Exhibit No.:
Witness: Imhoff, Sommerer, Thompson
Type of Exhibit:
Prepared Testimony
Company: Grand River Mutual Telephone Corporation
Case No.: TR-85-242

MISSOURI PUBLIC SERVICE COMMISSION
UTILITY DIVISION

PREPARED TESTIMONY

OF

THOMAS M. IMHOFF

DAVID M. SOMMERER

RACHELLE L. THOMPSON

Jefferson City, Missouri
November, 1985

PREPARED TESTIMONY

OF

RACHELLE L. THOMPSON

GRAND RIVER MUTUAL TELEPHONE COMPANY

CASE NO. TR-85-242

Q. Please state your name and business address.

A. Rachelle L. Thompson, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am a Regulatory Auditor with the Missouri Public Service Commission.

Q. Please describe your educational background.

A. I attended Southwest Missouri State University at Springfield, Missouri, and I received a Bachelor of Science Degree in Accounting in May, 1981.

Q. What has been the nature of your duties with the Commission?

A. I have, under the direction of the Chief Accountant, Utility Division, assisted with the audit and examination of the books and records of Grand River Mutual Telephone Company in regard to the proposed rates, along with other miscellaneous duties within the Accounting Department.

Q. Have you made an investigation or examination of the Grand River Mutual Telephone Corporation books in regard to Case No. TR-85-242?

A. Yes, with the assistance of other Staff members.

Q. What accounting schedule are you sponsoring in this case?

A. I am sponsoring Accounting Schedule 3 - Adjustments to the Income Statement.

Q. Would you please explain this Accounting Schedule?

A. Yes. Accounting Schedule 3 represents the various Staff adjustments to the Income Statement.

Q. What Staff Adjustments are you sponsoring?

A. I am sponsoring the following Staff Adjustments: T-5.1, T-5.3, T-5.4, T-7.1, T-7.4, T-8.1, T-8.4, T-9.1, T-9.4, T-9.5, T-9.6, T-9.7, T-9.8, T-9.9, T-9.10, T-9.11, T-9.12, T-9.13, T-11.1, T-11.2, T-11.3, and T-11.4.

Q. Please explain these Staff Adjustments.

A. Staff Adjustments T-5.1, T-7.1, T-8.1, and T-9.1 annualize payroll to a current level of expense. Staff first calculated gross annualized payroll for the total company, including Missouri and Iowa dollars. The Company provided allocation factors which were then utilized by Staff in attributing to Missouri a portion of the total Company gross annualized payroll. Since Company assigned separate allocation factors to each employee, Staff applied the specified factor to each employee's annualized payroll to calculate the Missouri annualized payroll. Staff then attributed a portion of the Missouri annualized payroll to the ten Missouri exchanges included in the Phase I upgrade, by the following method:

(1) Staff allowed the total amount of annualized payroll for each of the employees that Company specifically identified as Missouri Phase I employees.

(2) Staff applied the Missouri allocation factor, developed by Staff witness Thomas Imhoff, to the Missouri annualized payroll of employees whose labor dollars are spread throughout the Company, e.g. general office personnel.

These calculations provided Staff with the annualized payroll attributable to the ten Phase I exchanges. Staff then applied an O&M factor of 78.08% to this amount in order to calculate the expense portion of the ten exchanges annualized payroll.

Staff Adjustments T-5.3, T-7.4 and T-8.4 annualize vehicle insurance expense to the current level of premiums. These insurance expenses are booked directly to the clearing accounts by the Company and spread back through the appropriate capital and expense accounts.

Staff Adjustment T-9.4 annualizes property and general liability insurances to the current premium level.

Staff Adjustment T-9.5 annualizes the PSC assessment to the current level of expense.

Staff Adjustment T-9.6 increases operating expenses to allow for a one year amortization of actual expenses for this rate case. Staff will adjust for additional current rate case expenses that are incurred by the Company up through the hearing dates.

Staff Adjustment T-9.7 annualizes fees paid to the individual members of the Board of Directors to the current level.

