

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Thomas E. Wright, Chairman
 Robert E. Krehbiel
 Michael C. Moffet

In the Matter of a General Investigation to)
Determine Whether the Commission Should) Docket No. 08-GIMT- 154 -GIT
Require Eligible Telecommunications)
Carriers to Certify That They Have Used)
Kansas Universal Service Fund Support)
Appropriately.)

ORDER OPENING DOCKET AND SCHEDULING INITIAL COMMENTS

NOW COMES the above captioned matter for consideration and determination by the State Corporation Commission of the State of Kansas (Commission). Having examined its files and records and being fully advised in the premises, the Commission finds and concludes as follows:

1. On June 28, 2007, the Commission received a memorandum from Staff, attached, recommending the Commission open a proceeding to determine whether the Commission should require eligible telecommunications carriers (ETCs) to certify to the Commission whether the ETCs have used Kansas Universal Service Fund (KUSF) support appropriately. In its memorandum, Staff suggested “that the Commission to ask parties to provide comments on the Commission’s authority to impose such a requirement, the investment and expenses that should be considered as evidence of use of KUSF support, what modification to FUSF forms will be necessary, the timing of KUSF certification, and the appropriate consequence(s) for failure to use KUSF support appropriately.”

2. The background for this Order is well set out in Staff's memorandum at page 2 and the Commission adopts the background set out in the memorandum by reference and makes it a part of this Order.

3. In addition, the Commission finds Staff's recommendation with respect to the procedural aspects of this docket to be well-founded. Staff suggests the Commission issue an order with the current federal universal service fund certification forms attached and ask interested parties to comment on the use of these forms for KUSF purposes, in addition to comment on other issues identified by Staff.

4. Staff also recommends the Commission invite comment on the Commission's authority to require certification of use of KUSF support (Staff memorandum, p. 4), what investments and expenses should be included in an examination of use of KUSF support (Staff memorandum, p. 5), what changes to the existing FUSF forms, attached, will be necessary to achieve meaningful certification of KUSF support (Staff memorandum, p. 5), and the consequences of failing to utilize KUSF support appropriately (Staff memorandum, p. 6).

5. The Commission finds Staff's recommendations to be well-taken and hereby adopts the same in their entirety. The Commission also invites any comment interested parties wish to make on areas they believe pertinent but that may not be covered by Staff's list of recommended areas to explore.

6. The Commission finds that this Order Opening Docket shall be served on all contributors to the KUSF and that all contributors to the KUSF shall be made parties to the docket and to receive the Order Opening Docket and the final order in this docket. **Any entity wishing to participate in the docket shall file an entry of appearance no later than Friday, August 24, 2007.** The Citizens' Utility Ratepayer Board (CURB) is hereby made a party to this

docket by virtue of this order and need not file an entry of appearance; all entries of appearance and other filings shall be made to CURB at its offices located at 1500 S.W. Arrowhead Rd., Topeka, KS 66604, and shall be addressed to Mr. Steve Rarrick.

7. Initial comments on the issues identified in Staff's memorandum, and any other issues parties believe germane to the limited issue of certification of KUSF support, shall be filed on or before **Friday, September 21, 2007**. The Commission reminds the parties that it has already addressed the necessity of performing audits of competitive ETCs; that issue will not be revisited, here. Once initial comments are received, it is the Commission's intention to schedule a workshop to discuss and hopefully narrow the issues needing resolution by the Commission.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. This docket is opened for the purpose of determining whether the Commission should require ETCs to certify that they have used KUSF support appropriately. The Commission solicits comment on the issues identified in Staff's June 28, 2007 memorandum, attached, and any other issues with respect to the certification of KUSF support parties believe germane.

B. Entries of appearance, as discussed in paragraph 6, above, shall be filed with the Commission no later than **August 24, 2007**. Initial comments shall be filed on **September 21, 2007**.

C. The parties have fifteen days, plus three days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118; K.S.A. 2006 Supp. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

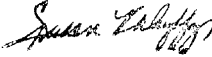
BY THE COMMISSION IT IS SO ORDERED.

Wright, Chmn.; Krehbiel, Com; Moffet, Com.

