,773 | \$ 6,817 | \$ - | \$ 6,817 |
| 11 | | | | | | | | | |
| 12 | Net Income (Loss) | \$ (294,048) | \$ (890,440) | \$ (1,184,488) | \$ 730,098 | \$ (454,389) | \$ (467,682) | \$ (30,000) | \$ (497,682) |
| 13 | | | | | | | | | |
| 14 | Permanent Tax Difference | \$ 671,613 | \$ (670,282) | \$ 1,331 | \$ - | \$ 1,331 | \$ 633 | \$ - | \$ 633 |
| 15 | Temporary Tax Difference | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Taxable Income - State | \$ 377,565 | \$ (890,440) | \$ (1,184,488) | \$ 730,098 | \$ (454,389) | \$ (467,682) | \$ (30,000) | \$ (497,682) |
| | Taxable Income - Federal | \$ 401,670 | \$ (1,617,569) | \$ (1,258,776) | \$ 776,709 | \$ (482,067) | \$ (496,906) | \$ (31,915) | \$ (528,822) |

Effective Rate

| Total Income Taxes | State | Federal |
|--------------------|-------------|--------------|
| 6.3842% | \$ 24,104 | \$ (56,847) |
| 21.0000% | \$ 84,351 | \$ (339,690) |
| | \$ (75,620) | \$ (264,343) |
| | \$ 46,611 | \$ 163,109 |
| | \$ (29,009) | \$ (101,234) |
| | \$ (29,858) | \$ (104,350) |
| | \$ (1,915) | \$ (6,702) |
| | \$ (31,773) | \$ (111,053) |

Kansas Corporation Commission
Moundridge Telephone Company

Dkt No. 25-MRGT-__-KSF

Test Year Ending: 12/31/23

Normalization Period Ending: 9/30/24

Section 11: Calculation of Taxes

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

| Line No. | Description (a) | Total Company (b) | Reference (c) |
|-------------|--------------------------------|-------------------------|----------------------|
| 1 | Average Net Investment | \$ 13,283,951 | 4(i), Col (h), Ln 21 |
| 2 | Authorized Rate of Return | 9.75% | 7(i), Col (f), Ln 4 |
| 3 | Return | \$1,295,185 | (Ln 1 x Ln 2) |
| 4 | Taxable Income | \$1,295,185 | (Ln 3) |
| 5 | SIT on \$0 to \$50,000 x 3.50% | \$ 1,750 | |
| 6 | SIT on over \$50,000 x 6.50% | \$ 80,937 | |
| 7 | Total SIT | \$ 82,687 | (Ln 5 + Ln 6) |
| 8 | Realized Tax Rate | 6.38419% | (Ln 7 / Ln 8) |
| 9 | Effective Tax Rate | 6.81956% | [Ln 8 / (1 - Ln 8)] |

Section 12

Separation Factors and Cost Allocation Manual (REDACTED)

Kansas Corporation Commission
Moundridge Telephone Company
Dkt No. 25-MRGT-__-KSF

Test Year Ending: 12/31/23
Normalizaton Period Ending: 9/30/24

Section 12: Allocation Ratios

Section 12(i): Jurisdictional Allocations

Separation Factors - 2023 Cost Study

| | Total | Interstate | Intrastate |
|--|--------------|-------------------|-------------------|
| General Support Facilities | 100.0000% | 57.3425% | 42.6575% |
| COE Switching | 100.0000% | 82.6922% | 17.3078% |
| COE Transmission | 100.0000% | 70.1433% | 29.8567% |
| Cable & Wire Facilities | 100.0000% | 53.6666% | 46.3334% |
| Amortizable Tangible Assets | 100.0000% | 57.3425% | 42.6575% |
| Intangible Assets | 100.0000% | 57.3425% | 42.6575% |
| Accumulated Depreciation - TPIS | 100.0000% | 58.6431% | 41.3569% |
| Accumulated Amortization - Tangible Assets | 100.0000% | 57.3425% | 42.6575% |
| Accumulated Amortization - Intangible Assets | 100.0000% | 57.3425% | 42.6575% |
| Telecom Plant Under Const. | 100.0000% | 57.3425% | 42.6575% |
| Materials & Supplies | 100.0000% | 53.6666% | 46.3334% |
| Cash Working Capital | 100.0000% | 48.7909% | 51.2091% |
| Accum Deferred Taxes | 100.0000% | 56.0276% | 43.9724% |
| Customer Deposits | - | - | - |
| Network Support - 6110 | 100.0000% | 57.3425% | 42.6575% |
| General Support - 6120 | 100.0000% | 57.3425% | 42.6575% |
| Central Office - 6210/6230 | 100.0000% | 70.5214% | 29.4786% |
| Operator - 6220 | - | - | - |
| Information Orig/Term - 6310 | - | - | - |
| Cable and Wire Facilities - 6410 | 100.0000% | 53.6666% | 46.3334% |
| Other Plant - 6510 | - | - | - |
| Network Operations - 6530 | 100.0000% | 57.3425% | 42.6575% |
| Access Charge - 6540 | 100.0000% | - | 100.0000% |
| Depreciation - 6560 | 100.0000% | 100.0000% | - |
| Marketing - 6610 | 100.0000% | 37.7216% | 62.2784% |
| Customer Service - 6620 | 100.0000% | 17.2014% | 82.7986% |
| Corporate Operations - 6720 | 100.0000% | 50.2454% | 49.7546% |
| Property Taxes - 7200 | 100.0000% | 57.3425% | 42.6575% |
| Income Taxes | 100.0000% | 52.5671% | 47.4329% |
| Interest on Customer Deposits | - | - | - |
| AFUDC | - | - | - |
| Interest and Related Items | 100.0000% | 53.8587% | 46.1413% |
| Total Operating Taxes | 100.0000% | 52.4063% | 47.5937% |

Section 15 (REDACTED)

Additional Evidence-NECA Cost Study

Section 16 (REDACTED)

Financial Statements