### BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

In the Matter of an Investigation to Address ) Docket No. 16-GIMT-511-GIT CenturyLink's CAF II and KUSF Support )

## NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION WITH CONFIDENTIAL ATTACHMENTS

The Staff of the Kansas Corporation Commission (Staff) hereby submits a Report and Recommendation with confidential attachments regarding CenturyLink's proposed model to determine Kansas Universal Service Fund (KUSF) support offsets for Connect America Fund II (CAF II) funding pursuant to K.S.A. 66-2008(c)(3). Staff recommends the Commission:

(1) Adopt CenturyLink's CAF II model, filed August 16, 2016, in this docket;

(2) Adopt the annual true-ups proposed by Staff, resulting in a net \$41,044 reduction to CenturyLink's KUSF support for January 2015 through February 2017;

(3) Adopt a \$6,841 monthly reduction in CenturyLink's KUSF support, effective September 2016 through February 2017, with CenturyLink receiving \$905,202 of KUSF support each month; and

(4) Adopt a biannual CAF II and KUSF support true-up process, with true-ups occurring either in this docket or a separate docket to be opened each year.

WHEREFORE, Staff submits its Report and Recommendation with confidential attachments dated August 19, 2016, attached hereto, for Commission consideration. Staff requests the Commission issue an order adopting Staff's recommendations.

Respectfully Submitted,

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Michael Neeley, S. Ct. #25027 Litigation Counsel

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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 *Notice of Filing of Staff's Report and Recommendation with Confidential Attachments* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.

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Michael Neeley #25027 Kansas Corporation Commission of the State of Kansas

Subscribed and sworn to before me this 22nd day of August, 2016.

PAMELA J. GRIFFETH Notery Public - State of Kansas My Appt. Expires 08-17-2019

Jamele & Kriffett Notary Public

My Appointment Expires: August 17, 2019

Utilities Division 1500 SW Arrowhead Road Topeka, KS 66604-4027

Jay Scott Emler, Chairman Shari Feist Albrecht, Commissioner Pat Apple, Commissioner Corporation Commission

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Sam Brownback, Governor

## **REPORT AND RECOMMENDATION UTILITIES DIVISION**

- TO: Chairman Jay Scott Emler Commissioner Shari Feist Albrecht Commissioner Pat Apple
- **FROM:** Sandy Reams, Assistant Chief of Telecommunications Christine Aarnes, Chief of Telecommunications Jeff McClanahan, Director of Utilities
- **DATE:** August 19, 2016
- SUBJECT: Docket Number: 16-GIMT-511-GIT In the Matter of an Investigation to Address CenturyLink's CAF II and KUSF Support.

## **EXECUTIVE SUMMARY:**

On May 24, 2016, the Commission opened this Docket to address the United Telephone Companies of Kansas d/b/a CenturyLink's (CenturyLink) Connect America Fund, Phase II (CAF II) support and the impact on the Company's annual Kansas Universal Service Fund (KUSF) support. On June 30, 2016, CenturyLink filed a summary of its proposed CAF II model, its calculated CAF II and KUSF support, the locations to which it enabled broadband service during 2015 (2015 enabled locations), the locations to which it will not deploy broadband service, and the locations to which the Company plans to enable broadband service in 2016. On August 16, 2016, CenturyLink filed a revised CAF II model, stating the CAF II support recognized in its KUSF support for March 2016 through February 2017 (Year 20) should be reduced \$3,939,<sup>1</sup> with its KUSF support increased by a corresponding amount.

Staff recommends the Commission issue an Order to adopt: (1) the CAF II model filed August 16, 2016; (2) a net \$41,044 reduction true-up to CenturyLink's KUSF support for January 2015 through February 2017; (3) a \$6,841 monthly reduction in the Company's KUSF support, effective September 2016 through February 2017, to allow for recovery of the \$41,044, with the Company receiving \$905,202 of KUSF support each month; and (4) a biannual CAF II and KUSF support true-up process. The true-ups should occur in this Docket or a separate company-specific docket opened each year. The next true-up,

<sup>&</sup>lt;sup>1</sup> All numbers are rounded for purposes of this Report.

based on the Company's updated CAF II model and support offset, is to be filed no later than October 19, 2016.<sup>2</sup> The subsequent true-up, based on the Company's updated CAF II model modified to reflect its 2016 enabled locations and preliminary 2017 enabled locations, and related CAF II support offset should be filed with the Commission no later than May 1, 2017.

Attachment 1, enclosed with this Report, contains a summary of Staff's calculations, including the CAF II support true-up for KUSF Year 18 (March 2014 through February 2015), Year 19 (March 2015 through February 2016) and Year 20, and the net impact to the Company's KUSF support. Attachment 2, also enclosed with this Report, contains CenturyLink's responses to Staff Data Requests (DRs) 1 through 3 and 8. DR 8 and the responses to Staff DRs 1, 3, and 8 are designated as confidential.

#### **BACKGROUND:**

CenturyLink's KUSF support is based on the high-cost model adopted by the Commission in 1999 (KUSF model).<sup>3</sup> The KUSF model includes 112 high-cost wire centers, with each wire center delineated into two zones.<sup>4</sup> High-cost support is determined separately for each of the three study areas served by CenturyLink, with the support based on the wire center and zone in which an eligible line is located. Monthly KUSF support ranges between \$0.15 and \$243.23 per line. The high-cost KUSF support is calculated by entering the number of KUSF support eligible lines as of September 30<sup>th</sup> of the current year, into the cost model.

Once the high-cost KUSF support is determined, it is reduced, or offset, by the projected Federal Universal Service Fund (FUSF)<sup>5</sup> support the Company will receive during the KUSF year for lines receiving KUSF support. The high-cost support is also adjusted to reflect the difference between the FUSF support included in the calculation of the Company's current year's KUSF support and the actual FUSF support receipts. Finally, an adjustment to the "net" high-cost KUSF support is made to provide CenturyLink with revenue-neutral recovery of any intrastate access revenue reduction arising from reducing

<sup>&</sup>lt;sup>2</sup> In the Matter of An Investigation to Determine the Assessment Rate and the Affordable Local Service Rate for Rate-of-Return Regulated Carriers for the Twenty-First Year of the Kansas Universal Service Fund, Effective March 1, 2017, Docket No. 17-GIMT-008-GIT (Docket 17-008), August 16, 2016, Order

Opening Docket; Protective Order Applicable to CURB; Requiring Entries of Appearance to Actively Participate and Establishing Procedural Schedule (August 16, 2016, Order).

