

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Petition of CenturyLink )  
for a Waiver to Provide an Annual ) Docket No. 20-UTDT-212-MIS  
Interrogatory in Lieu of an Annual Report )

**STAFF'S REPLY TO CENTURYLINK'S  
RESPONSE TO STAFF'S REPORT & RECOMMENDATION**

**Relevant Background**

1. On November 1, 2019, the four subsidiaries of CenturyLink<sup>1</sup> doing business in Kansas collectively requested a waiver from having to file the long-form Annual Report that Incumbent Local Exchange Carriers (ILECs) are required to file with the Commission every year. Instead, CenturyLink requested that it be granted the ability to file a shorter "Annual Interrogatory" that was designed by the Commission for competitive Local Exchange Carriers (CLECs), Interexchange Carriers (IXCs), Operator Service Providers (OSPs), and/or Electing Carriers.

2. Although acknowledging that CenturyLink is an ILEC, it argues that the information contained in the Annual Report serves minimal purpose or benefit to the Commission or the public. Specifically, because CenturyLink is price-cap regulated and its Kansas Universal Service Fund (KUSF) support is based upon a statutorily mandated amount, the data contained in the shorter Annual Interrogatory is sufficient for the Commission. CenturyLink also argues that it would still file Eligible Telecommunications Carrier (ETC) data in the annual ETC certification docket, as well as line count and supporting documentation in the annual KUSF docket.

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<sup>1</sup>United Telephone Company of Kansas d/b/a CenturyLink, United Telephone Company of Eastern Kansas d/b/a CenturyLink, United Telephone Company of Southcentral Kansas d/b/a CenturyLink, and Embarq Missouri, Inc. d/b/a CenturyLink (collectively, "CenturyLink").

Furthermore, it would be bound to answer specific requests for information pertaining to pending matters.

3. On December 23, 2019, Commission technical Staff (Staff) filed a Report and Recommendation (R&R) recommending denial of CenturyLink's request. Staff argued that CenturyLink provided no compelling reason why it should be treated differently than any other ILEC. Although CenturyLink's rates are based upon a price-cap rather than the actual costs of providing service, Staff explained that the data provided in the Annual Report is not used solely for ratemaking. Staff provided several examples of how it utilizes the information, such as using the data for determining the affordable rate for RLECs and for monitoring CenturyLink's KUSF support. Furthermore, Staff uses the information to monitor the financial health of the company and to respond to legislative inquiries. Staff also opined that it does not want to have to resort to piecemeal information gathering and preferred receiving all of the information in an Annual Report. In short - Staff argued that it has use for the information.

4. On January 10, 2020, CenturyLink responded to Staff. CenturyLink re-iterated its claims that the information provided is no longer needed by Staff for regulatory purposes and that the information cited by Staff is already provided in other annual dockets such as the annual ETC and KUSF dockets. Any residual information could be provided on an as-needed basis. Furthermore, some of the information provided is duplicative and can be found elsewhere such as at the FCC. CenturyLink was also skeptical that Staff would need certain financial data or that the Kansas legislature would want any information about CenturyLink.

### **Legal Authority**

5. K.S.A. 66-123 gives the Commission discretion to decide what type of reports need to be made and how often. It also authorizes the Commission to make matter-specific inquiries.

## **Argument**

6. CenturyLink's main argument appears to be that the Commission simply does not need the information. CenturyLink also implies that providing the information is burdensome and/or the Commission can get it elsewhere other than through an Annual Report.

7. Without beating a dead horse, Staff re-iterates that it does need the information for a variety of reasons and it is helpful to have it all in one place. Staff does not see a compelling reason to grant CenturyLink's request.

8. Although there is no explicit requirement in K.S.A. 66-123 that reports have to be for regulatory purposes, Staff continues to believe that the information provided in the Annual Report does serve regulatory purposes.

9. CenturyLink is still an ILEC under statute and should be treated similarly to other ILECs regardless of how its rates and/or KUSF amounts are determined. Just because CenturyLink's rates are based upon a price-cap does not mean the underlying financial data should not be monitored or reported. Staff monitors expenditures and the financial health of regulated entities, looks for anomalies, and investigates when necessary. Furthermore, Staff needs to receive financial information to monitor subsidy dollars from both the KUSF and the federal Universal Service Fund (FUSF). The Commission is required to certify that FUSF monies are spent appropriately and provide reports to the legislature on a variety of topics that may not involve specific dockets. Staff also uses certain rate information for K.S.A. 66-2005(e)'s affordable rate calculations.

10. Although CenturyLink states that the Annual Report form is 179 pages and requires input from five different departments, Staff has no control over CenturyLink's organizational structure and does not believe the reporting requirement should be waived for this reason. The

Annual Report seeks straightforward information about finances and corporate governance. All ILECs are required to submit the same information. The Annual Report asks approximately 35 questions and because CenturyLink has four ILEC entities, it has a larger quantity of information to report. Again, CenturyLink's organizational structure is beyond Staff's control.

WHEREFORE, Staff respectfully requests the Commission deny CenturyLink's request for a waiver of the requirement to file a long-form Annual Report.

Respectfully Submitted,



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STATE OF KANSAS            )  
  ) ss.  
COUNTY OF SHAWNEE    )

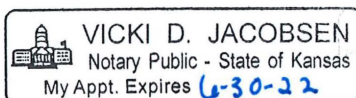
**VERIFICATION**

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 Reply to CenturyLink's 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.



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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 January, 2020.

  
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Notary Public

My Appointment Expires: June 30, 2022

## CERTIFICATE OF SERVICE

20-UTDT-212-MIS

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff's Reply to CenturyLink's Response to Staff's Report and Recommendation was served via electronic service this 22nd day of January, 2020, to the following:

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Vicki Jacobsen