Dated: **AUG 08 2007**

ORDER MAILED

AUG 08 2007

 Executive
Director

Susan K. Duffy
Executive Director

crh

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Brian J. Moline, Chair
 Robert E. Krehbiel
 Michael C. Moffet

In the Matter of USF Certification for the)
Year 2007 in Compliance with Section) Docket No. 07-GIMT-025-GIT
254(e) of the Federal Telecommunications)
Act of 1996, and Non-Rural Carrier)
Certificate of Urban/Rural Rate)
Comparability.)

SECTION 254(e) CERTIFICATION
FEDERAL UNIVERSAL SERVICE SUPPORT
FCC Docket Reference: CC Docket No. 96-45
(Please type or print legibly)

1. My title is _____ of the
_____ (Company/ Cooperative). In this capacity, I am
in a position of authority to direct how Federal Universal Service Support Funds received will be
used and by this certification I am binding _____ (Company/Cooperative)
to the statements made in this certification.

2. _____ (Company/Cooperative) was
named as an eligible telecommunications carrier by the Kansas Corporation Commission in
Docket No. _____ by order dated _____.

3. By this affidavit, I certify that the Federal Universal Service Support funds
received by _____ (Company/Cooperative) for the year 2007
will be used, only for the provision, maintenance, and upgrading of facilities for which the

support is intended, as designated by the Federal Communications Commission consistent with Section 254(e) of the Telecommunications Act.

The Federal Universal Service Funds for which I am making this certification are those pursuant to 47 C.F.R. §§54.309 and/or 54.311 for nonrural areas and/or pursuant to 47 C.F.R. §§54.301, 54.305, 54.307, and/or 47 C.F. R. Part 36, subpart F for rural areas. These funds will be used to provide the following supported services as designated in 47 C.F.R. §54.101 which are available throughout the Company's/Cooperative's study area:

- a. voice grade access to the public switched network;
- b. local usage;
- c. dual tone multi frequency signal, or its functional equivalent;
- d. single party service, or its functional equivalent;
- e. access to emergency services, including 911 and enhanced 911 service;
- f. access to operator services;
- g. access to interexchange service;
- h. access to directory assistance;
- i. toll blocking or toll limitation control for qualifying low-income customers

I am also certifying for the use of Kansas Universal Service Funds (KUSF).

I certify under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct. (Pursuant to Kan. Stat. Ann. 53-601.) Executed on _____(date).

Signature

Printed/Typed Name

Kansas' Test for USF Certification for ILECs**Version 3****July 27, 2005****Study Area: Company Name**

Example of the ILEC Cost Report Format
**For the Following Lines, use Data From the
 Previous Year's "- 1" Filing**

	YEAR	2005
	LINE	AMOUNT
WORKING LOOPS		
1. Total Loops	(060)	
2. Category 1.3 Loops	(070)	
INVESTMENT		
1. Plant Accounts		
a. Acct 2001	(160)	
2. Selected Plant Accounts		
a. Acct 2210	(230)	
b. Acct 2220	(235)	
c. Acct 2230	(240)	
d. Total Central Office Equip	(245)	
e. Circuit Equip Cat 4.13	(250)	
f. Acct 2410	(255)	
AMORTIZABLE TANGIBLE ASSETS		
Acct. 2680 Tot Assets	(800)	
Acct. 2680 (2230) COE Trans	(805)	
Acct. 2680 (Cat. 4.13) COE Trans	(810)	
Acct. 2680 (2410) Total CWF	(815)	
Acct. 2680 (2410) CWF-Cat 1	(820)	
Acct. 6560 (2680) Dep & Amort	(830)	
PART 36 - COST STUDY DATA		
1. Cost Study Avg C&WF Acct 2410	(700)	
2. Cost Study Avg C&WF Cat 1	(710)	
3. C&WF CAT 1 Factor		#DIV/0!
4. COE CAT 4.13 Factor		#DIV/0!
5. Switching Factor		1.000000

**For the Following Lines, Use Gross
 Additions for Plant and Annual
 Amounts for Expenses for the Test
 Year**

INVESTMENT, EXPENSE AND TAXES	LINE
1. Selected Plant Accounts	
a. Acct 2230	(240)
b. Total Central Office Equip	(245)
c. Acct 2410 (Total)	(255)

Kansas' Test for USF Certification for ILECs

Version 3

July 27, 2005

Study Area: Company Name

Example of the ILEC Cost Report Format
**For the Following Lines, use Data From the
 Previous Year's "- 1" Filing**