<sup>&</sup>lt;sup>3</sup> In the Matter of an Investigation Into the Kansas Universal Service Fund (KUSF) Mechanism for the *Purpose of Modifying the KUSF and Establishing a Cost-Based Fund*, Docket No. 99-GIMT-326-GIT, September 30, 1999, Order No. 10: Order Adopting a Forward-Looking Cost Methodology for Purposes of Determining KUSF Support and Selecting the FCC's Proxy Cost Model, dated, and December 29, 1999, Order No. 16: Order Determining the Kansas-Specific Inputs to the FCC Cost Proxy Model to Establish a Cost-Based Kansas Universal Service Fund.

<sup>&</sup>lt;sup>4</sup> In the Matter of the Investigation to Determine the March 1, 2000 Assessment for the New Kansas Universal Service Fund Year, Docket No. 00-GIMT-236-GIT, February 14, 2000, Order 6: Addressing Zone Targeting and Remaining Implementation Issues for Year 2000 KUSF Distributions. The Commission adopted the city limits as the Inside Base Rate Area and outside the city limits as the Outside Base Rate Area to delineate between zone 1 and zone 2 for CenturyLink's United of Eastern Kansas and United of South Central Kansas study areas.

<sup>&</sup>lt;sup>5</sup> CenturyLink's FUSF support includes frozen high-cost loop and local switching support.

its intrastate access rates to parity with interstate access rates.<sup>6</sup>

In November 2011, the Federal Communications Commission (FCC) issued an Order to, in part, reform the FUSF support mechanism.<sup>7</sup> CAF II support, provided to preserve and advance voice and broadband services to customers in high-cost locations, is disbursed to a company prior to deployment of broadband service to an eligible location. An eligible location is a location: (1) in a census block in which the average cost is between \$52.50 and \$198.60 per month; and (2) not served by an unsubsidized competitor, subsidized wireline competitor, or subject to specific rural broadband experiments.<sup>8</sup>

A location eligible for CAF II support may not fall within or exactly match a carrier's existing service locations; therefore, the FCC granted flexibility in deploying broadband service to locations.<sup>9</sup> The FCC also adopted a six-year deployment window, with supported services deployed to 40% of the eligible locations by the end of 2017; 60% of the locations by the end of 2018; 80% of the locations by the end of 2019; and 100% of the locations by the end of 2020.<sup>10</sup>

In August 2015, the FCC decided it would transition the FUSF support mechanism to the CAF II support mechanism for certain carriers, retroactive to January 2015.<sup>11</sup> Also in August 2015, CenturyLink accepted \$16.5 million in CAF II support to enable broadband service to 29,018 eligible locations<sup>12</sup> in 7,410 census blocks in forty-three Kansas counties.<sup>13</sup> CenturyLink, therefore, receives, on average, \$47.39 of CAF II support each month per eligible location.

<sup>&</sup>lt;sup>6</sup> In the Matter of the Petition of Sprint Communications Company L.P., Sprint Spectrum L.P., and Nextel West Corp., d/b/a Sprint, to Conduct General Investigation into the Intrastate Access Charges of United Telephone Company of Kansas, United Telephone Company of Eastern Kansas, United Telephone Company of South Central Kansas, and United Telephone Company of Southeastern Kansas, d/b/a Embarq, Docket No. 08-GIMT-1023-GIT, March 10, 2010, Order Setting Embarq's Intrastate Access Rates to Parity and Providing for Rebalancing Through the KUSF and June 4, 2010, Order on Second Petition for Reconsideration.

<sup>&</sup>lt;sup>7</sup> Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Mobility Fund; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking.

<sup>&</sup>lt;sup>8</sup> Census blocks served by a subsidized terrestrial competitor offering fixed voice and broadband service meeting or exceeding 3Mbps/768 kbps are excluded for CAF II support purposes. Census blocks subject to the rural broadband experiments are eligible for the CAF Phase II bid process. A census block served by an unsubsidized facilities-based terrestrial competitor offering 10/1 Mbps is ineligible for CAF II support during the bid process. In the Matter of Connect America Fund, WC Docket No. 10-90, ETC Annual Reports and Certifications, WC Docket No. 14-58, Petition of USTelecom for Forbearance Pursuant to 47 U.S.C. § 160(c) from Obsolete ILEC Regulatory Obligations that Inhibit Deployment of Next-Generation Networks, WC Docket No. 14-192, Report and Order, Rel. December 18, 2014.

<sup>&</sup>lt;sup>9</sup> Id.

<sup>&</sup>lt;sup>10</sup> Id. See also 47 C.F.R. 54.310.

<sup>&</sup>lt;sup>11</sup> FCC Public Notice, Wireline Competition Bureau Authorizes Additional Price Cap Carriers to Receive Almost \$950 Million in Phase II Connect America Support, WC Docket No. 10-90, Rel. August 28, 2015.

<sup>&</sup>lt;sup>12</sup> FCC News, August 27, 2015, <u>https://apps.fcc.gov/edocs\_public/attachmatch/DOC-335071A1.pdf</u>, last viewed February 18, 2016.

<sup>&</sup>lt;sup>13</sup> Federal Communications Commission, CAF II - CAM4.3 - CenturyLink by County, August 2015,

In December 2015, CenturyLink notified the FCC and the Universal Service Administrative Company (USAC) it was giving back the CAF II support for 581 eligible Kansas locations and would not deploy broadband service to these locations.<sup>14</sup> These locations represent two percent (2%) of the total CAF II eligible locations and are referred to as "the 2% giveback locations."

Effective July 1, 2013, the calculation of CenturyLink's annual KUSF support was modified via an amendment to K.S.A. 66-2008(c). Specifically, K.S.A. 66-2008(c)(1) results in an \$11.4 million cap on CenturyLink's annual KUSF support and K.S.A. 66-2008(c)(2) prohibits the Company from receiving KUSF support for price deregulated exchanges meeting certain requirements.<sup>15</sup> Finally, K.S.A. 66-2008(c)(3) was amended to codify that CenturyLink's annual KUSF support is based on the KUSF model and to require that the Company's annual KUSF support be reduced for CAF II support received, "for the same household, if feasible, or for the same census block."

