Mark E. Caplinger, P.A.

Attorney at Law 7936 S.W. Indian Woods Place Topeka, Kansas 66615 Telephone: (785) 478-9916 Cell: (785) 231-9282 E-mail: mark@caplingerlaw.net

March 25, 2019

Ms. Lynn M. Retz Secretary to the Commission Kansas Corporation Commission 1500 SW Arrowhead Road Topeka, KS 66604

Re: Dkt. 19-NTHT-244-ETC

Dear Ms. Retz,

Enclosed please find Nex-Tech, LLC's Response to Staff's Report and Recommendation to be filed in the above-referenced docket.

Please do not hesitate to contact my office with any questions you may have.

Very truly yours,

Mark E. Caplinger Mark E. Caplinger, PA Attorney for Nex-Tech, LLC

enclosures MEC/njm

cc: Jimmy Todd Rhonda Goddard

BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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In the Matter of the Application of Nex-Tech, LLC for an Order Confirming Relinquishment Of its Eligible Telecommunications Carrier Designation and Notice Pursuant to K.S.A. 2015 Supp. 66-2005(d) of Intent to Cease Participation in the Kansas Lifeline Service Program.

Docket No. 19-NTHT-244-ETC

<u>NEX-TECH, LLC'S RESPONSE</u> TO STAFF'S REPORT AND RECOMMENDATION

Nex-Tech, LLC ("Nex-Tech") respectfully submits the following Response to Staff's Report and Recommendation ("R&R") filed in this Docket on March 14, 2019.

1. On December 19, 2018, Nex-Tech filed an Application for a Commission Order Confirming Relinquishment of its Eligible Telecommunications Carrier ("ETC") Designation and Notice Pursuant to K.S.A. 2015 Supp. 66-2005(d) of Intent to Cease Participation in the Kansas Lifeline Service Program ("KLSP") effective May 31, 2019. On January 16, 2019, Nex-Tech filed an Errata to the Application with a Corrected Exhibit B.

2. On March 14, 2019, Staff issued its Notice of Filing Staff Report and Recommendations.

3. Nex-Tech fully supports Staff's analysis confirming its ETC relinquishment in all the CenturyLink exchanges as well as the AT&T Oakley exchange. Nex-Tech appreciates and commends the Staff for its work and analysis in its R&R.

4. Nex-Tech fully supports Staff's first recommendation confirming that Nex-Tech has provided notice of its intent to cease participation in the KLSP and that it may cease participation in the KLSP, effective May 31, 2019, pursuant to K.S.A. 66-2006(d).

5. Nex-Tech fully supports Staff's second recommendation to grant Nex-Tech's request for ETC relinquishment in the Atwood, Bird City, Great Bend, Hays, Hoxie, McDonald, McPherson, Norton, Oberlin, Phillipsburg-Kirwin, Plainville, Saline, Smith Center, St. Francis, and Stockton exchanges.

6. In response to Staff's third recommendation to deny Nex-Tech's request for ETC relinquishment in the Abiliene exchange, Nex-Tech incorporates its Petition to Intervene and for Limited Reconsideration of the March 14, 2019 Order issued in Docket No. 17-SWBT-158-MIS being filed concurrently with this Response on this date (attached hereto as Attachment 1). It is Nex-Tech's position that granting its request for relinquishment in the Abilene exchange is in the public interest.

7. Nex-Tech inadvertently omitted in its Application in this Docket a request for the relinquishment of the Almena exchange in which it was designated as an ETC in Docket No. 03-NTHT-1051-ETC. Nex-Tech only became aware of the omission when it received Staff's R&R on March 14, 2019. It was and is Nex-Tech's intent to be relinquished of its ETC designation in all areas in the state as evidenced by its request for relief in its Application. Nex-Tech requested "…the Commission grant its application and issue an order confirming relinquishment of its ETC designation in all previously granted Exchanges…"¹ Nex-Tech accepts full responsibility

¹See Application page 4.

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for the error and will address this omission in Docket No. 02-NTHT-1051-ETC.