	YEAR	2005
	LINE	AMOUNT
2. Expenses - Plant Specific Exp		
a. Acct 6110		(335)
b. Acct 6110 (benefits)		(340)
c. Acct 6110 (rents)		(345)
d. Acct 6120		(350)
e. Acct 6120 (benefits)		(355)
f. Acct 6120 (rents)		(360)
g. Acct 6210		(365)
h. Acct 6210 (benefits)		(370)
i. Acct 6210 (rents)		(375)
j. Acct 6220		(380)
k. Acct 6220 (benefits)		(385)
l. Acct 6220 (rents)		(390)
m. Acct 6230		(395)
n. Acct 6230 (benefits)		(400)
o. Acct 6230 (rents)		(405)
p. (sum of lines 365+380+395)		(410) -
q. Acct 6410		(430)
r. Acct 6410 (benefits)		(435)
s. Acct 6410 (rents)		(440)
t. Total 6110 - 6410		(445)
3. Expenses - Plant Non Specific Exp		
a. Acct 6530		(450)
b. Acct 6530 (benefits)		(455)
4. Depreciation & Amortization Exp		
a. Acct 6560(2210)		(510)
b. Acct 6560(2220)		(515)
c. Acct 6560(2230)		(520)
d. Acct 6560(2210-2230)		(525) -
e. Acct 6560(2410)		(530)
5. Corporate Operating Expenses		
a. Acct 6710		(535)
b. Acct 6710 (benefits)		(540)
c. Acct 6720		(550)
d. Acct 6720 (benefits)		(555)
e. (sum of lines 535+550)		(565) -
6. Other Expenses and Revenues		
a. Benefits Portion		(600)
b. Rents Portion		(610)
Sum of All Expenses		-

Kansas' Test for USF Certification for ILECs

Version 3

July 27, 2005

Study Area: Company Name

Example of the ILEC Cost Report Format
**For the Following Lines, use Data From the
 Previous Year's "- 1" Filing**

	YEAR	2005
	LINE	AMOUNT
7. Taxes		
a. Acct 7200	(650)	

Test for use of USF

CAPITAL:

- 1. Category 1 C&WF #DIV/0!
- 2. Category 4.13 COE and Switching #DIV/0!

MAINTENANCE:

- 3. CWF - MAINT. EXP. #DIV/0!
- 4. COE - MAINT. SW -
- 5. COE - MAINT-OP SYSTEM -
- 6. COE - MAINT. - TRANS. #DIV/0!
- 7. CWF - NETWORK SUPPORT #DIV/0!
- 8. COE - NETWORK SUPPORT #DIV/0!
- 9. CWF GENERAL SUPPORT #DIV/0!
- 10. COE GENERAL SUPPORT #DIV/0!
- 20. CWF NETWORK OPERATION #DIV/0!
- 21. COE NETWORK OPERATION #DIV/0!
- 22. CWF EXEC. & PLANNING #DIV/0!
- 23. COE EXEC. & PLANNING #DIV/0!
- 24. CWF GENERAL ADMIN. #DIV/0!
- 25. COE GENERAL ADMIN. #DIV/0!
- 26. CWF OPERATING TAXES #DIV/0!
- 27. COE OPERATING TAXES #DIV/0!
- 28. CWF BENEFITS - TTL OPER EXP #DIV/0!
- 29. COE BENEFITS - TTL OPER EXP #DIV/0!
- 30. CWF RENTS - TTL OPER EXP #DIV/0!

Kansas' Test for USF Certification for ILECs

Version 3

July 27, 2005

Study Area: Company Name

Example of the ILEC Cost Report Format
**For the Following Lines, use Data From the
 Previous Year's "- 1" Filing**

	YEAR	<u>2005</u>
	LINE	AMOUNT
31. COE RENTS - TTL OPER EXP		#DIV/0!
A. Total Cash Expenditures Assd with USF		#DIV/0!
B. Certified Federal USF Receipts:		
B1. High Cost Loop Support		
B2. Safetey Net Support		
B3. Local Switching Support		
B4. Safety Valve Support for acquired Exch.		
B5. Total Certified Federal USF Receipts		-
C, KUSF Receipts		-
D. Total FUSF and KUSF Receipts		-
E. Do Expenditures Exceed FUSF Receipts?	#DIV/0!	#DIV/0!