This means that CenturyLink's KUSF support must be adjusted to reflect the amount of CAF II support received by the Company for lines that receive KUSF support retroactively to January 2015. The resulting amount of KUSF support, however, remains subject to the \$11.4 million annual cap provided for in K.S.A. 66-2008(c)(1).

In December 2015, Staff addressed CenturyLink's receipt of CAF II support and the impact on the Company's annual KUSF support in Docket No. 16-GIMT-067-GIT (Docket 16-067).<sup>16</sup> Staff summarized the impact CenturyLink's receipt of CAF II support would have on the calculation of the Company's annual KUSF support. Staff explained that CenturyLink created a CAF II model to calculate the amount of CAF II support provided for locations that receive KUSF support. Staff further explained that CenturyLink's proposed CAF II model included a location adjustment factor to reflect: (1) some households would receive both KUSF and CAF II support; (2) some households would receive CAF II support, but no CAF II support; and (3) some households would receive CAF II support, but no KUSF support.<sup>17</sup>

For KUSF Year 20 budget purposes, \$10.9 million of KUSF support was recognized for CenturyLink, based on the Company's proposed CAF II model. The calculation reflected a CAF II support offset of \$3.1 million, but did not reflect a true-up for any of 2015 since the actual locations to which CenturyLink enabled broadband service and received CAF

https://apps.fcc.gov/edocs\_public/attachmatch/DOC-335269A2.pdf, last viewed February 22, 2016.

<sup>&</sup>lt;sup>14</sup> December 31, 2015, email from Mr. Kenneth W. Buchan, CenturyLink, to hcinfo@USAC, with a copy to Carol Mattey, Deputy Wireline Competition Bureau (WCB) Chief, FCC; Alexander Minard, WCB Telecommunications Access Policy Division, Deputy Division Chief, FCC; Tiffany W. Smink, Attorney for CenturyLink; and Jeff S. Lanning, Vice President Regulatory Affairs, CenturyLink. The locations will be included in the FCC's Supplemental Auction. CenturyLink will qualify to bid on the locations during the auction and, therefore, could ultimately receive funding for the locations.

<sup>&</sup>lt;sup>15</sup> CenturyLink has not requested or been granted price deregulation in any exchange, rendering K.S.A. 66-2008(c)(2) moot at this time.

<sup>&</sup>lt;sup>16</sup> In the Matter of an Investigation to Determine the Assessment Rate for the Twentieth Year of the Kansas Universal Service Fund, Effective March 1, 2016, Docket No. 16-GIMT-067-GIT, December 18, 2015, Direct Testimony of Sandy Reams on Behalf of the Kansas Corporation Commission Staff (Staff Direct). <sup>17</sup> Staff Direct, pp. 16-17.

II support for 2015 were not known. Staff stated it would submit a Report and Recommendation (Report) to address the Company's proposed CAF II model and resulting CAF II support offset to the Commission by March 1, 2016.

In its Report dated February 25, 2016, Staff recommended that the transition from the historical FUSF support and related KUSF offset to CAF II support focus on a true-up mechanism.<sup>18</sup> Staff explained the true-up process was needed to ensure CAF II supported locations were accurately identified to determine if they also received KUSF support and, if so, ensure the related CAF II support offset was recognized in the calculation of the Company's KUSF support. Staff explained CenturyLink was required to file a Quality Improvement Plan (QIP), or progress report, with the FCC and identify the locations to which it enabled broadband service in 2015 (2015 enabled locations) on or before July 1, 2016.<sup>19</sup> Staff recommended that CenturyLink receive \$10.9 million of KUSF support for KUSF Year 20 until after the 2015 enabled locations were known. Staff recommended the Commission open a new proceeding to address CenturyLink's CAF II support and the impact on its annual KUSF support, with the proceeding's costs assessed to CenturyLink. Staff also recommended that CenturyLink be directed to file its proposed CAF II model. adjusted to reflect the 2% giveback locations, the 2015 enabled locations, and the preliminary locations to which the Company planned to enable broadband service in 2016.

On March 8, 2016, the Commission issued an Order in Docket 16-067, authorizing CenturyLink to receive \$10.9 million of KUSF support, effective March 1, 2016, subject to a CAF II support true-up. The Commission stated it would open a separate proceeding to address CenturyLink's CAF II support and the impact on the Company's KUSF support.<sup>20</sup>

On May 24, 2016, the Commission issued an Order opening this Docket. CenturyLink was directed to file, no later than July 1, 2016, its proposed CAF II model and reflect the 2% giveback locations, the 2015 enabled locations, and the preliminary locations to which it intended to deploy broadband service in 2016. The Commission also directed CenturyLink to file its calculated CAF II support offset and resulting KUSF support. CenturyLink's filings were due July 1, 2016. Staff was directed to file a Report and Recommendation addressing implementation of the CAF II support offset by August 20,<sup>21</sup> 2016.

On June 30, 2016, CenturyLink filed a summary page and a listing of the 2% giveback locations, the 2015 enabled locations, and the preliminary locations it plans to deploy broadband service to in 2016. CenturyLink modified the CAF II model to remove the 2%

<sup>&</sup>lt;sup>18</sup> Docket 16-067, March 8, 2016, Order Authorizing CenturyLink to Receive Certain KUSF Support and Opening of a Separate Docket to Address CenturyLink's CAF II and KUSF Support (March 8, 2016, Order).

<sup>&</sup>lt;sup>19</sup> 47 C.F.R. 54.313(e)(1) and (e)(2) require carriers to file a service QIP, including the geocoded locations meeting the §54.309 public interest obligations as of the end of the prior calendar year and the total CAF II support, if any, used for capital expenditures during that year.

<sup>&</sup>lt;sup>20</sup> March 8, 2016, Order.

<sup>&</sup>lt;sup>21</sup> August 20, 2016, is a Saturday; therefore, Staff's Report and Recommendations is due Monday, August 22, 2016.

giveback locations and recognize that it enabled 110 locations in 2015. CenturyLink stated these modifications reduced its CAF II support by \$9,287, which would increase its KUSF support by an equal amount.