8. Nex-Tech fully supports Staff's fourth recommendation ensuring consumers continue to be served in the relinquished exchanges as required by 47 U.S.C. §214(e)(4).

9. In conclusion, Nex-Tech supports the Commission's acceptance and adoption of recommendations 1, 2, and 4 of Staff's R&R. Nex-Tech requests the Commission grant its Application for ETC relinquishment in full, including the Abilene exchange.

Respectfully submitted,

Mark E. Caplinger, (#12550)

Mark E. Capinger, (#12556) Mark E. Caplinger, P.A. 7936 SW Indian Woods Place Topeka, Kansas 66615 Telephone: (785) 478-9916 <u>mark@caplingerlaw.net</u> Attorney for Nex-Tech, LLC ATTACHMENT 1

BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS

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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 Telecommunications Carrier Designation In Specified Areas and Notice Pursuant to K.S.A.2015 Supp. 66-2006(d) of Intent to Cease Participation in the Kansas Lifeline Service Program.

Docket No. 17-SWBT-158-MIS

<u>NEX-TECH, LLC PETITION TO INTERVENE</u> AND FOR LIMITED RECONSIDERATION OF MARCH 14, 2019 ORDER

COMES NOW Nex-Tech, LLC, ("Nex-Tech"), and requests leave to intervene as a party in this proceeding. In support thereof Nex-Tech states as follows:

1. The rights and interests of Nex-Tech are at issue in this proceeding. Nex-Tech's rights and interests are adversely affected by the Commission Order in this Docket dated March 14, 2019 ("Order"). Nex-Tech was served Notice of the Order by the Prehearing Officer on March 15, 2019. The Order adversely affects the rights and interests of Nex-Tech in its ETC Relinquishment Docket 19-NTHT-244-ETC. Specifically to the extent that the Order grants AT&T's relinquishment in the Abilene exchange, it adversely affects Nex-Tech's rights and interests as more fully set forth below.

2. No other party is able to represent the interests of Nex-Tech in this proceeding effectively.

Nex-Tech's intervention will not impair the orderly and prompt conduct of this proceeding.

4. Nex-Tech received two separate Information Requests pertaining to this Docket: Request No. 12 dated March 22, 2017, and Request No. 16 dated May 22, 2018, (attached hereto as Exhibit A). The Information Requests contained the following identical questions, and identical responses were provided to both information requests:

(a) For each exchange or wire center for which your Company has been designated an ETC, would your Company be able to ensure that all customers served by AT&T would continue to be served if the Commission grants AT&T's requirement? No.

(d) If response to subpart a. is no, please explain why your Company would be unable to ensure all customers currently served by AT&T would continue to be served. We do not currently have facilities to each and every AT&T subscriber across the wire centers. To serve these customers AT&T would have to divest the facilities in the wire centers. Similarly, Nex-Tech rehabilitate FUSF/KUSF to LLC would need infrastructure in order to properly serve these customers. Nex-Tech LLC has been certified as an ETC in 18 exchanges. Nex-Tech LLC performed an analysis on one of those exchanges for purposes of providing a response to this data request. In the Almena Exchange alone Nex-Tech LLC would need to construct over 81 miles of fiber to serve all the customers, excluding the customers who will continue to be served by AT&T where it receives CAF II funding. The costs of construction, equipment, electronics, and all other associated costs would exceed approximately \$2 million.

Nex-Tech initially informed Commission Staff of its inability to ensure continued service to consumers in the Abilene exchange and the need to construct or acquire facilities two years ago and reiterated the information in 2018. These responses were filed in this Docket in Staff's 2nd Report & Recommendation on May 4, 2017, and in Staff's 3rd Report & Recommendation on October 1, 2018, respectively.

5. On December 19, 2018, Nex-Tech filed its Application for an Order Confirming Relinquishment of its ETC Designation and Notice of Intent to Cease Participation in the Kansas Lifeline Services Program (Docket No. 19-NTHT-244-ETC). In its Application Nex-Tech requested the Commission grant its application and issue an order confirming relinquishment "in **all previously granted Exchanges** effective May 31, 2019..."¹ (*Emphasis added*.)