Amount Expenditures Exceed Certified FUSF (negative number means FUSF exceeds Expenditures)

Please provide the following information:

Contact: _____

Position: _____

Phone No.: _____

E-Mail: _____

Kansas' Test for USF Certification for CETCs

March 14, 2005

Company Name : _____

Each Competitive Eligible Telecommunications Carrier (CETC) is required to complete this form in order to receive certification by the Kansas Corporation Commission that the carrier is eligible to receive federal high-cost loop, local switching, ICLS, safety net, and safety valve support pursuant to 47 C.F.R. 54.313 and 47 C.F.R. 54.314. Please attach additional pages if necessary. If you have any questions, please call the KCC Staff Telecommunications Division at 785-271-3175.

Please provide the following information on or before **August 25, 2006**:

For the Following Lines, use Data From the Previous Year's "- 1" Filing

Enter Year 2005

	AMOUNT FOR KANSAS A	ALLOCATION PERCENT B	CODE (see Notes) C	AMOUNT FOR USF AREAS D=AxB
WORKING LOOPS/LINES				
NEW INVESTMENTS:				
1. SWITCHING				-
2. OUTSIDE PLANT (LOCAL LOOPS, CELL SITES)(1)				-
SUBTOTAL NEW INVESTMENTS	-			-
EXPENSES:				
3. SWITCH MAINTENANCE				-
4. OUTSIDE PLANT MAINTENANCE				-
5. NETWORK SUPPORT				-
6. ADMINISTRATIVE EXPENSE				-
SUBTOTAL EXPENSES	-			-
A. TOTAL CASH EXPENDITURES ASSD WITH USF	-			-
B. CERTIFIED USF RECEIPTS FOR CETCS				
C. KUSF RECEIPTS				
D. TOTAL FUSF AND KUSF				-
E. DO EXPENDITURES EXCEED FUSF RECEIPTS? Yes (negative number means FUSF exceeds Expenditures)				-

Notes:

1) Exclude the cost of transport between switches (dial-tone and/or tandem).

Allocation Codes (describe how the costs are allocated):

Contact: _____

Position: _____

Phone No.: _____

E-Mail: _____

Narrative Report for New Investments

ETC Certification for Use of USF Support
 Provided to the Kansas Corporation Commission

Carrier Name: _____

Data Year: _____

Town or Exchange	Description of Improvement	Cash Investment	Allocation %	Notes	Amount Used in the USF Supported Areas
A	B	C	D	E	F= CxD
Subtotal		0			0
Total		0			0

This amount should be close to the New Investment Subtotal on the Test for USF Certification Form

NOTES:

Contact: _____ Phone No.: _____
 Position: _____ E-Mail: _____

Narrative Report for New Investments

ETC Certification for Use of USF Support
 Provided to the Kansas Corporation Commission

Supplemental
 Pages

Carrier Name: _____

Data Year: _____

Town or Exchange	Description of Improvement	Cash Investment	Allocation %	Notes	Amount Used in the USF Supported Areas
A	B	C	D	E	F= CxD
Subtotal		0			0

Narrative Report for New Investments in SWBT Exchanges

ETC Certification for Use of KUSF Support
 Provided to the Kansas Corporation Commission

Carrier Name: _____

Data Year: _____

Town or Exchange	Description of Improvement	Cash Investment	Allocation %	Notes	Amount Used in the KUSF Supported Areas
A	B	C	D	E	F= CxD
Subtotal		0			0
Total		0			0

NOTES:

Contact: _____

Phone No.: _____

Position: _____

E-Mail: _____

Narrative Report for New Investments in SWBT Exchanges

ETC Certification for Use of KUSF Support
 Provided to the Kansas Corporation Commission

Supplemental
 Pages

Carrier Name: _____
 Data Year: _____

Town or Exchange A	Description of Improvement B	Cash Investment C	Allocation % D	Notes E	Amount Used in the KUSF Supported Areas F= CxD
Subtotal		0			0

Kansas Corporation Commission
USF Certification Instructions for Cost Reporting
 (Attachments 2 through 5)

Every Eligible Telecommunications Carrier (ETC) is required to complete the forms described in these instruction as part of the annual certification process by the Kansas Corporation Commission that the carrier is eligible to receive federal high-cost loop, local switching, ICLS, safety net, and safety valve support pursuant to 47 C.F.R. 54.313 and 47 C.F.R. 54.314. Please attach additional pages if necessary. If you have any questions, please call the Telecommunications Division at 785-271-3142 or 3175. Please provide the following information on or before August 25, 2006 for the certification for 2007:

1. Line Counts for Federal Universal Service Fund (USF) Supported Services

Provide the line counts by incumbent local exchange carrier (ILEC) study area or wire center by submitting the line counts as reported to National Exchange Carriers Association (NECA) or Universal Service Administrative Company (USAC) for the same year as the cost data is reported.

