BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of the Application of)	
Southwestern Bell Telephone Company d/b/a)	
AT&T Kansas for an Order Confirming)	
Relinquishment of its Eligible)	Docket No. 17-SWBT-158-MIS
Telecommunications Carrier Designation in)	
Specified Areas, and Notice Pursuant to K.S.A.)	
2015 Supp. 66-2005(d) of Intent to Cease)	
Participation in the Kansas Lifeline Service)	
Program)	

STAFF'S RESPONSE TO ADDITIONAL COMMISSION QUESTIONS

The Staff of the Kansas Corporation Commission (Staff) states the following in response to the Commission's July 11, 2017 *Order Requesting Additional Briefing from the Parties*:

Opening Remarks

- 1. 47 U.S.C. §214(e)(4) directs the Commission, prior to granting eligible telecommunications carrier (ETC) relinquishment, to require remaining ETC(s) to "ensure that all customers served by the relinquishing carrier will continue to be served." (Emphasis added).
- 2. The Commission has been presented two options for *ensuring* continued service: (1) grant ETC relinquishment in all except 932 of the 116,282 census blocks pursuant to the Commission's authority under §214(e)(4) (Staff's position);² or (2) grant ETC relinquishment in all requested census blocks and rely upon the FCC's regulatory authority³ pursuant to §§214(a), 201, and 202 to ensure continued service, even in the census blocks where there are no other

¹See 47 U.S.C. § 214(e)(4).

²On July 19, 2017, AT&T filed a *Motion for Stay of Proceeding* advising the Commission that the actual census blocks for which it seeks relinquishment may be subject to change Although Staff references the 932 census blocks for which it recommends the Commission deny AT&T's relinquishment request, the actual census blocks or number of census blocks may change.

The Kansas Commission has no authority to enforce 47 U.S.C. §214(a), §201, or §202.

high-cost ETCs obligated to provide voice service to all customers (AT&T's Position). AT&T's position substantially overstates the FCC's very limited regulatory authority under §§214(a), 201, and 202.

3. As explained below, only by retaining its authority under §214(e)(4) and denying ETC relinquishment in the 932 census blocks can the Commission *ensure* continued service to all subscribers. Reliance upon the FCC's power and authority pursuant to §§201, 202, and 214(a) is insufficient for three main reasons. First, the Commission has no authority to enforce these provisions as the authority under these sections rests exclusively with the FCC. Second, these provisions do not obligate common carriers to provide service to *all* customers as required by §214(e). Third, §§201, 202, and 214(a) only apply to interstate service. Therefore, these sections provide no relief to customers seeking intrastate or local voice service. AT&T was subject to Carrier of Last Resort (COLR) obligations that could have been used to ensure service at the state level, however, those obligations were eliminated by the Kansas Legislature.

Question 1: How should 47 U.S.C. Sections 201, 202 and 214(a) be harmonized with Section 214(e)(4), such that *all* of Section 214(e)(4) is accounted for?

4. 47 U.S.C. §214(e)(4) states the Commission shall grant ETC relinquishment if another ETC serves the area and require the remaining ETC(s) to "ensure that all customers served by the relinquishing carrier will continue to be served." AT&T contends that at least one other ETC serves in each of the census blocks in question, which is incorrect because the other ETCs in these census blocks are limited lifeline-only ETCs. AT&T's back-up argument is that adequate assurances exist under §§201, 202, and 214(a) to ensure continued service to all customers if AT&T's ETC designation relinquishment request is granted.

⁴See 47 U.S.C §214(e)(4).

- 5. AT&T's flawed arguments: (a) evade a granular analysis of the remaining ETC(s) and their capabilities as required under §214(e)(4);⁵ (b) focus on §§201, 202, and 214(a), which are irrelevant to §214(e)(4); and (c) fail to recognize that enforcement of §§201, 202, and 214(a) resides with the FCC, meaning this Commission has no authority to enforce them through issuing an order in a Commission proceeding.
- 6. Common carrier obligations are much narrower obligations and are not a substitute for ETC obligations, which *ensure* continued service. Section 201(a) provides that "it shall be the duty of every common carrier engaged in interstate or foreign communications to furnish such communications service upon reasonable request therefor." Thus, a common carrier is only required to provide service upon a reasonable request; meaning the service requested must be within the scope of the carrier's current business operations, including facilities, interconnection contracts, underlying provider contracts, business plan, etc., and must also be economically and technically feasible. This duty to serve upon "reasonable request" is not the same as the ETC obligation to provide service to all customers. For example, if the only provider in a census block is a prepaid wireless Federal Lifeline-only ETC that does not own facilities or render monthly bills and offers plans consistent with the FCC's requirements, a current AT&T wireline non-Lifeline subscriber's request for post-paid monthly wireline service