6. On March 14, 2019, Staff filed its Report and Recommendation in Docket No. 19-NTHT-244-ETC. Staff recommended the Commission grant Nex-Tech's request for relinquishment in all of Nex-Tech's designated ETC areas with the exception of Abilene and Almena.²

7. Regarding the Abilene exchange, Staff recommended denying Nex-Tech's request for relinquishment; however Staff recognized that its recommendation of denial was contingent upon the actions of the Commission in this Docket. Staff stated, "If the Commission approves AT&T's relinquishment request in the 16 exchanges, Nex-Tech will be the only high-cost ETC in the Abilene exchange with the ETC obligation to provide service for all reasonable requests for service."³

8. On the same date that Staff filed its Report and Recommendation in Docket No. 19-NTHT-244-ETC, March 14, 2019, the Commission issued its Order in this Docket on AT&T's request to relinquish its ETC designation.

¹See Application of Nex-Tech, LLC for an Order Confirming Relinquishment of its ETC Designation and Notice of Intent to Cease Participation in the Kansas Lifeline Services Program, pages 4-5 in Dkt. 19-NTHT-244-ETC (Dec. 19, 2018).

²Although Nex-Tech's Application requested relinquishment for all previously ETC designated areas, the Almena exchange was inadvertently omitted. Nex-Tech will address its omission in Dkt. 19-NTHT-244-ETC and Dkt. 03-NTHT-1051-ETC.

³See Staff's Report and Recommendation filed in Dkt. 19-NTHT-244-ETC page 8 of 9 (Mar. 14, 2019).

9. Nex-Tech was not made a party to or intervened in this Docket. In preparation of this pleading it became aware of Staff's filing of Updated Staff Exhibits 1 and 2 of January 4, 2019. Staff recognized the impact of actions taken in this Docket on Nex-Tech's rights and interests in its ETC relinquishment Docket 19-NTHT-244-ETC and stated:

"The timing of the outcome of the Nex-Tech proceeding and this proceeding could impact each other. If the Commission approves Nex-Tech's request to relinquish its ETC designation in the Abilene exchange prior to the Commission's decision in this Docket, Staff will need to revise Exhibit 1 to include three additional census blocks that are in the Abilene exchange"

10. Not unlike other competitive wireline providers, when Nex-Tech requested ETC designation in the Abilene exchange, its asserted ability to provide services to all requesting consumers was made in reliance on the statutory obligations of AT&T existing at that time to serve as carrier of last resort and to permit resale of AT&T's services throughout the Abilene exchange. The statutory obligations of AT&T to act as carrier of last resort no longer exist.

11. As Nex-Tech indicated in its responses to Staff's information requests, as referenced in Paragraph 4 above, that to the extent that AT&T is relieved of its ETC obligations to serve all requesting customers throughout the exchange or to permit resale of its services, Nex-Tech will not have the capability to provide service to all requesting customers in the Abilene exchange. The Commission's Order granting AT&T's ETC relinquishment in the Abilene exchange renders Nex-Tech unable to meet the obligations of an ETC in the exchange.

⁴See Staff's Updated Exhibits 1 and 2, page 2 ¶ 4 (Jan. 4, 2019).

12. Nex-Tech currently provides services to only one residential customer and sixtyeight businesses utilizing resale of AT&T's facilities in the Abilene exchange. Nex-Tech has no Lifeline customers in the Abilene exchange. Nex-Tech lacks facilities and capability to provide services to other consumers in the Abilene exchange and importantly, Nex-Tech lacks access to resources, i.e. FUSF/KUSF, to enable the construction or acquisition of additional facilities required to serve consumers throughout the exchange.