On August 16, 2016, following discussions with Staff, CenturyLink filed a revised CAF II model to remove the adjustment location factor from the 2015 enabled locations. As a result, the Company stated the CAF II support offset decreased, in total, \$3,939, with its KUSF support needing to increase an equal amount.

## ANALYSIS:

I. CAF II Model

CenturyLink receives, on average, \$47.39 of CAF II support for each eligible location per month. For 2015, the Company deployed broadband service to 110 CAF II support eligible locations; however, not all of the locations receive KUSF support.<sup>22</sup> CenturyLink is obligated to deploy broadband service to locations through 2020, with the Company receiving CAF II support prior to deploying broadband service to the location. CenturyLink, therefore, included a location adjustment factor in its CAF II model to recognize: (1) some households will receive both KUSF and CAF II support; (2) some households will receive KUSF support, but no CAF II support; and (3) some households will receive CAF II support, but no KUSF support.

The location adjustment factor is based on total Company lines in service and the number of households within CenturyLink's service area, as determined by the U.S. Census Bureau.<sup>23</sup> All CAF II eligible census blocks located in KUSF supported wire centers are included in the CAF II model and the census block data is aggregated to the applicable KUSF zone and wire center. To derive the estimated number of existing CenturyLink customers that the Company receives KUSF support for and to which the Company may enable broadband service (resulting in the household receiving both KUSF and CAF II support), the location adjustment factor is applied to the number of CAF II eligible locations in each census block. The monthly CAF II support - \$47.39 per line - is multiplied by the resulting number of locations to determine the CAF II support offset, which is then used in the calculation of the Company's KUSF support.

Staff notes that the location adjustment factor will result in the CAF II support offset being overstated if CenturyLink deploys broadband service to fewer KUSF supported locations than estimated by the factor, but understated if CenturyLink deploys broadband service to more locations than represented by the factor. The \$3,939 difference between the original CAF II support recognized in the calculation of CenturyLink's KUSF support and the amount calculated by the CAF II model after removing the 2% giveback locations and recognizing the 2015 enabled locations indicates the location adjustment factor results in a reasonable estimate of the locations that will receive CAF II and KUSF support. Once the annual enabled locations are known, the location adjustment factor

<sup>&</sup>lt;sup>22</sup> CenturyLink's June 30, 2016, filing, Attachment C.

<sup>&</sup>lt;sup>23</sup> Docket 16-067, CenturyLink's confidential response to Staff DR 1.

should no longer be applied to the locations in that census block, with the results included in an update to the CAF II model.

Staff verified that CenturyLink excluded the 2% giveback locations from the CAF II model.<sup>24</sup> Staff also reviewed the CAF II model to ensure the location adjustment factor was not applied to the 2015 enabled locations to ensure the related CAF II support is recognized in the calculation of the Company's KUSF support. CenturyLink had applied the location adjustment factor to the 2015 enabled locations and, therefore, Staff discussed the issue with the Company. CenturyLink stated that it viewed 2015 as a transitional year since it began construction to deploy broadband service prior to accepting CAF II monies and appropriately applied the location adjustment factor.<sup>25</sup> CenturyLink, however, agreed to remove the location adjustment factor from the 2015 enabled locations and filed a revised CAF II model on August 16, 2016.

Staff suggests that the revised CAF II model, filed by CenturyLink on August 16, 2016, be adopted as the CAF II model to use to determine the CAF II support offset recognized in the calculation of the Company's KUSF support.

The CAF II model will need to be adjusted on a going-forward basis to reflect the KUSF support eligible lines, as of September 30<sup>th</sup> each year, and the most recently enabled locations. The enabled locations should be remapped to ensure they are located to the correct KUSF supported wire center and zone, if applicable. For example, during 2015, CenturyLink deployed broadband service to 110 locations in the Blue Mound, Coyville, and Morrill exchanges.<sup>26</sup> Staff reviewed customer data, including service address information, for the 2015 enabled locations and the lines receiving KUSF support in the three exchanges<sup>27</sup> and collaborated with the Commission's Information Technology division to remap the reported lines to verify each was reported in the correct KUSF supported wire center and zone. This process indicated the 2015 enabled locations were reported in the correct KUSF supported wire center and zone.

Furthermore, FCC rules require CenturyLink to file specific data, including the geocoded locations to which it enabled service the prior year, no later than March 1<sup>st</sup> of the following year.<sup>28</sup> Staff suggests that CenturyLink be required to file an updated CAF II model each year, simultaneously with its FCC filing, to reflect the prior year's enabled locations.

For KUSF support purposes, the remapping of KUSF supported lines indicated CenturyLink may have inadvertently reported some lines in the wrong wire center and/or zone. Staff will continue to work with CenturyLink to determine any corrections necessary and submit a separate Report, if necessary, to address any necessary adjustment to correct the Company's KUSF support related to the location of lines for which the Company receives KUSF support.

<sup>&</sup>lt;sup>24</sup> See also CenturyLink's response to DR 2.

<sup>&</sup>lt;sup>25</sup> CenturyLink's response to DR 2.

<sup>&</sup>lt;sup>26</sup> CenturyLink's June 30, 2016, Filing, Attachment C.

<sup>&</sup>lt;sup>27</sup> CenturyLink's confidential response to DR 1.

<sup>&</sup>lt;sup>28</sup> 47 C.F.R. 54.313(e)(1), 47 C.F.R. 54.313(e)(2), 47 C.F.R. 4.309, and 47 C.F.R. 54.316(a)(4).

### II. True-Up Mechanism

The same mechanics used for the historical FUSF support offset and true-up mechanism can be employed to transition to the CAF II support offset and true-up mechanism, with one exception - the true-up for the months of January and February of the prior year now need to be reflected in the true-up of the calculation of the KUSF support for the corresponding KUSF year as a result of the \$11.4 million cap pursuant to K.S.A. 66-2008(c)(1). If the Company's KUSF support for a year is limited to the capped amount and the true-up for the two months is rolled forward into that year's KUSF support, the KUSF support paid to the Company will incorrectly reflect the CAF II support received for the year, as further explained in this Report.

