

obligated to provide Staff with information as may be deemed necessary as part of ongoing investigation, dockets or other proceedings on a case-by-case basis.

2. On December 23, 2019, Staff filed its Report and Recommendation (hereinafter “R&R”) to CenturyLink’s Waiver Petition. In its R&R, Staff asserts that the information provided in the Annual Report is used for multiple ongoing functions of Staff including (a) determining the statewide average rate, (b) responding to legislative inquiries, (c) evaluating financial information and (d) other purposes. Staff suggests that CenturyLink’s Waiver request should be denied because CenturyLink provided no compelling reasons to grant its Petition.

3. CenturyLink disagrees with Staff’s contention that CenturyLink offered no compelling reasoning to support its Request for Waiver. CenturyLink submitted that as a price cap regulated carrier, most of the data contained in the Annual Report is no longer needed for regulatory purposes. CenturyLink’s rates as well as KUSF support are based on price-cap regulation statutes and no information provided in the Annual Report impacts these rates or KUSF support amounts. CenturyLink submits that providing data, reports and other information which no longer serves a critical regulatory oversight function is a sufficiently compelling reason and CenturyLink disagrees with Staff that its Waiver Petition fails to provide substantial reasons to grant its Petition.

4. CenturyLink’s 2019 Annual Reports for its four ILECs totaled 179 pages. CenturyLink never stated that none of the information in these 179 pages was needed; rather, CenturyLink suggested that the two-page Annual Interrogatory filed by AT&T and competitive carriers would provide the Commission with all the needed basic information. Additional information is already provided in annual ETC and KUSF dockets and readily available to Staff.

Any residual information can be provided on an as-needed basis through the authority the Commission retains over regulated entities.

5. Staff states that it uses data in the Annual Report to calculate the affordable local service rates in accordance with K.S.A. 66-2005(e) and that it “relies on the access line data, by exchange and rate group, reported in the Annual Report to calculate the preliminary affordable rates.”¹ However, CenturyLink’s local rates were mirrored over 15 years ago and CenturyLink no longer charges different rates by exchange and rate group. The information provided by CenturyLink in the Annual Report requires input from five different departments within CenturyLink. These schedules require CenturyLink to report broadband availability that is duplicative of federal broadband reporting requirements, while adding additional reporting not necessary for federal purposes. Requiring CenturyLink to provide access lines by class of service for each exchange to the level of detail required is simply not needed for a price-cap regulated carrier.

6. Staff also noted in its R&R that the Annual Report information is required to provide Staff with KUSF oversight information, including Total plant in service, Accumulated Depreciation, Depreciation Expense, and net plant in service.² However, CenturyLink’s KUSF support amounts are not based on these accounts. Rather, as a price-cap regulated company, the statute mandates that CenturyLink’s KUSF support be based on the monthly per line KUSF support identified in the April 2000 Notice. (K.S.A. 66-2008(c)(3)). Staff acknowledged that CenturyLink provides similar information in its annual ETC Certification, which also includes a certification from a company officer and an acknowledgement that all KUSF support received was used for intended its purposes. Staff also states that the Annual Report information is

¹ Staff R&R pages 2-3.

² Staff R&R, page 3.

needed for the Staff to determine if CenturyLink is appropriately spending CAF II support.³ However, the KCC has no oversight functions of CAF II deployment and the FCC measures deployment based on the number of eligible households with access to broadband rather than the amount of plant placed in service.

7. Staff noted that the Annual Report shows company debt data that may be useful to evaluate the financial health of a company between calendar years.⁴ CenturyLink is unaware of any instance in which this information was used for actionable consequences by the Commission for price-cap regulated carriers since the implementation of the Telecommunications Act of 1996, and CenturyLink is not aware of any action the Commission could take. Furthermore, any information regarding CenturyLink's debt structure or overall financial health is absent from the Kansas Annual Reports of the four United Companies because these companies are part of a much larger holding company where debt and other key metrics are maintained at the holding company level rather than with the individual operating companies. If there are concerns with these metrics, CenturyLink will remain subject to the Commission's jurisdiction and remain obligated to provide Staff with information deemed necessary as part of an ongoing investigation, docket or other case-by-case basis as required by K.S.A. 66-123.

8. Finally, Staff also notes that it uses information from the Annual Report for legislative inquiries; notwithstanding that ILECs represent less than 10% of total lines in the state with AT&T, cable operators and VoIP providers providing the vast majority of service. When wireless is considered with the high number of customers who no longer subscribe to any wireline voice services, any legislative reporting on this small subsection of the total industry cannot be meaningful.

³ Staff R&R, page 3.

⁴ Staff R&R, page 3.

9. CenturyLink has been fully cooperative with Staff is information requests and remains fully committed to providing the Commission with needed information to regulate a price-cap regulated company. The Annual Report structure has largely been the same for over 20 years, while the regulation and environment have changed greatly.

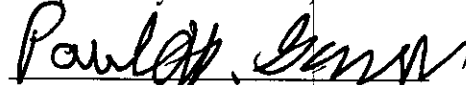
10. In summary, under CenturyLink's Petition, CenturyLink would still provide the Commission with the (1) Annual Interrogatory, (2) annual ETC information and certification, (3) annual access line count, annual switched access minutes of use and reconciliation/true-up and a semi-annual KUSF/CAF true-up. Moreover, to the extent the Commission or Staff needs additional information, CenturyLink remains subject to the Commission's jurisdiction and is obligated to provide Staff with information as may be deemed necessary on a case-by-case basis as required by K.S.A. 66-123.

CONCLUSION

For the foregoing reasons, CenturyLink requests that the Commission grant CenturyLink a permanent waiver to provide an Annual Interrogatory in lieu of an Annual Report. In lieu of granting CenturyLink's request for a permanent waiver, CenturyLink requests that the Commission open a generic docket and conduct a workshop where all ILECs can work cooperatively with Staff on needed Annual Report changes.

Respectfully submitted this 10th day of January, 2020.

Respectfully submitted,




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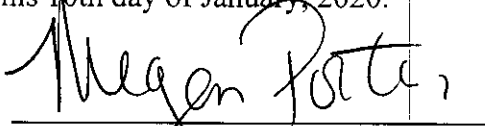
STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

VERIFICATION

Paul H. Gardner, being duly sworn upon his oath, deposes and states that he is counsel for CenturyLink, that he has read and is familiar with the foregoing CenturyLink Response to Staff's Report and Recommendation and that the statements contained therein are true and correct to the best of his knowledge, information and belief.


Paul H. Gardner, #22851
Counsel for CenturyLink

Subscribed and sworn to before me this 10th day of January, 2020.


Notary Public

MEGAN PORTER
NOTARY SEAL-NOTARY PUBLIC
STATE OF MISSOURI
JACKSON COUNTY
MY COMMISSION EXPIRES 11/7/2020
COMMISSION # 12412385

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via electronic mail, this
10th day of January, 2020, addressed to:

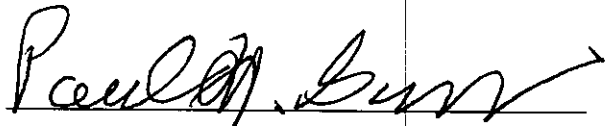
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A handwritten signature in black ink, appearing to read "Paul H. Gardner", is written over a horizontal line.