⁵See Memorandum Opinion and Order, In the Matter of Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Enforcement of Obsolete ILEC Legacy Regulations That Inhibit Deployment of Next-Generation Networks, Lifeline and Link Up Reform and Modernization, Connect America Fund, WC Docket Nos. 14-192, 11-42, 10-90, 31 FCC Rcd. 6157, ¶ 111 (Adopted Dec. 17, 2015) (USTelecom Order, also referred to as the Forbearance Order)

⁶See AT&T v. FCC, 86 F.3d 242 (D.C. Cir. 1996) (reversing FCC order enforcing § 201(a) against AT&T because the order might require AT&T to serve customers who "are not similarly situated to the original customer" AT&T is serving); Allnet Comm Servs, Inc. v. Public Serv. Tel. Co., 11 FCC.Rcd. 12766, ¶¶ 15-16 (1996) (no obligation to incur significant cost to alter facilities); American Telegram Cop. v. New Valley Corp., 11 FCC.Rcd. 11846, ¶17 (1996) (request must comply with carrier's offerings as defined by its tariff); In the Matter of William G. Bowles Jr. P.E. d/b/a Mid Missouri Mobilfone, 12 F.C.C. Rcd. 9840 (1997).

⁷ETCs must offer local service "throughout the area for which the [ETC] designation is received" pursuant to 47 U.S.C. § 214(e)(1)

with unlimited local calling may not be "reasonable" because: (1) the ETC does not own facilities and cannot provide wireline service; (2) its underlying service contracts may limit the minutes allotted per customer; and/or (3) its systems do not allow it to render monthly bills. Since §201 does not delegate any authority to the state, the customer would also need to petition the FCC for relief. Thus, the only way the Commission can ensure continued service is to deny AT&T's request for relinquishment in the 932 census blocks.

- 7. 47 U.S.C §202 addresses a common carrier's requirement to not "make any unjust or unreasonable discrimination" between persons purchasing "like communications service." It does not require every provider to offer service throughout a defined geographic area; it only prevents a common carrier from unreasonably discriminating between customers receiving "like service." As with §201(a), a legitimate business rationale, such as a prospective customer X requesting service that requires an extension of facilities or arrangements beyond those needed to serve customer Y, will generally be sufficient to avoid a finding of unreasonable discrimination in violation of §202.8
- 8. Section 214(a) provides that a carrier may not discontinue an interstate service without FCC approval, as provided for in 47 C.F.R. §63.61. The discontinuation process is short, allowing for automatic approval within 60 days of release of an FCC public notice seeking comment even for services in which the carrier is "dominant" unless the FCC acts. The FCC recently proposed shortening this process to a 10 day "grandfathering" process for legacy

⁸See Cellexis Intern., Inc. v. Bell Atlantic NYNEX Mobile Systems, Inc., 16 FCC.Rcd. 22887, ¶¶ 10-14, 17-22 (2001) (states elements of a § 202 claim, then conducts a detailed technical review concluding that two wireless services had "material" differences and so were not "like"), Gilmore v. Southwestern Bell Mobile Systems, 20 FCC.Rcd. 15079, ¶¶ 23-26 (2005) (various differences between services to different business customers including that some "received a specialized corporate account newsletter" meant services were not "like").

⁹See 47 C.F.R. § 63.71(f).

Service. Furthermore, AT&T has made efforts to convert its legacy Time Division Multiplexing facilities to Voice over Internet Protocol (VoIP) facilities and claims VoIP is an unregulated "information service" rather than a common carrier telecommunications service. Whatever limited protections §§201 and 202 offer, they do not apply to VoIP providers. If permission to convert to VoIP is granted under §214(a), even the limited §§201 and 202 protections go away. For all these reasons, the §214(a) discontinuation process is insufficient to ensure service is available to all Kansas subscribers in the 932 census blocks.