Staff Adjustment T-9.8 annualizes the Company's cost of the employee group life insurance and the long-term disability plan. Staff's adjustment for the employee group life insurance expense is based on the Company's 1985 fourth quarter billing. The long-term disability plan is based on annualized payroll and a rate of 1% of the employees current salary. Only full-time employees are eligible for these benefits.

Staff Adjustment T-9.9 annualizes pension expense based on annualized regular payroll expense (not including overtime) at the current rates. Only full-time employees are eligible for this benefit.

Staff Adjustment T-9.10 annualizes the Company's cost of group health insurance based on current insurance rates.

Staff Adjustment T-9.11 annualizes the Company's worker's compensation insurance expense to the current premium level.

Staff Adjustment T-9.12 annualizes the savings plan expense based on 1% of annualized regular payroll expense (not including overtime). Only full-time employees are eligible for this benefit.

Staff Adjustment T-5.4 amortizes expenses incurred for roof repairs and replacement and the painting of Company buildings over a reasonable period of time. The Company incurs these costs on an as-needed basis (Appendix RLT-1).

Staff has chosen to amortize the cost of repairs over a five year period, due to the five year guarantee issued by the contractor who performed the work (Appendix RLT-2).

Staff believes a reasonable amortization period for the costs of replacing roofs on two Company buildings is ten years.

Staff also believes a reasonable amortization period for the costs of painting various Company buildings is seven years.

Staff Adjustment T-9.13 disallows miscellaneous expenses, e.g. costs associated with gifts and prizes for annual meetings, flowers for funeral services, the annual Christmas party, and five sets of ISCC Rules and Regulations, that Staff believes are of no benefit to the ratepayer.

Staff Adjustment T-11.1 annualizes F.I.C.A. based on annualized payroll expense using the new F.I.C.A. rate and limit which will be effective on January 1, 1986.

Staff Adjustment T-11.2 annualizes Federal Unemployment Taxes (FUTA) based on annualized payroll expense at the current FUTA rate.

Staff Adjustment T-11.3 annualizes State Unemployment Taxes (SUTA) based on annualized payroll expense at the current SUTA rate.

Staff Adjustment T-11.4 annualizes Missouri Franchise Taxes to a current level.

Q. Does this conclude your prepared testimony?

A. Yes, it does.

No. 40

DATA INFORMATION REQUEST

GRAND RIVER MUTUAL TELEPHONE COMPANY

CASE NO. TR-85-242

REQUESTED FROM: Mr. R.A. McArton

DATE REQUESTED: October 9, 1985

INFORMATION REQUESTED: Please provide staff with information pertaining to the frequency of roof repairs on company buildings. Please see attached documents.

REQUESTED BY: Rachelle L. Thompson

INFORMATION PROVIDED:

The company has no set pattern for repairing and/or replacing roofs on our building.

Repairs and/or replacement is done on an as needed basis.

The information provided to the Missouri Public Service Commission Staff in response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Missouri Public Service Commission, if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.

SIGNED BY: G.M. McCune

DATE RECEIVED: 10/22/85

GEORGE FRAZIER ROOFING CO., INC.

Box 95
GILMAN CITY, MISSOURI 64642
(816) 876-5315

Date 6-28- , 19 85

Sold to Grand River Mutual Telephone Corp

Address 1001 Kentucky Princeton Mo

Old Dial Bld - Princeton

The following materials and labor:

Tearoff old roof + replace				
as per contract			$ 720	00
Carla Clapham				
7-2-85				

JUL 1985
RECEIVED
PLANT
DEPARTMENT
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 29 30 31

RECEIVED
JUL 2 1985
Plant Accountant

A 1½ % SERVICE CHARGE WILL BE ADDED TO ALL PAST DUE ACCOUNTS. ANNUAL RATE 18 %

GEORGE FRAZIER ROOFING CO., INC.
Box 95
GILMAN CITY, MISSOURI 64642
(816) 876-5315

Date 6-28- , 1985

Sold to Grand River Mutual Telephone Corp

Address Princeton Mo

Chula

The following materials and labor:

Tearoff roof to insulation
+ reroof with 4 ply glass +
regravel
Repair overhang on deck
on North

as per contract — $1498.95

[signature]
7-2-85

JUL 1985
RECEIVED
PLANT
DEPARTMENT

RECEIVED
JUL 2 1985
Plant Accountant

A 1½% SERVICE CHARGE WILL BE ADDED TO ALL PAST DUE ACCOUNTS. ANNUAL RATE 18%

Total of Attached Invoices 2218.95

Description	Account	Amount
	606	2218.95

Approved for Payment by

Auditor

Assist. Auditor

General Manager

Remarks

0.00	T1
720.00	+1
1 498.95	+1
2 218.95	T1
1 498.95	+1
720.00	+1
2 218.95	T1

No. 33

DATA INFORMATION REQUEST

GRAND RIVER MUTUAL TELEPHONE COMPANY

CASE NO. TR-85-242

REQUESTED FROM: Mr. R.A. McArton

DATE REQUESTED: Oct. 8, 1985

INFORMATION REQUESTED: How often does the company have the dial buildings painted?

REQUESTED BY: Rashelle L. Thompson

INFORMATION PROVIDED: The Company has no set policy for painting the dial buildings. They are painted as needed. The last time they were painted was approximately 7 or 8 years ago.

The information provided to the Missouri Public Service Commission Staff in response to the above information request is accurate and complete, and contains no material misrepresentations or omissions based upon present facts known to the undersigned. The undersigned agrees to immediately inform the Missouri Public Service Commission, if any matters are discovered which would materially affect the accuracy or completeness of the information provided in response to the above information request.

SIGNED BY: [signature]

DATE RECEIVED: 10/10/85

Paid

Olin Slaughter
709 So 14 St
Bethany Mo 64424 84

To Grand River Mutual Tele Co 9-12

Contract Painting + Labor + Materials

Ridgway	325 00	
door work	25	350 00
Mt Moriah		275 00
New Hampton More Labor -		350 00
Washington Center		250 00
Cainsville		300 00
Eagleville		325 00
Gilman City		375 00
		#2125 00

Paid Nadall (but Bethany)
Paid Door Changed
CO's Painted at Ridgway!
Om
C/A + Scheduled
606
SMB

SEP 1984
RECEIVED
STAFF ASS'T
G.R.M.T.

Ph. 446 4906 Ronald W Scott 907 So mill
Leon Ia. 50144

Prepare and paint 5 buildings
Labor and paint
Total $1240.00

completed 6-13-95

Lineville
Allerton 606-1240.00 White with
Derby Blue Trim
Millerton
Weldon Ronald W. Scott

ok AS
Tax included

Paul Smith
Grand River Mutual Tele Corp
Princeton Mo

Joe
this is a
Bill

6-17-85

Paul

Please find enclosed bill for painting of CDO's Hineville, Allerton, Dunlap, Millerton & Weldon.
Would like paid this week.

Thank you
Rod Eckleston

GEORGE FRAZIER ROOFING CO., INC.

Box 95
GILMAN CITY, MISSOURI 64642
(816) 876-5315

Date 3-22- , 1985

Sold to Grand River Mutual Bussiness Office

Address Leon Iowa

To Rod Eckelstin

The following materials and labor:

Clean existing roof over which		
Nail 1-layer 30# felt & Solid		
mop 2 layers fiberglass		
Surface Coated with Hot asphalt		
With new 2 ply flashing at		
walls		1634 62
		65 38
Total material & labor as per		$
estimate		1,700 00
ok		
Leon Business Office		
		$ 1,700 00

MAR 1985
RECD.
STAFF ASST
GRMTC

A 1½% SERVICE CHARGE WILL BE ADDED TO ALL PAST DUE ACCOUNTS. ANNUAL RATE 18%.