Historically, the FUSF offset has recognized the FUSF support the Company was expected to receive during the next KUSF year and a true-up mechanism to reflect the difference between the FUSF support the Company was projected to receive during the current KUSF Year and the amount it actually received. The true-up also included the difference for the months of January and February of the prior fiscal year. For example, the FUSF support offset included in the calculation of CenturyLink's KUSF support for Year 19 included an offset for the FUSF support the Company was projected to receive for Year 19, as well as a true-up for January 2014 through February 2015.

The \$11.4 million cap on CenturyLink's KUSF support means the true-up mechanism must now reflect only the calendar months included in a KUSF Year to ensure the CAF II support recognized captures the locations to which broadband service was deployed. The FCC transitioned from FUSF support to CAF II support, effective January 2015. Attachment 1, page 2, shows the FUSF support for January and February 2015 was included in the original calculation of CenturyLink's KUSF support for Year 18.<sup>29</sup> The KUSF Year 19 calculation then reflected a true-up for the FUSF support received for January and February 2015. Since the support for January and February 2015 was transitioned to CAF II monies, Staff needed to determine the difference between the FUSF support recognized for January and February 2015 in the original KUSF Year 18 calculations and the KUSF Year 19 calculations, and the amount that would have been recognized under the CAF II support mechanism. In total, the Company received \$44,983 more in CAF II support for these months than was recognized in the calculation of its KUSF support. The Company received \$10.9 million of KUSF support for Year 18; less than the \$11.4 million cap. The CAF II support true-up must, therefore, be recognized as a reduction in the Company's KUSF support.

The calculation of the CAF II support true-up for KUSF Year 19 included determining the difference between the FUSF and CAF II support received by CenturyLink for the year,<sup>30</sup> as shown on page 3 of Attachment 1. First, the FUSF support for January and

<sup>&</sup>lt;sup>29</sup> In the Matter of An Investigation to Determine the Assessment Rate for the Eighteenth Year of the Kansas Universal Service Fund Effective March 1, 2014, Docket No. 14-GIMT-105-GIT, Exhibit SKR-1, page 1, line 3.

<sup>&</sup>lt;sup>30</sup> In the Matter of An Investigation to Determine the Assessment Rate and the Affordable Local Service

February 2015 was eliminated since that support, included in the original calculation of the Company's Year 19 KUSF support, is now recognized in the calculation of the Year 18 support true-up. For KUSF Year 19, CenturyLink received \$269,899 more in CAF II support than it received in FUSF support, therefore, its KUSF Year 19 support should be reduced by an equal amount. After recognizing the FUSF and CAF II support offset and true-up, the calculated amount of KUSF support CenturyLink qualifies to receive exceeds the \$11.4 million cap. Thus, the \$268,920 CAF II support true-up has no impact on the Company's annual KUSF Year 19 support because it is already at the cap.

Finally, as shown on Attachment 1, page 4, CenturyLink was authorized to receive \$10.9 million of KUSF support, beginning March 2016.<sup>31</sup> This amount recognized the Company would receive an estimated \$3.1 million in CAF II support for the year. The CAF II support, however, is \$3,939 less than the estimated amount due to updating the CAF II model to reflect the 2% giveback locations and the 2015 enabled locations. This means the Company's KUSF Year 20 support should be increased \$3,939. Staff notes that once the 2016 enabled locations are known, CenturyLink's KUSF Year 20 support may need to be adjusted to reflect the difference between the projected CAF II support for January and February 2016 and the actual CAF II support.

As a result of implementing the CAF II support transition retroactive to January 2015, CenturyLink's KUSF support will need to be reduced by a net \$41,044. Staff suggests that the \$41,044 be recovered from CenturyLink through a reduction in its monthly KUSF support for the remaining six months in KUSF Year 20 (September 2016-February 2017). This means CenturyLink's current monthly KUSF support of \$912,043 would be reduced by \$6,841, to \$905,202 each month. Staff notes that CenturyLink will remit its September 2016 data to the KUSF administrator no later than October 17<sup>th</sup>, with the KUSF support payment disbursed to the Company on or before November 1, 2016. This should allow the Commission time to issue an Order on this matter.

The KUSF support for all recipients, including CenturyLink, is recalculated for the next KUSF Year, with the new amount effective March 1<sup>st</sup>. For CenturyLink, this means its high-cost KUSF support will be recalculated via the KUSF model based on its KUSF support eligible lines as of September 30, 2016, and CAF II model. The KUSF model, the Company's calculated high-cost KUSF support, and its access revenue recovery data are to be filed in the annual KUSF docket no later than October 19, 2016.<sup>32</sup> CenturyLink is also required to provide its CAF II model and the calculated CAF II support offset. Thus, the next true-up to the Company's KUSF support will be based on this filing.

The 2016 enabled location data will not be known until March 2017, thus, CenturyLink and Staff discussed what information should be included in the CAF II model due to be filed with the Commission by October 19<sup>th</sup>. Staff and the Company agree the CAF II model should be updated to incorporate as many of the actual 2016 enabled locations as

Rate for Rate-of-Return Regulated Carriers for the Nineteenth Year of the Kansas Universal Service Fund, Effective March 1, 2015, Docket No. 15-GIMT-073-GIT, Direct Testimony of Sandra K. Reams, December 19, 2014, p. 23.

<sup>&</sup>lt;sup>31</sup> Docket 16-067, March 8, 2016, Order.

<sup>&</sup>lt;sup>32</sup> Docket 17-008, August 16, 2016, Order.

possible, the remaining locations to which the Company anticipates it will deploy broadband by the end of 2016, and, to the extent possible, locations to which it plans to deploy broadband service in 2017.

Staff and CenturyLink believe, however, that the actual CAF II model should be updated and filed in a separate company-specific docket, with the CAF II support offset calculation recognized in Staff's annual calculations. This approach will allow changes to the CAF II model and the resulting CAF II support offset to be more easily tracked. In addition, DRs related to the CAF II model can also be more readily tracked if entered into a separate, company-specific docket. Finally, this approach will allow the costs related to the CAF II model to be assessed to CenturyLink. CenturyLink will not deploy broadband to 100% of the CAF II eligible locations until 2020; therefore, the Commission could keep this Docket open until the Company completes its deployment obligations. Alternatively, the Commission could open a separate company-specific proceeding to address the CAF II model updates and the related support offset.