9. The FCC has already dismantled the notion that §§201, 202, and 214(a) are sufficient guarantees of continued service in the event a price-cap carrier relinquishes its ETC designation in a high-cost area, concluding the common carrier protections provided under the Federal Telecommunications Act are not proper substitutes for ETC obligations and insufficient to support forbearing the §214(e) requirements in the 932 census blocks at issue in this case. ¹⁴

¹⁰See Notice of Proposed Rulemaking, Notice of Inquiry, and Request for Comment, 2017 WL 1426068, ¶71, 73 (Rel. Apr. 21, 2017). Grandfathering limits service to pre-existing customers, which is problematic in an area without competitive alternatives because people will move in and out of a community, and new houses are built.

¹¹Order, In the Matter of Technology Transitions, 29 FCC Rcd. 1433, ¶ 19 (Jan. 31, 2014). See also Public Notice, 30 FCC Rcd. 13319 (Nov. 18, 2015).

¹²See Defendant Southwestern Bell Telephone Company's Memorandum in Opposition to Plaintiff's Brief in Support of Judgment for the Plaintiff, Global Crossing Local Services, Inc. v. Kansas Corporation Commission, et al, Case No. 2:11-cv-2195-JTM/JPO (Dist. Kan. 2011) (stating: "AT&T does not dispute that retail VoIP service provided to end users should be classified as information service.").

¹³The FCC has for many years expressly refrained from deciding whether VoIP providers are common carriers

The FCC has for many years expressly refrained from deciding whether VoIP providers are common carriers subject to the obligations of Title II of the Communications Act, 47 USC §§ 201-276. Instead, it has periodically "extended" specific individual Title II obligations to VoIP providers pursuant to its "ancillary" authority under Title I of the Act. See Rural Call Completion, 28 FCC.Rcd. 16154, ¶ 35 (2013) (explaining this FCC approach and extending to VoIP a specific aspect of the § 201(b) obligation to refrain from unreasonable practices – the rural call completion rules). To see which common carrier obligations the FCC has extended to VoIP, one must look through 47 C.F.R., where one finds the FCC has extended the § 214(a) service discontinuation provision, 47 CFR 63.60(a), the § 201(b) rural call completion rules, 47 CFR 64.2101, and various other obligations, but not the § 201(a) duty to provide interstate service "upon reasonable request," the § 201(b) duty to charge reasonable rates, or the § 202 duty to not unreasonably discriminate Individual common carrier obligations are not practicably enforceable against VoIP providers until the FCC extends them. Eg In the Matter of Verizon, 28 FCC.Rcd. 8156, ¶4 and n. 13 (2013) (dismissing a consumer slamming complaint: "The carrier switch to Verizon pertains to Verizon's FIOS Digital Voice service, which is a VoIP ... service. The Commission's carrier change rules [implementing 47 U.S.C. § 258] have not [yet] been extended to VoIP service. We find that Verizon did not violate our carrier change rules.")

The FCC declined to grant high-cost ETC obligation forbearance in the same census blocks in which AT&T now attempts to relinquish its ETC designation. Essentially, AT&T made the same arguments at the FCC that it now makes to this Commission. The FCC did not agree, and neither should this Commission.¹⁵

Question 2: What protections do consumers in the 932 census blocks receive by AT&T's retention of its ETC designation for those census blocks that those customers do not receive by AT&T's adherence to Sections 201, 202 and 214(a)?

- 10. Consumers have the following protections: 1) they are actually ensured continued service; 2) their rates will be reasonably comparable to their urban counterparts; and 3) they can seek redress from this Commission, rather than the FCC.
- 11. With respect to ensured continued service, AT&T argues §214(a) is sufficient to meet this goal. The FCC rejected this notion, stating:

We acknowledge that the section 214(a) discontinuance process provides some protection to consumers, but USTelecom has failed to demonstrate that this protection is sufficient for consumers living in the census blocks at issue. In evaluating an application for discontinuance authority, the existence, availability, and adequacy of alternatives is one of five factors the Commission typically considers. This balancing that the Commission undertakes in evaluating section 214(a) discontinuance applications differs from section 214(e)(4) relinquishment process, where Congress made clear that the sole focus is whether all consumers that were served by an ETC would continue to be served if that ETC were to relinquish its ETC designation. (Emphasis added). 16