MAR 1985
RECEIVED
STAFF ASST
GRATE

Roofing Guarantee

Whereas Frazier Roofing Co., Inc.

of Gilman City, MO 64642

herein called "the Contractor," has completed application of the following roof:

Owner: Grand River Mutual Telephone Corp.

Address of owner: 1001 Kentucky, Princeton, MO

Type and name of building Grand River Mutual Business Office

Location: Leon, Iowa

Area of roof: Approx. 2,000 sq. ft. on business office

Date of completion: 3-21-1985

Date guarantee expires: 3-21-1990

***Whereas**, at the inception of such work the Contractor agreed to guarantee the aforesaid roof against faulty materials or workmanship for a limited period and subject to the conditions herein set forth;*

***Now, Therefore**, the Contractor hereby Guarantees, subject to the conditions herein set forth, that during a period of* Five *years from the date of completion of said roof, it will, at its own cost and expense, make or cause to be made such repairs to said roof and composition flashing resulting solely from faults or defects in materials or workmanship applied by or through the Contractor as may be necessary to maintain said roof in watertight condition.*

This guarantee is made subject to the following conditions:

1. Specifically excluded from this guarantee is any and all damage to said roof, the building or contents caused by the acts or omissions of other trades or contractors; lightning, windstorm, hailstorm, or other unusual phenomena of the elements; foundation settlement; failure or cracking of the roof deck; defects or failure of material used as a roof base over which the roof is applied, faulty construction of parapet walls, copings, chimneys, skylights, vents, supports, or other parts of the building; vapor condensation beneath the roof; penetrations for pitch boxes, or fire. If the roof is damaged by reason of any of the foregoing this guarantee shall thereupon become null and void for the balance of the guarantee period unless such damage is repaired by the Contractor at the expense of the party requesting such repair.
2. The Contractor is not liable for consequential damages to the building or contents resulting from any defects in said roof or composition flashing.
3. No work shall be done on said roof, including, but without limitation, work in connection with flues, vents, drains, sign braces, railings, platforms or other equipment fastened to or set on the roof, and no repairs or alterations shall be made to said roof unless the Contractor shall be first notified, shall be given the opportunity to make the necessary roofing application recommendations with respect thereto, and such recommendations are complied with. Failure to observe this condition shall render this guarantee null and void. The Contractor shall be paid for time and material expended in making recommendations or repairs occasioned by the work of others on said roof.
4. This guarantee shall become null and void if the roof is used as a promenade or work deck or is sprayed or flooded, unless such use was originally specified and the specification is noted in paragraph 8 below. Areas that pond water shall not be covered by this guarantee.
5. This guarantee shall not be or become effective unless and until the Contractor has been paid in full for said roof in accordance with the agreement pursuant to which such roof was applied.
6. This guarantee shall become null and void unless the Contractor is promptly notified of any alleged defect in materials or workmanship and provided an opportunity to inspect the roof.
7. This guarantee is in lieu of all other guarantees or warranties, express or implied. THERE ARE NO WARRANTIES OR GUARANTEES WHICH EXTEND BEYOND THE DESCRIPTION ON THE FACE HEREOF.
8. Additional conditions or exclusions

***In Witness Whereof**, this instrument has been duly executed this* 25 *day of* March, *19*85.

Frazier Roofing Co., Inc.

By George Frazier

MEMBER MIDWEST ROOFING CONTRACTORS ASSOCIATION

Approved Guarantee Form No. 1970A, Midwest Roofing Contractors Association, Inc.

serving qualified roofing contractors in

ARKANSAS • COLORADO • ILLINOIS • INDIANA • IOWA • KANSAS • KENTUCKY • MICHIGAN • MINNESOTA • MISSOURI • MONTANA NEBRASKA • NORTH DAKOTA • OHIO • OKLAHOMA • SOUTH DAKOTA • TENNESSEE • TEXAS • WISCONSIN