13. AT&T has committed to the Commission that it would continue to provide legacy voice service as a common carrier in the relinquished exchanges. However, this commitment provides no assurance of Nex-Tech's ability to continue providing services on a resale basis. As the Commission found in its Order, "As Staff correctly explained, '(c) common carrier obligations are much narrower obligations and are not a substitute for ETC obligations, which *ensure* continued service.' In addition, should AT&T be granted relinquishment, the Commission cannot require AT&T to "ensure" that all customers previously served by its universal service provisions will continue to be served because the Commission has no jurisdiction to enforce federal common carrier statutes."⁵ (*Footnote omitted.*)

14. This is the first time the Commission has had the opportunity to address an ETC relinquishment request by a large incumbent provider and Nex-Tech understands the complexities and difficulties of the issues involved. The Commission has before it two concurrent applications for ETC relinquishment, AT&T's request in this docket and Nex-Tech's

⁵See Order page 14, ¶ 38 (Mar.14, 2019).

request in Docket 19-NTHT-244-ETC. It is NexTech's position that only one of the requests reasonably supports the Commission to fulfill its statutory obligations pursuant to 47 U.S.C. §214(e)(4), i.e. NexTech's. The Commission, in reviewing the provisions of 214, correctly found and stated in its Order:

"When construing statutes, the Commission must give effect, 'if possible, to the entire statute and every part thereof. Thus, the Commission finds the entirety of section 214(e)(4) must be met before the Commission shall permit AT&T to relinquish its ETC designation."⁶ (*Footnotes omitted*).

The Commission continued:

"The first sentence of section 214(e)(4) requires a state commission to permit ETC relinquishment 'in any area *served* by more than one [ETC].' The third sentence of section 214(e)(4) requires the Commission, prior to permitting relinquishment to, 'require the remaining [ETC] or [ETCs] to ensure that all customers *served* by the relinquishing carrier will continue to be *served*.""⁷ (*Footnotes omitted*.)

15. 47 U.S.C. §214(e)(4) is a statute that exemplifies the role of a public utility commission in a factual situation such as the one before the Commission in this Docket. It requires the Commission to weigh the competing interests as between two utilities and the interests as between a utility and the consumer. In its role the Commission acts as a fulcrum in weighing and balancing the competing interests. The first sentence of 214 permits the Commission to relinquish the ETC obligations of one carrier with a corresponding requirement

⁶See Order page 13, ¶ 35 (Mar.14, 2019).

⁷See Order page 13, ¶ 36 (Mar.14, 2019).

that another carrier retains the obligations. Whether to grant relinquishment to one carrier and deny relinquishment to another, the Commission must analyze and weigh the impact to the carriers of its decisions. Likewise, the third sentence of 214 requires the Commission to weigh its decision in granting a carrier ETC relinquishment by analyzing the impact to the public interest.

16. In analyzing the impact on AT&T and Nex-Tech in determining whether AT&T should retain the ETC obligations in the Abilene exchange, clear distinctions exist. AT&T, as the incumbent provider, possesses the facilities and capability to ensure continued services, maintained at reasonable prices in the Abilene exchange. AT&T has committed in this Docket to continue to provide legacy voice services. AT&T would experience de minimums effect, if any, regarding its ETC regulatory obligations. AT&T would continue to have those obligations, regardless of the Abilene exchange, in the CAF II areas in which it has retained its ETC designation and in the census blocks in which the Commission has denied relinquishment.

17. Nex-Tech, as a competitive provider, does not have existing facilities or the capability to ensure continued services in the Abilene exchange, as it has indicated. Nex-Tech would be required to construct new facilities or acquire existing facilities costing millions of dollars for which there is no cost recovery mechanism in place, resulting in unreasonably high prices to the consumer. Nex-Tech would continue to have ETC regulatory obligations based on the Abilene exchange, which would otherwise be terminated, assuming Nex-Tech is granted relinquishment in all other designated service areas in Docket 19-NTHT-244-ETC.

18. In weighing the interests as between the utilities, the facts would support a Commission decision that AT&T retains its ETC designation in the Abilene exchange. More importantly, the public interest consideration, i.e actually ensuring continued service to

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consumers in the Abilene exchange, far outweighs the impact to the carriers. Without question, having AT&T retain its ETC designation in the Abilene exchange (in which it has existing facilities and has committed to continue to provide service) poses far less risk to the continuance of services to the consumers at reasonable prices.