CenturyLink is required to file its next QIP report identifying the 2016 enabled locations with the FCC no later than March 1, 2017. Staff suggests the following true-up be based on an updated CAF II model that recognizes the 2016 enabled locations and, to the extent possible, the preliminary 2017 enabled locations. To allow CenturyLink time to incorporate the 2016 and 2017 data in the CAF II model to ensure the locations that receive both CAF II and KUSF support are recognized, Staff suggests the Company file an updated CAF II model and its calculated CAF II support offset, with the Commission on or before May 1, 2017.

This biannual true-up approach will help ensure that CenturyLink's KUSF support reflects the most current CAF II support offset available to minimize each CAF II support offset true-up and the related KUSF support over or underpayment. In each true-up phase, Staff would review the CAF II model, map the recent enabled locations to verify whether a location also received KUSF support, determine if any line location adjustments are necessary to the KUSF model, and work with the Company to identify and resolve any issues that arise. Staff would then submit a Report with its recommendations to the Commission to address its review of CenturyLink's data, the CAF II support offset and any adjustment to CenturyLink's KUSF support.

## **RECOMMENDATION:**

Staff recommends the Commission issue an Order to adopt: (1) CenturyLink's CAF II model, filed August 16, 2016, in this Docket; (2) the annual true-ups proposed by Staff, resulting in a net \$41,044 reduction to CenturyLink's KUSF support for January 2015 through February 2017; (3) a \$6,841 monthly reduction in the Company's KUSF support, effective September 2016 through February 2017, with the Company receiving \$905,202 of KUSF support each month; and (4) a biannual CAF II and KUSF support true-up process, with the true-ups occurring either in this Docket or a separate docket to be opened each year. The next true-up to CenturyLink's CAF II support offset and KUSF support will be based on data to be filed by the Company on or before October 19,

2016.<sup>33</sup> Staff also recommends that the Company also be directed to submit, for true-up purposes, an updated CAF II model, modified to reflect its 2016 enabled locations and preliminary 2017 enabled locations, and CAF II support offset, with the Commission no later than May 1, 2017.

<sup>&</sup>lt;sup>33</sup> Docket 17-008, August 16, 2016, Order.

Docket No. 16-GIMT-511-GIT

## Summary of CenturyLink KUSF Years 18 - 20 (For Jan. 2015- Feb. 2017) CAF II Support True-Up

Attachment 1 Page 1 of 4

KUSF Year:	 Amount
Year 18	\$ (44,983)
Year 19	-
Year 20	3,939
Total True-Up	\$ (41,044)
Total True-Up	\$ (41,044)
Recovery Period (months)	 6
Monthly Adjustment	 (6,841)
Current Monthly KUSF Support	\$ 912,043
Monthly Adjustment	 (6,841)
Adjusted KUSF Support	\$ 905,202

	 		KUSF Ye	ar 18	Support		
	 Original	Adj	usted/Year 19	Re	vised/CAF II	CAF	'II True-Up
Gross KUSF Support	\$ 13,210,845	\$	13,210,845	\$	13,210,845	\$	-
FUSF/CAF II Offset	 3,666,356		3,528,595		3,573,579		44,983
Net KUSF Support	\$ 9,544,489	\$	9,682,250	\$	9,637,266	\$	(44,983)
Access Recovery	 1,350,390		1,350,390		1,350,390		-
Total KUSF Support	\$ 10,894,879	\$	11.032,640	\$	10,987,656	S	(44,983)

Capped Support \$ 11,400,000 \$ 11,400,000 \$ 11,400,000

#### Lesser of Net or Cap \$ 10,894,879 \$ 11,032,640 \$ 10,987,656

Calculation of FUSF Offset Difference between Original (Year 18) and Adjusted in Year 19:

_	Un	ited - Eastern	Study A	Area		United -	Kans	as Study Ar	United - Kansas Study Area				United - Southeast/ Embarg MO Study Area							Company Total					
	Federal USF -	Adjusted - `	Year 19		F	ederal USF -	A	djusted -	Year	19 True	Fede	ral USF -	Ad	ljusted -	Yea	tr 19 True-		ieral USF -	Adj	usted - Year	Ye	ar 19 Tru			
-	Original	True-U	Jp	Year 19 True-Up		Original	Yea	r 19 True-		Up	C	riginal	Yea	19 True-		Up		Original	19	7 True-Up		Up			
USF Year 18:																									
Mar-14	\$ 166,989	\$ 10	56,989	\$ -	\$	86,367	\$	86,367	\$	-	\$	52,173	\$	52,173	\$	-	\$	305,530	\$	305,530	\$	-			
Apr-14	166,989	10	56,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
May-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		+			
Jun-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Jul-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Aug-14	166,989	14	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Sep-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Oct-14	166,989	10	66,989	-		86,367		86,367		+		52,173		52,173		-	\$	305,530	\$	305,530		-			
Nov-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Dec-14	166,989	10	66,989	-		86,367		86,367		-		52,173		52,173		-	\$	305,530	\$	305,530		-			
Jan-15	166,989	1	34,460	(32,529)		86,367		57,226		(29,141)		52,173	\$	44,963	\$	(7,210)	\$	305,530	S	236,649	\$	(68,880			
Feb-15	166,989	1:	34.460	(32,529)		86,367		57,226		(29,141)		52,173		44,963		(7,210)	\$	305,530		236,649		(68,880			
Total	\$ 2,003,871	\$ 1.93	38,812	\$ (65,059)	\$	1,036,407	\$	978,124	\$	(58,282)	S	626,079	S	611,659	\$	(14,420)	\$	3,666,356	\$	3,528,595	S	(137,76)			

Calculation of True-Up Between FUSF Support (Year 19) and CAF II Support:

		Uni	ted -	Eastern Study	Area		United - Kansas Study Area						United - Southeast/ Embarq MO Study Area						Company Total					
	-	sted - Year	F	USF/CAF II			A	ljusted - Year 19		SF/CAF II	CAI			djusted -		SF/CAF II	CA			djusted -	FU	JSF/CAF II	ÇAI	F II True-
	19	True-Up		Offset	Ç	AF II True-Up		True-Up		Offset		Up	Yea	r 19 True-		Offset		Up	Yea	r 19 True-		Offset		Up
KUSF Year 18:																								
Mar-14	\$	166,989	\$	166,989	S	-	\$	86,367	\$	86,367	\$	-	\$	52,173	S	52,173	\$	-	\$	305,530	\$	305,530	\$	-
Apr-14		166,989		166,989		-		86,367		86,367		•		52,173		52,173		-		305,530		305,530		-
May-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Jun-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		+		305,530		305,530		•
Jul-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Aug-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Sep-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Oct-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Nov-14		166,989		166,989		-		86,367		86,367		•		52,173		52,173		-		305,530		305,530		-
Dec-14		166,989		166,989		-		86,367		86,367		-		52,173		52,173		-		305,530		305,530		-
Jan-15		134,460		189,179		54,719		57,226		67,977	S	10,751	\$	44,963	\$	1,985	\$	(42,978)		236,649		259,141	\$	22,492
Feb-15		134,460		189,179		54,719		57,226		67,977		10,751		44,963		1,985		(42,978)		236.649		259,141		22,492
Total	\$	1,938,812	\$	2,048,250	\$	109,438	\$	978,124	\$	999,626	\$	21,502	\$	611,659	\$	525,702	\$	(85,957)	\$	3,528,595	\$	3,573,579	\$	44,983

	KUSF Year 19 Support							
	_	Original		Revised		True-Up		
Gross KUSF Support	\$	13,463,554	\$	13,463,554	\$	-		
FUSF/CAF II Offset		2,839,792		3,109,691		269,899		
Net KUSF Support	\$	10.623,762	\$	10,353,864	\$	(269,899)		
Access Recovery		1,425,365		1,425,365		-		
Total KUSF Support	\$	12,049,127	\$	11,779,229	\$	(269,899)		
Capped Support	\$	11,400,000	\$	11,400,000				

Lesser of Net or Cap \$ 11,400,000 \$ 11,400,000

	United -	Eastern Study Are	ea	United - K	ansas Study Area		United - Southeast/	Embarg MO Stud	ly Area	Co	ompany Total	
KUSF Year 19:										······································		
Mar-15 \$	134,460 \$	189,179	\$ 54,719	\$ 57,226 \$	67,977 \$ 10,75	5	\$ 44,963 \$	1,985 \$ (	(42,978)	\$ 236,649	\$ 259,141	\$ 22,49
Apr-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985 (	(42,978)	236,649	259,141	22,49
May-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Jun-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Jul-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Aug-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Sep-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985 (	(42,978)	236,649	259,141	22,49
Oct-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Nov-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Dec-15	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Jan-16	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Feb-16	134,460	189,179	54,719	57,226	67,977 10,75		44,963	1,985	(42,978)	236,649	259,141	22,49
Total \$	1,613,517 \$	2,270,146	\$ 656,628	\$ 686,714 \$	815,724 \$ 129,010		\$ 539,561 \$	23,821 \$ (5	515,739)	\$ 2,839,792	\$ 3,109,691	\$ 269,89

## Docket No. 16-GIMT-511-GIT

## Calculation of CenturyLink's KUSF Year 20 CAF II Support True-Up (March 2016 - Feb. 2017)

Gross KUSF Support	\$ 12,822,602	\$ 12,822,602	\$	-
CAF II Offset	3,113,630	3,109,691		(3,939)
Access True-Up	 1,235,545	 1,235,545		
Net KUSF Support	\$ 10,944,517	\$ 10,948,456	<u>\$</u>	3,939
Capped Support	\$ 11,400,000	\$ 11,400,000		
Lesser of Net or Cap	\$ 10,944,517	\$ 10,948,456		

## Attachment 1 Page 4 of 4

## THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the Matter of an Investigation to Address CenturyLink's CAF II and KUSF Support.

Docket No. 16-GIMT-511-GIT

# REDACTED

Attachment 2

to

Staff's Report and Recommendation

Dated

August 22, 2016

Information Designated as Confidential Includes:

Attachments to CenturyLink's Response to Staff DR 1(A),(B), and (C)

Attachment to CenturyLink's Response to Staff DR 3(B)

Staff DR 8 and CenturyLink's Response

### Kansas Corporation Commission Information Request

Request No: 1

Company Name UNITED TELEPHONE CO. OF KANSAS

UTDT

Docket Number 16-GIMT-511-GIT

Request Date July 20, 2016

Date Information Needed July 27, 2016

**RE:** Customer Locations

### **Please Provide the Following:**

Separately, for the Blue Mound, Coyville, and Morrill wire centers, please provide:

- A. A customer list identifying each customer, by physical service address, to which CenturyLink provided service, as of 9/30/2015;
- B. For each customer address identified in (A) above, identify the KUSF support zone (zone 1 or zone 2) the address was reported in for KUSF support purposes and the number of lines reported; and
- C. The physical service address for each 2015 Enabled Location identified in Attachment C to CenturyLink's July 1, 2016, filing.

If the Company maintains or has the items requested in (1) and (2) above separate by KUSF zone, please provide the data for each KUSF zone. Data should be provided in Excel format. If the Company has the information in a manner that the KUSF Zone data can include identification of enabled locations, information may be provided in that format. Please see Staff Attachment A as an example.

### **RESPONSES:**

- A. See Excel attachment CTL CONFIDENTIAL RESPONSE Request 1a and 1b\_BlueMoundCoyvilleMorrill.xlsx
- B. See Excel attachment CTL CONFIDENTIAL RESPONSE Request 1a and 1b BlueMoundCoyvilleMorrill.xlsx
- C. See Excel attachment CTL CONFIDENTIAL RESPONSE Request 1c\_2015 CAF2 Enabled Locations.xlsx

Submitted By Sandy Reams

Submitted To John Idoux

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

#### Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: <u>Durold 7.1114</u> Dated: <u>7/29/16</u>

Request No: 2

Company Name UNITED TELEPHONE CO. OF KANSAS

UTDT

Docket Number 16-GIMT-511-GIT

Request Date July 20, 2016

Date Information Needed July 27, 2016

RE: CAF II Model, Assumptions, Give back

### **Please Provide the Following:**

- A. Please provide a detailed explanation, including all assumptions relied on, to support why the location adjustment factor was applied to the 2015 enabled locations in the CAF II support model filed July 1st in this Docket.
- B. Please provide a detailed explanation of how the Company accounted for the 2015 2% Giveback locations in the CAF II model. For example, was the location adjustment factor applied, and if so, why was it applied? Were any CAF II support locations removed from the model and if so, explain the process.