GRAND RIVER MUTUAL TELEPHONE

CASE NO. TR-85-242

I N D E X

Accounting Schedule 1
Run Date 11-21-85

Grand River Mutual Telephone Co.
Case No. TR-85-242
Computation of Revenue Requirement

line #		
1	Total Rate Base (Acct Sch 4)	$6,310,279
2	Rate of Return on Rate Base	4.75%
3	Net Operating Income Requirement	$299,738
4	Net Operating Income Available (Sch 2)	$349,692
5	Gross Revenue Requiement	($49,954)

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

INCOME STATEMENT

	JURISDICTIONAL	JURISDICTIONAL ADJUSTMENT		ADJUSTED JURISDICTIONAL
OPERATING REVENUES				
LOCAL SERVICE REVENUES	$ 381,686	$ -11,380	T-1	$ 370,306
TOLL SERVICE REVENUES	846,565	246,407	T-2	1,092,972
OTHER OPERATING REVENUES	11,167		T-3	11,167
UNCOLLECTIBLE OPERATING REVENUES	-9,467	-1,795	T-4	-11,262
TOTAL OPERATING REVENUES	$ 1,229,951	$ 233,232		$ 1,463,183
OPERATING EXPENSES				
OPERATION & MAINTENANCE EXPENSE				
MAINTENANCE EXPENSE	$ 266,323	$ -6,644	T-5	$ 259,679
TRAFFIC EXPENSE	39,066		T-6	39,066
COMMERCIAL EXPENSE	81,830	-2,531	T-7	79,299
GENERAL OFFICE SALARIES & EXP.	125,458	-2,794	T-8	122,664
OTHER OPERATING EXPENSE	115,684	-16,615	T-9	99,069
TOTAL O & M EXPENSES	$ 628,361	$ -28,584		$ 599,777
OTHER OPERATING EXPENSES				
DEPRECIATION EXPENSE	$ 295,606	$ 89,792	T-10	$ 385,398
TAXES OTHER THAN INCOME TAXES	100,667	26,190	T-11	126,857
TOTAL OTHER OPERATING EXPENSES	$ 396,273	$ 115,982		$ 512,255
TOTAL OPERATING EXPENSES	$ 1,024,634	$ 87,398		$ 1,112,032
NET INCOME BEFORE TAXES	$ 205,317	$ 145,834		$ 351,151
CURRENT INCOME TAXES	$ 1,459		T-12	$ 1,459
DEFERRED INCOME TAX				
DEFERRED ITC	$ 0		T-13	$ 0
TOTAL INCOME TAXES	$ 1,459	$ 0		$ 1,459
NET OPERATING INCOME	$ 203,858	$ 145,834		$ 349,692

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

ADJUSTMENTS TO INCOME STATEMENT

T-1

LOCAL SERVICE REVENUES			$	-11,380
1. TO DECREASE LOCAL SERVICE REVENUES TO REFLECT A MISCLASSIFICATION OF REVENUES THAT SHOULD HAVE BEEN TOLL REVENUES. (IMHOFF)	$	-9,235		
2. TO DECREASE LOCAL SERVICE REVENUES TO REFLECT THE CUSTOMER ANNUALIZATION. (IMHOFF)		-2,145		
TOTAL	$	-11,380		

T-2

TOLL SERVICE REVENUES			$	246,407
1. TO INCREASE TEST YEAR TOLL SERVICE REVENUES TO REFLECT THE MISCLASSIFICATION OF TOLL REVENUES BOOKED TO LOCAL SERVICE. (IMHOFF)	$	9,235		
2. TO ADJUST TOLL SERVICE REVENUES TO TEST YEAR END LEVEL AND RECOGNIZE ALL EXPENSE ADJUSTMENTS MADE BY STAFF. (IMHOFF)		237,172		
TOTAL	$	246,407		

T-3

OTHER OPERATING REVENUES			$	0
1. NO STAFF ADJUSTMENT.				