¹⁵Staff understands the distinction between FCC forbearance proceedings and State ETC relinquishment proceedings, and is not confusing the two. In denying forbearance, the FCC left it to State commissions to conduct in ETC relinquishment proceedings the more granular inquiries into specific census blocks being conducted here. Indeed, the FCC declined to grant forbearance in an additional 6,804 census blocks for which Commission Staff now recommends that AT&T be allowed to relinquish ETC delegation. *See* Notice of Filing of Staff's Second Report and Recommendation, 6 (May 4, 2017) (the 7,736 census blocks in Kansas for which the FCC did not grant forbearance consist of 6,804 blocks for which the Staff recommends ETC relinquishment be granted, as there is another ETC obligated to serve all customers, and 932 blocks for which the Staff recommends relinquishment be denied, as there is no such other ETC).

¹⁶See USTelecom Order, ¶ 119.

The FCC explained that reliance solely upon §214(a) could lead to circumstances where customers are without a service provider because the §214(a) discontinuation analysis involves five factors, only one of which is access to alternative providers.¹⁷ Thus, a discontinuation request could be approved on balance of the five factors even if no alternative provider exists.¹⁸

12. With respect to reasonably comparable rates, the FCC explained such rates could be jeopardized by granting ETC obligation forbearance (which is functionally the same as high-cost ETC obligation relinquishment) because AT&T would no longer be subject to the Universal Service principles under §254.¹⁹ Specifically, the FCC stated:

[F]or the census blocks at issue [in the forbearance proceeding] where price cap carriers maintain the federal high-cost ETC obligation to provide voice service, we conclude that conditions are absent that would permit us to reasonably predict that customers will continue to be served with voice service at reasonably comparable rates if the price cap carrier no longer has this obligation. These census blocks are by definition high-cost or extremely high-cost, and therefore we cannot assume the incumbent will continue to offer voice service in the same way, at reasonably comparable rates, for the indefinite future without the relevant ETC obligation. ²⁰

Thus, without a high-cost ETC in these 932 census blocks, customers cannot be assured service will be provided at reasonably comparable rates.

13. Finally, with respect to jurisdiction, customers relying solely upon §§201, 202, and 214(a) cannot seek assistance from the Commission; instead, they must seek relief from the FCC since these sections specifically pertain to interstate service and are under the FCC's jurisdiction.²¹ If AT&T's high-cost ETC designation is revoked, there is no corollary state

¹⁷See Id.

¹⁸See Id.

¹⁹See Id at ¶ 120.

²⁰See Id.

²¹See Glob. Tel*Link v. FCC, 859 F.3d 39, 52 (D.C. Cir. 2017) (stating "Section 201 imbues the [FCC] with traditional ratemaking powers over *interstate* calls..."); 47 C.F.R. 63.61 (Section 214(a) discontinuance process applies to interstate services); 47 U.S.C. § 151 (FCC jurisdiction generally limited to interstate calls unless a specific Communications Act makes an exception, as the ETC provisions in § 214(e) do, but not §§ 201, 202, and 214(a))

statute like §201 that would require AT&T to serve since AT&T no longer has COLR obligations pursuant to K.S.A. 66-2009. This clearly illustrates why the Commission cannot *ensure* continued service to *all* subscribers if AT&T's position is adopted.

Question 3: If, after ETC relinquishment, a carrier is required under Sections 201-202 to provide all of the same voice service it provides before relinquishment to all consumers throughout its service area upon reasonable request, on a non-discriminatory basis, with just and reasonable rates and terms, then what is the point or benefit of ETC relinquishment for that carrier?

14. An assertion that pre-ETC and post-ETC designation obligations are identical is not supported by statute. Being a common carrier is a condition precedent to becoming an ETC. ETCs agree to specific obligations in exchange for the being eligible to receive federal subsidies. AT&T benefits from relinquishing its ETC designation by freeing itself from the obligations it committed to in exchange for being eligible for Universal Service support. As an ETC, AT&T is required to comply with \$214(e)(1) and required to: (A) offer the services supported by the Federal Universal Service Fund mechanisms under \$254(c), use its own facilities or a combination of its own facilities and resale; and (B) advertise the availability of such services and charges using media of general distribution.²² If AT&T is allowed to relinquish its ETC designation, it has no obligation to offer the services, utilize its own facilities, or advertise its services. Kansas consumers will have the burden of making a reasonable request to another provider; a burden an individual consumer may not be able to meet given the limited parameters defining a reasonable request, as explained in Staff's response to Question 1.