2. Attachment 2 and 3 - Report on the Use of USF Support Funding

a. Incumbent ETC Report Format

Attachment 2a, entitled "Test for USF Certification," is used by ILECs to report the use of USF funds for the prior year. The prior year data is being provided to evaluate past certifications provided by the companies. The report is a modified version of the cost information submitted to NECA for high cost support. Amounts reported should reflect the amounts actually used to provide universal service in the supported areas for which the support was paid.¹ Universal Service Support should be segregated by type of USF support received. The Kansas Universal Service Fund (KUSF) amount is shown even though the ETC certification is not currently applicable to KUSF. However, data is being gathered for informational purposes since KUSF is similar to Federal USF and its support must also be used to provide and maintain universal service. Attachment 2b is an example showing how to complete the form.

b. Competitive ETC (CETC) Report Format

Attachment 3a, entitled "CETC Test for USF Certification," is used by CETCs to report the use of USF funds for the prior year. The prior year data is being provided to evaluate past certifications provided by the companies.² Amounts reported should reflect the amounts actually used to provide universal service in the supported areas for which the support was paid.³ If no USF support was received for the prior year, the company need

¹ Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures is required. See 2c Allocation Methods.

² If the company is a new ETC and did not provide self-certification for the prior year, data reports are not required though the company may find it helpful to provide that information to help substantiate the prior build out that it has made into the supported areas.

³ Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures is required. See 2c Allocation Methods.

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USF Certification Instructions for Cost Reporting
 (Attachments 2 through 5)

only file a statement to that effect. Cost information is split by new investment expenditures and expenses. This is compared to the amount of Universal Service Fund support received. The Kansas Universal Service Fund (KUSF) amount is shown even though the ETC certification is not currently applicable to KUSF. However, data is being gathered for informational purposes since KUSF is similar to Federal USF and its support must also be used to provide and maintain universal service. Attachment 3b is an example showing how to complete the form.

The CETC Report on the Test for USF Certification includes a note that the company should exclude the cost of transport between switches. This makes the reporting consistent with the costs submitted by the Incumbent ETCs. Once a call leaves the local switch, it is on the interoffice network and costs for those facilities are not included. The switch is the device that provides dial tone and/or switching the call to the proper location for termination. This can be a smart remote with stand-alone capability⁴ or stand-alone/host switch.

c. Allocation Methods

The cost reports are trying to capture the cost to provide universal service. Certain types of investments and expenses should be excluded. The FCC has deregulated some services so costs for voice messaging and inside wire should be excluded. Universal service does not include facilities only for data transmission, such as the DSLAM for Digital Service Lines (DSL). Also lines or services that only provide data service do not qualify as universal service and expenditures for those services should be excluded.

The allocation of new investments and expenses may play an important role to properly identify the costs associated with the USF supported areas. Incumbent ILECs utilize a series of allocation rules in the Separations process that are specific and documented. However, even Incumbent ETCs may encounter situations where only a portion of their territory receives USF support.

CETCs, especially, may serve exchanges that are USF supported as well as areas that are not USF supported. Some costs may be specific to the USF supported area, while others may involve both areas. A number of valid methods are available to make these allocations. Below is a list of examples that will normally be acceptable in making allocations:

For outside plant (OSP) projects –the supported areas’ allocations can be determined as follow:

1. Identify the specific costs in supported areas and assign it as a qualified cost.
2. Determine the number of lines in the supported area versus the total lines served by the facilities.
3. Determine the geographic area in the supported area versus the total area served (this method is especially applicable to cellular towers).

⁴ A smart remote with stand-alone capability is one that can still provide local calling even if its link to the host switch is severed.

Kansas Corporation Commission
USF Certification Instructions for Cost Reporting
 (Attachments 2 through 5)

4. Calculate the percent of miles on a cable that serves a supported areas versus the total miles to all the areas.
5. Calculate the percent of fiber strands or cable pair that go to a supported area versus the total strands in service.

Expenses may be allocated based on the allocation determined for investment.