T-4

UNCOLLECTIBLE OPERATING REVENUES			$	-1,795
1. TO ADJUST UNCOLLECTIBLE REVENUES TO STAFF'S ANNUALIZED REVENUES. (IMHOFF)				

T-5

MAINTENANCE EXPENSE			$	-6,644
1. TO ANNUALIZE PAYROLL. (THOMPSON)	$	-6,146		
2. TO SPREAD DEPRECIATION CHARGED THROUGH THE CLEARING ACCOUNTS. (SOMMERER)		425		
3. TO SPREAD ANNUALIZED VEHICLE INSURANCE EXPENSE CHARGED THROUGH THE CLEARING ACCOUNTS. (THOMPSON)		-47		
4. TO DECREASE EXPENSE TO REFLECT THE AMORTIZATION OF MAJOR EXPENSES OVER A SEVEN YEAR PERIOD. (THOMPSON)		-910		
5. TO ANNUALIZE MAINTENANCE AGREEMENTS WITH HONEYWELL. (IMHOFF)		34		
TOTAL	$	-6,644		

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

ADJUSTMENTS TO INCOME STATEMENT

T-6

TRAFFIC EXPENSE			$	0
1. NO STAFF ADJUSTMENT.				

T-7

COMMERCIAL EXPENSE			$	-2,531
1. TO ANNUALIZE PAYROLL. (THOMPSON)	$	-2,302		
2. TO DECREASE EXPENSES FOR ADVERTISING WHICH WAS OF A GOODWILL OR INSTITUTIONAL IN NATURE. (IMHOFF)		-383		
3. TO SPREAD DEPRECIATION CHARGED THROUGH THE CLEARING ACCOUNTS. (SOMMERER)		158		
4. TO SPREAD ANNUALIZED VEHICLE INSURANCE EXPENSE CHARGED THROUGH THE CLEARING ACCOUNTS. (THOMPSON)		-4		
TOTAL	$	-2,531		

T-8

GENERAL OFFICE SALARIES & EXPENSE			$	-2,794
1. TO ANNUALIZE PAYROLL. (THOMPSON)	$	-3,348		
2. TO DECREASE EXPENSES FOR A SUBSCRIPTION THAT IS NON-BENEFICIAL TO THE RATEPAYER. (IMHOFF)		-4		
3. TO SPREAD DEPRECIATION CHARGED THROUGH THE CLEARING ACCOUNTS. (SOMMERER)		250		
4. TO SPREAD ANNUALIZED VEHICLE INSURANCE EXPENSE CHARGED THROUGH THE CLEARING ACCOUNTS. (THOMPSON)		-1		
5. TO ANNUALIZE MAINTENANCE AGREEMENTS ON THE DIGITAL COMPUTER SYSTEMS. (IMHOFF)		309		
TOTAL	$	-2,794		

T-9

OTHER OPERATING EXPENSES			$	-16,615
1. TO ANNUALIZE PAYROLL. (THOMPSON)	$	-219		
2. TO ADJUST EXPENSES TO REFLECT FREE EMPLOYEE TELEPHONE SERVICE. (IMHOFF)		-2,021		
3. TO DISALLOW VARIOUS MEMBERSHIP DUES. (IMHOFF)		-133		
4. TO ANNUALIZE INSURANCE EXPENSE. (THOMPSON)		234		
5. TO ANNUALIZE THE PSC ASSESSMENT. (THOMPSON)		164		
6. TO AMORTIZE RATE CASE EXPENSE OVER A ONE YEAR PERIOD. (THOMPSON)		7,565		
7. TO ANNUALIZE BOARD OF DIRECTORS FEES. (THOMPSON)		66		

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

ADJUSTMENTS TO INCOME STATEMENT

CONTINUED T-9

8. TO ANNUALIZE EMPLOYEE GROUP LIFE INSURANCE & LONG TERM DISABILITY TO A CURRENT LEVEL OF EXPENSE. (THOMPSON)		-2,113
9. TO ANNUALIZE PENSION COSTS TO A CURRENT LEVEL OF EXPENSE. (THOMPSON)		-3,128
10. TO ANNUALIZE GROUP HEALTH INSURANCE TO A CURRENT LEVEL OF EXPENSE. (THOMPSON)		-15,850
11. TO ANNUALIZE WORKMEN'S COMPENSATION EXPENSE. (THOMPSON)		-456
12. TO ANNUALIZE SAVINGS PLAN EXPENSE. (THOMPSON)		-709
13. TO DISALLOW MISCELLANEOUS EXPENSES THAT ARE NOT BENEFICIAL TO THE RATEPAYER. (THOMPSON)		-466
14. TO INCREASE EXPENSE FOR CUSTOMER DEPOSITS. (SOMMERER)		451
TOTAL	$	-16,615