²²See 47 U.S.C. §214(e)(1).

Question 4: If remaining ETCs are common carriers, and thus are legally required to serve all customers in their service area – including non-Lifeline customers – upon reasonable request, pursuant to Sections 201-202, then what is the purpose of the remaining ETCs having an ETC designation with its concomitant obligation to serve? And what good would it do to be a "Lifeline-only" ETC if Sections 201-202 obligated you to serve non-Lifeline customers?

Lifeline-only ETCs are common carriers, 23 but are not legally required to serve all 15. customers with the same services or even with universal service. Per the FCC, general purpose (high-cost) price-cap ETCs that convert to being limited-purpose Lifeline-ETCs in census blocks where they are granted forbearance: (1) only have an ETC obligation to serve Lifeline customers; and (2) any residual obligation under §214(a) they have to continue serving non-Lifeline customers is subject to discontinuance under the §214(a) process.²⁴ This means that carriers that have always been limited-purpose Lifeline ETCs have no ETC obligations to non-Lifeline customers. Because they generally only serve Lifeline customers, they do not need §214(a) authority to "cease" serving non-Lifeline customers. As explained in response to Question 1, \$201 only requires a common carrier to serve in the event of a "reasonable request." A reasonable request means that it is economically and technically feasible for the carrier to provide service.²⁵ Not all requests will meet those requirements. And, as explained in response to Question 1, a request from a non-Lifeline wireline customer to a Lifeline-only wireless reseller ETC for wireline local service or unlimited wireless calling may not be reasonable and result in the ETC not being required to offer or provide service to the customer. The customer

^{2&#}x27;See Id.

²⁴Petition of US Telecom for Forbearance, 29 FCC.Rcd. 15644, ¶70 (2014) ("2014 Forbearance Order").

²⁵See Infra fn. 6.

could not seek redress from the Commission but would need to petition the FCC pursuant to §201 to require the company to provide service. It is likely the ETC would prevail; arguing the request is not reasonable since it only offers Lifeline plans with a predetermined number of minutes. Furthermore, the Commission has no record of the terms and conditions of the ETC's wholesale contract(s) and, if the ETC is a pure reseller, the building of landline facilities would be economically burdensome. Thus, the Commission cannot *ensure* that *all* Kansas subscribers will receive service unless it denies AT&T's request for relinquishment in the 932 census blocks.

Question 5: How can the assertion that Lifeline-only ETCs cannot be forced to undertake the voice obligations of serving all reasonable requests for service within their designated service area *for non-Lifeline customers* be harmonized with Sections 201-202 and 214(a)?

16. Harmonization cannot occur because, as explained above, common carriers only have a duty to serve upon a reasonable request, obtaining service upon "reasonable request" is not the same as being guaranteed service, and the FCC has jurisdiction over §§201, 202, and 214(a). As Staff explained in prior filings, AT&T wrongly asserts common carrier obligations are equal to ETC obligations. Section 214(e)(4) does not ask whether there are common carriers in the relinquished areas; it asks whether there are alternative ETC(s) to ensure that *all* customers will continue to be served. Staff's analysis found that, for the 932 census blocks in which it recommends denial, if AT&T is granted ETC relinquishment, the Commission cannot be assured that all affected customers will continue to be served.

WHEREFORE, Staff requests that the Commission adopt the recommendations contained in its May 4, 2017, Report & Recommendation.

Respectfully Submitted,

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VERIFICATION

Michael Neeley, being duly sworn upon his oath deposes and states that he is Litigation Counsel for the State Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Staff's Response to Additional Commission Questions* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

Michael Neeley # 25027

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Kansas Corporation Commission of the

State of Kansas

Subscribed and sworn to before me this 21st day of July, 2017.

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Vicis D. Jacobsen
Notary Public

My Appointment Expires: June 30, 2018

CERTIFICATE OF SERVICE

17-SWBT-158-MIS

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff's Response to Additional Commission Questions was served via electronic service this 21st day of July, 2017, to the following

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