Expenses may be allocated based on a percent of lines or customers in the supported areas.

Maintenance expense may be allocated based on the number of items being maintained that are in the supported areas.

Switching may be allocated using the following methods:

1. Calculate the percent of Minutes of Use (MOU) for the lines in the supported area versus all minutes.
2. Calculate the percent of lines in the supported area versus all lines served by the switch.
3. Similar allocations could apply to circuit equipment used for switched access.

General rules to follow when deciding on the allocation method:

1. Allocations may be calculated by individual investment location, by region or for the whole state.
2. Companies may decide which methods work best based on the accounting and network information they have available.
3. Methods can vary for different types of investment or expense.
4. The method is one that is appropriate for the item being allocated (i.e. MOU would be appropriate for a switch allocation but not for a loop).
5. The allocation is based on measurable data.
6. The method captures a reasonable cost of the investment and/or expense.
7. The company should maintain consistency in the allocation methods used from year to year when providing data to the Commission. This will avoid gaming the system and provide the ability to make comparisons from year to year.
8. When a company changes an allocation method, it should be noted in the data submission, complete with rationale explaining why this new method is more appropriate. Also the company should provide a calculation of what effect the new allocation would have on the prior year's report.

3. Attachment 4 - New Investments Utilizing USF Support in Supported Areas

a. Report Format

For the prior year, usually a twelve-month period from January 1 - December 31, please provide a description of the new investments in supported areas where the federal USF support was used. Please use a format similar to the "Narrative for New Investment" Report. The first example is for a wireless ETC and second example is for a wireline ETC. It is acceptable to submit a mechanized report if it contains the essential information. Any projects over the threshold should be listed separately. Those projects

Kansas Corporation Commission
USF Certification Instructions for Cost Reporting
 (Attachments 2 through 5)

less than the threshold should be combined into one or more line items. See 3b below for the threshold.

EXAMPLE of Narrative for New Investment Report
EXAMPLE of a WIRELESS COMPANY

Town or Exchange	Description of Improvement	Cash Investment	Allocation %	Notes	Amount Used in the USF Supported Areas
A	B	C	D	E	F=CxD
20 miles West of Oakley serving USF areas: Levant, Winona, and Russell Sprgs.	New tower and fiber trunking.	\$300,000	70%	[1]	\$210,000
Wichita - Serves all customers in Kansas.	Switch Software Upgrade.	\$250,000	25%	[2]	\$50,000
TOTAL		\$550,000			\$260,000

NOTES

[1] Percent of the service area that is USF supported on geography served.

[2] Percent of switch that is USF supported based on lines served.

EXAMPLE of a WIRELINE COMPANY

Town or Exchange	Description of Improvement	Cash Investment	Allocation %	Notes	Amount Used in the USF Supported Areas
A	B	C	D	E	F=CxD
Buffalo, Quincy Toronto	Replaced OSP with digital line carrier and fiber feeder	\$1,250,000	100%	[1]	\$1,250,000
Eureka thru Hamilton, Quincy, Yates Cntr, Chanute, Fredonia, Fall River & serves USF areas: Buffalo, Toronto, Altoona, Benedict, and Coyville.	Fiber ring from remote terminals to remote switch in Eureka.	\$800,000	50%	[2]	\$400,000
TOTAL		\$2,050,000			\$1,650,000

NOTES

[1] All the exchanges in this project are USF supported.

[2] Percent of lines served by the fiber ring in the USF supported exchanges.

Kansas Corporation Commission
USF Certification Instructions for Cost Reporting
(Attachments 2 through 5)

The objective of this report is to identify that new investment is being spent to benefit those in USF supported areas. Listing individual exchanges that will benefit will help meet this purpose.

b. Threshold - For companies spending less than \$10M in new projects in Kansas, use \$200,000 as the project threshold. For companies spending \$10M or more, use \$500,000 as the project threshold. It is acceptable to provide more detail than the threshold requires if it helps identify which supported areas are receiving benefit.

4. Attachment 5 - Report on the Use of KUSF Support Funding in SWBT Exchanges

The information and instructions for Attachment 5 is the same as Attachment 4 except that the purpose is to describe the use of KUSF Support in SWBT exchanges. ETCs that receive KUSF for SWBT exchanges should complete this report.

Additional questions on the allocation process may be referred to the KCC Staff, see number at the top of these instructions.