T-10

DEPRECIATION & AMORTIZATION EXPENSE	$	89,792
1. TO ANNUALIZE DEPRECIATION EXPENSE TO A LEVEL OF PLANT-IN-SERVICE AT JUNE 30, 1985. (SOMMERER)		

T-11

TAXES OTHER THAN INCOME TAXES			$	26,190
1. TO ANNUALIZE FICA TAXES TO A CURRENT LEVELOF EXPENSED PAYROLL. (THOMPSON)	$	-10,740		
2. TO ANNUALIZE FEDERAL UNEMPLOYMENT TAXES TO THE CURRENT RATE. (THOMPSON)		-401		
3. TO ANNUALIZE STATE UNEMPLOYMENT TAXES TO THE CURRENT RATE. (THOMPSON)		-299		
4. TO ANNUALIZE THE MISSOURI FRANCHISE TAXES. (THOMPSON)		422		
5. TO ANNUALIZE PROPERTY TAXES. (SOMMERER)		37,208		
TOTAL	$	26,190		

T-12

CURRENT INCOME TAXES	$	0
1. NO STAFF ADJUSTMENT.		

T-13

DEFERRED ITC	$	0
1. NO STAFF ADJUSTMENT.		

ACCOUNTING SCHEDULE 4
16:17 11/21/85

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

RATE BASE

TOTAL PLANT IN SERVICE			$	8,632,218
LESS:				
DEPRECIATION RESERVE	$	2,359,282		
NET PLANT IN SERVICE			$	6,272,936
ADD:				
CASH WORKING CAPITAL	$	-36,900		
MATERIALS AND SUPPLIES		100,972		
PREPAYMENTS		13,218		
LESS:				
INTEREST OFFSET	$	5,609		
CUSTOMER DEPOSITS		34,338		
TOTAL RATE BASE			$	6,310,279

ACCOUNTING SCHEDULE 5
16:17 11/21/85

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO: TR-85-242
HISTORICAL TEST YEAR ENDING JUNE 30, 1985

CASH WORKING CAPITAL

LINE NO	DESCRIPTION	REVENUE LAG	EXPENSE LAG	CASH WORKING CAPITAL LAG	CASH WORKING CAPITAL FACTOR	NORMALIZED TEST YEAR EXPENSE	CASH WORKING CAPITAL REQUIREMENT
1	GROSS PAYROLL	32.7900	9.7800	23.0100	0.063041	317,864	20,038
2	PENSIONS	32.7900	-57.0000	89.7900	0.246000	37,954	9,337
3	OPERATING RENTS	32.7900	167.5300	-134.7400	-0.369151	662	-244
4	CASH VOUCHERS	32.7900	59.9800	-27.1900	-0.074493	243,297	-18,124
5	TOTAL O & M EXPENSES (LESS DEPRECIATION)					599,777	
6	TOTAL CASH WORKING CAPITAL REQUIREMENT						11,007
7	PAYROLL TAXES						
	FEDERAL UNEMPLOYMENT	32.7900	74.0000	-41.2100	-0.112904	700	-79
8	STATE UNEMPLOYMENT	32.7900	74.0000	-41.2100	-0.112904	520	-59
9	FICA EMPLOYERS PORTION	32.7900	12.0200	20.7700	0.056904	22,495	1,280
10	PROPERTY TAXES	32.7900	182.6300	-149.8400	-0.410521	105,776	-43,423
11	FRANCHISE TAX	14.0400	287.6200	-273.5800	-0.749534	2,554	-1,914
12	SALES TAXES	14.0400	37.9100	-23.8700	-0.065397	39,078	-2,556
13	FEDERAL EXCISE	14.0400	30.2100	-16.1700	-0.044301	33,194	-1,471
14	PSC ASSESSMENT	32.7900	-30.0000	62.7900	0.172027	1,831	315
15	TOTAL CUSTOMER SUPPLIED FUNDS						-47,907
16	NET CUSTOMER SUPPLIED FUNDS						-36,900