### **RESPONSES:**

A. CenturyLink will first explain the purpose of the location adjustment factor. Under CAF, the FCC is no longer funding every single customer but is funding *eligible locations*. Not every CenturyLink customer is an eligible location nor is every eligible location an existing CenturyLink customer. The "adjusted locations" factor is a way to reconcile FCC locations to KUSF funded households until the actual CAF II enabled locations are known and can be recognized in the KUSF funding formulas.

The location factor was initially applied to every census block based on the explanation above. As CAF enabled locations become known and are reported, however, CenturyLink will be able to replace the adjustment location factor used in the model with actual results at the census block level.

CenturyLink will next address why the location adjustment factor was applied to the July 1, 2016 model for the 2015 enabled locations rather than actual results as is the plan outlined above. As previously reported in Attachment C, CenturyLink enabled 110 CAF locations in 2015 in Kansas. This changeover from a factor to actual results

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will start with the 2016 CAF enabled locations which will be incorporated into a model filed with the KCC in 2017.

The 2015 year was a transition year. CenturyLink did not accept the CAF funding until late August and the 2015 build plan did not encompass CAF although anything that was enabled in 2015 is part of the overall CenturyLink commitment of nearly 29,000 enabled locations.

From a network construction perspective, starting with 2016 enabled locations, when CenturyLink builds out a particular exchange for CAF, the assumption will be that CenturyLink will build just once in the exchange and for all practical purposes that exchange will be as complete for CAF II purposes. Consequently, when CenturyLink prepares the next model, the location factor for those exchanges can be replaced with actual locations. For the 2015 enabled locations, however, this "construct once and be done" assumption does not apply since 2015 was a transition year as explained above. Consequently, the July 1, 2016 model uses the location adjustment factor for the census blocks that comprise the 110 enabled locations.

B. The 2% Giveback locations were entirely removed from the modeling and not included in the overlap calculations between KUSF and CAF II. The 2% Giveback locations are found on tab "give back" of the Excel spreadsheet included in the filing. Because they were part of the give back, they become non-CAF II areas and are not included in the analysis.

To remove the locations, the census blocks associated with the 2% Giveback were identified within the census block detail of the modeling. These census blocks were then removed from the analysis and then moved to a separate tab to 1) identify those blocks, and 2) show that they had totally been removed from the CAF II-related calculations.

- Submitted By Sandy Reams
- Submitted To John Idoux

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

#### **Verification of Response**

l have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

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Signed: <u>Auclol Zum</u> Dated: <u>7/29/16</u>

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#### Kansas Corporation Commission Information Request

Request No: 3

Company Name UNITED TELEPHONE CO. OF KANSAS

UTDT

Docket Number 16-GIMT-511-GIT

Request Date July 20, 2016

Date Information Needed July 29, 2016

RE: 2016 construction plans, enabled Service Locations

#### **Please Provide the Following:**

- A. Please provide the list of service locations, separately by exchange, to which CenturyLink started construction by May 30, 2016, for CAF II enabled location purposes in 2016. The list should include the exchanges listed in Attachment D, entitled, "CenturyLink's Preliminary 2016 Enabled Data."
- B. For the exchanges identified in item (A) above, provide a customer list for customers to which CenturyLink provided service as of 9/30/2015.

#### **RESPONSES:**

A. The service location addresses for enabled 2016 CAF II locations are not available at this time. CenturyLink is in the process of planning, engineering, and deploying high speed broadband devices in several Kansas communities as noted in the referenced Attachment to the July 1 filing. These device locations were selected based on the estimated number of living units generally able to be served by the broadband devices. CenturyLink will not know until after enabled CAF II locations are tested and validated for CAF II requirements exactly which service addresses qualify as CAF II locations. That testing and validation process may not be complete until the 2016 information is reported to the FCC on March 1, 2017.

In an effort to be responsive, CenturyLink has determined the broadband devices in construction phase as of May 30, 2016. Excel Attachment CTL CONFIDENTIAL RESPONSE - Request 3a WireCentersBBDevicesEstimatedCAFUnits.xlsx is a list of wire centers, broadband devices, and the number of estimated living units expected to be served by those broadband devices.

B. See Excel attachment – CTL CONFIDENTIAL RESPONSE - Request 3b \_\_IdentifiedExchangesServiceLocationsl.xlsx.

Submitted By	Sandy Reams
Submitted To	John Idoux

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

#### **Verification of Response**

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this .... Information Request.

Signed: <u>Analal 7 Mun</u> Dated: <u>7/29/16</u>

Kansas Corporation Commission Information RequestRequest No: 8

UTDT

Company Name UNITED TELEPHONE CO. OF KANSAS

Docket Number 16-GIMT-511-GIT

Request Date August 4, 2016

Date Information Needed August 12, 2016

RE: CAF II Model and KUSF Supported Wires Centers

**Please Provide the Following:** 

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CONFIDENTIAL

#### **Verification of Response**

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

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Signed: Duald Hum Dated: 8/12/16

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#### **CERTIFICATE OF SERVICE**

#### 16-GIMT-511-GIT

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation With Confidential Attachments was served by electronic service on this 22nd day of August, 2016, to the following:

\* MICHAEL DUENES, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 Fax: 785-271-3354 m.duenes@kcc.ks.gov

\* JOHN R. IDOUX, DIRECTOR KANSAS GOVERNMENTAL AFFAIRS UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 600 NEW CENTURY PKWY NEW CENTURY, KS 66031 Fax: 913-345-6756 john.idoux@centurylink.com

\* KEVIN K. ZARLING UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 400 W 15TH ST STE 315 AUSTIN, TX 78701-1647 Fax: 913-345-6756 kevin.k.zarling@centurylink.com \* MICHAEL NEELEY, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 Fax: 785-271-3167 m.neeley@kcc.ks.gov

\* TORRY R. SOMERS, ASSOCIATE GENERAL COUNSEL UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 6700 VIA AUSTI PKWY LAS VEGAS, NV 89119 Fax: 702-244-7775 torry.r.somers@centurylink.com

/s/ Pamela Griffeth

Pamela Griffeth Administrative Specialist

\* Denotes those receiving the Confidential version