19. Both AT&T and Nex-Tech have provided notice to discontinue participation in the Kansas Lifeline Service Program. However, the remaining ETC will continue to have federal Lifeline obligations in the Abilene exchange. Denying AT&T's ETC relinquishment is the only decision the Commission could make to actually ensure that low income Lifeline consumers continue to receive service in the Abilene exchange.

20. The Commission, in addressing its statutory obligation to ensure that remaining ETCs can continue to provide services to the customers of the relinquishing carrier, found that merely receiving a remaining ETC's confirmation to serve does not fulfill the import of Section 214. The Commission appropriately recognized that ensuring continued service requires more than a confirmation by a remaining ETC of its ability to continue to provide service. It also requires an actual determination of that carrier's obligation and capability to provide service.⁸ In this Docket there is no evidence that a remaining high cost ETC has even provided mere confirmation of its ability to serve the remaining customers. Quite to the contrary, Nex-Tech confirmed its inability to provide services to consumers in the Abilene exchange should AT&T be granted relinquishment.

⁸See Order page 15, ¶ 39 (Mar.14, 2019).

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21. A reading of the Order does not disclose whether the Commission relied on the fact that AT&T filed its request prior to NexTech's in granting AT&T's relinquishment in the Abilene exchange. Section 214 does not require or mandate that a state commission give preference to a carrier who was first to file. In a case involving concurrent requests such a factor should be given no weight, and certainly is irrelevant in determining whether the relinquishment is in the public interest.

22. Denying AT&T's relinquishment in the Abilene exchange is a reasoned choice the Commission should make in fulfilling its statutory obligations of U.S.C. 47 §214(e)(4) in its entirety, by ensuring that consumers continue to receive services at reasonable prices. To find otherwise, based on the evidence of record, would result in an unlawful, unreasonable, arbitrary, or capricious action by the Commission.

WHEREFORE, Nex-Tech respectfully requests the Commission grant its Petition to Intervene and for Limited Reconsideration of the Commission's March 14, 2019 Order and deny AT&T's relinquishment application as to the Abilene exchange only.

Respectfully submitted,

Mark E. Caplinger, (#12550) Mark E. Caplinger, P.A. 7936 SW Indian Woods Place Topeka, Kansas 66615 Telephone: (785) 478-9916 <u>mark@caplingerlaw.net</u> Attorney for Nex-Tech, LLC

EXHIBIT A

Kansas Corporation Commission Information Request

Request No: 12

Company Name COMPETITIVE ETCs

Docket Number 17-SWBT-158-MIS

Request Date March 22, 2017

Date Information Needed March 31, 2017

RE: AT&T's ETC Relinquishment Application

Please Provide the Following:

AT&T has requested to relinquish its ETC designation in an exchange or wire center in which your Company has been designated an ETC. Accordingly, please answer the following:

- a. For each exchange or wire center for which your Company has been designated an ETC, would your Company be able to ensure that all customers served by AT&T would continue to be served if the Commission grants AT&T's requirement? No.
- b. If response to subpart a. is yes, would your Company need to purchase or construct facilities in order to fulfill this requirement?
- c. If response to subpart b. is yes, what steps would the Company need to take and how much time does the Company estimate would be required to purchase or construct adequate facilities to fulfill this requirement?
- d. If response to subpart a. is no, please explain why your Company would be unable to ensure all customers currently served by AT&T would continue to be served. We do not currently have facilities to each and every AT&T subscriber across the wire centers. To serve these customers AT&T would have to divest the facilities in the wire centers. Similarly, Nex-Tech LLC would need FUSF/KUSF to rehabilitate the infrastructure in order to properly serve these customers. Nex-Tech LLC has been certified as an ETC in 18 exchanges. Nex-Tech LLC performed an analysis on one of those exchanges for purposes of providing a response to this data request. In the Almena Exchange alone, Nex-Tech LLC would need to construct over 81 miles of fiber to serve all the customers, excluding the customers who will continue to be served by AT&T where it receives CAF II funding. The costs of construction, equipment, electronics, and all other associated costs would be approximately \$2 million.
- e. If your Company has been designated as a Lifeline-only ETC, would your company be able to ensure all non-Lifeline customers served by AT&T would continue to be served if the Commission grants AT&T's request. (If your Company is not a Lifeline-only ETC, please state this.) Nex-Tech LLC is not a Lifeline-only provider.