Accounting Schedule 6

GRAND RIVER MUTUAL TELEPHONE
CASE NO. TR-85-242

PLANT AND DEPRECIATION SCHEDULE

ACCT	ACCOUNT TITLE	BALANCE 6-30-85	ADJUST FOR IDC	ADJUSTED BALANCE	RATE	PROVISION
211	LAND	$5,931		$5,931		
212	BUILDINGS	$284,086	$103	$284,189	3.50%	$9,947
221	CENTRAL OFFICE EQUIPMENT	$2,776,079	$41,712	$2,817,791	4.70%	$132,436
231.1	STATION APPARATUS*	$216,703		$216,703	**	$9,557
232.11	STATION CONNECTIONS OUTSIDE	$217,337		$217,337	10.00%	$21,734
232.12	STATION CONNECTIONS INSIDE	$95,515		$95,515	***	$7,723
234	LARGE PABX					
235	PAYSTATION & BOOTHS	$7,474		$7,474	6.50%	$486
241.1	POLE LINES	$79,531	$679	$80,210	5.00%	$4,011
241.7	RADIO TOWER	$4,386		$4,386	5.00%	$219
242.1	AERIAL CABLE	$179,893	$2,122	$182,015	5.00%	$9,101
242.3	BURIED CABLE	$4,250,546	$92,937	$4,343,483	4.00%	$173,739
261.1	OFFICE FURNITURE	$15,530		$15,530	5.00%	$777
261.2	OFFICE EQUIPMENT	$24,581		$24,581	10.00%	$2,458
261.3	DATA PROCESSING EQUIPMENT	$123,782		$123,782	10.00%	$12,378
261.4	OFFICIAL COMPANY PHONE	$4,575		$4,575	10.00%	$458
264.1	VEHICLES	$86,806		$86,806	10.00%	$8,681
264.2	EQUIPMENT & TOOLS	$30,815		$30,815	10.00%	$3,082
264.3	CONSTRUCTION EQUIPMENT	$67,480		$67,480	10.00%	$6,748
264.4	MOBILE RADIOS	$23,615		$23,615	10.00%	$2,362
		$8,494,665	$137,553	$8,632,218		$405,894
	Less clearing account depreciation					$20,496
						$385,398

* Frozen at 12-82
** Represents 12 months amortization past operation of law date
*** 10 Year write off of net embedded amount at 10-1-81

Accounting Schedule 7

GRAND RIVER MUTUAL TELEPHONE CO.
CASE NO. TR-85-242
DEPRECIATION RESERVE

ACCOUNT NUMBER	ACCOUNT TITLE	RESERVE
211	LAND	-
212	BUILDINGS	$185,632
221.2	DIGITAL SWITCHING EQUIPMENT	$248,516
221.3	COMPANY PABX	$1,653
221.4	CARRIER SUB. END	$3,717
231	STATION APPARATUS *	$192,467
232	STATION CONNECTIONS	$171,962
234	LARGE PABX	-
235	PAYSTATIONS & BOOTHS	$7,232
241	POLE LINES	$29,723
242.1	AERIAL CABLE	$76,362
242.3	BURIED CABLE	$1,283,447
261	OFFICE FUNITURE & EQUIPMENT	$58,754
264	VEHICLES AND WORK EQUIP.	$99,817
		$2,359,282

*6-30-85 BALANCE USING 5 YEAR
WRITE OFF OF ACCT. 231 BALANCE
AT 12-82