Submitted By Christine Aarnes

Submitted To CETCs

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons. Nex-Tech LLC is filing later than the requested response date of Mar. 31, 2017 pursuant to an agreement with Staff counsel. Staff counsel agreed that Nex-Tech LLC would be allowed an extension up and until Apr. 18, 2017 to file its response. Nex-Tech LLC used the additional time to perform analysis to support its responses.

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.

Company N	ame: Nex-Tech LLC
Signed:	fing all
Date:	4-14-17

Kansas Corporation Commission Information Request

Request No: 16

Company Name	High-Cost ETCs

Docket Number 17-SWBT-158-MIS

Request Date May 22, 2018

Date Information Needed June 1, 2018

RE: AT&T's ETC Relinquishment Request

Please Provide the Following:

AT&T has requested to relinquish its ETC designation in one or more census blocks in an exchange or wire center in which your Company has been designated an ETC. If the Commission grants AT&T's request, it will no longer be required to provide voice services to all "reasonable requests for service", pursuant to 47 U.S.C. § 214(e)(1). Accordingly, please answer the following:

- a. For each exchange or wire center for which your Company has been designated an ETC, would your Company be able to ensure that all customers served by AT&T would continue to be served if the Commission grants AT&T's requirement? No.
- b. If response to subpart a. is yes, would your Company need to purchase or construct facilities in order to fulfill this requirement?
- c. If response to subpart b. is yes, what steps would the Company need to take and how much time does the Company estimate would be required to purchase or construct adequate facilities to fulfill this requirement?
- d. If response to subpart a. is no, please explain why your Company would be unable to ensure all customers currently served by AT&T would continue to be served. We do not currently have facilities to each and every AT&T subscriber across the wire centers. To serve these customers AT&T would have to divest the facilities in the wire centers. Similarly, Nex-Tech LLC would need FUSF/KUSF to rehabilitate the infrastructure in order to properly serve these customers. Nex-Tech LLC has been certified as an ETC in 18 exchanges. Nex-Tech LLC performed an analysis on one of those exchanges for purposes of providing a response to this data request. In the Almena Exchange alone Nex-Tech LLC would need to construct over 81 miles of fiber to serve all the customers, excluding the customers who will continue to be served by AT&T where it receives CAF II funding. The costs of construction, equipment, electronics, and all other associated costs would exceed approximately \$2 million.
- e. Does your Company rely on the facilities of AT&T to provide service to your customers? If yes, please explain. Yes. Nex-Tech has limited infrastructure in the AT&T wire centers. Whenever Nex-Tech facilities are available, customers are provisioned on our network, but in many cases this infrastructure is not available.
- f. Please describe how your Company provisions universal service to its customers (i.e., own wireline facilities, own wireless facilities, wireline resale, etc.). See responses to d. and e. above.

Submitted By Christine Aarnes

Submitted To

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.

Company Name: Nex-Fech LLC Signed: Jimmy Toda Printed Name: 5-31 Date:

VERIFICATION

STATE OF KANSAS)) ss. COUNTY OF SHAWNEE)

I, Mark E. Caplinger, of lawful age, being first duly sworn upon his oath states:

That he is an attorney for Nex-Tech, LLC, that he has read the above and foregoing document, and upon information and belief, states that the matters therein appearing are true and correct.

Mark E. Caplinger

SUBSCRIBED AND SWORN to before me this 25^{44} day of March, 2019.

NANCY J MCKENZIE Notary Public State of Kansas My Commission Expires 11-1

Many MKenine Notary Public

My Commission Expires:

11-15-19

CERTIFICATE OF SERVICE

I, Mark E. Caplinger, hereby certify that a true and correct copy of the above and foregoing document was electronically served to the following on this day of March, 2019

Walker Hendrix, Litigation Counsel Kansas Corporation Commission 1500 SW Arrowhead Topeka, KS 66604 w.hendrix@kcc.ks.gov

Mark E. Caplinger

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