

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

Before Commissioners: Thomas E. Wright, Chairman  
Joseph F. Harkins  
Ward Loyd

In the Matter of a General Investigation to )  
Determine the Assessment Rate for the )  
Fifteenth Year of the Kansas Universal ) Docket No. 11-GIMT-201-GIT  
Service Fund and the Affordable Local )  
Service Rates for Rate-of-Return Regulated )  
Carriers Effective March 1, 2011. )

**ORDER OPENING DOCKET  
AND ESTABLISHING PROCEDURAL SCHEDULE**

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

1. K.S.A. 66-2008 required the Commission to establish the Kansas Universal Service Fund (KUSF) on or before January 1, 1997. The Commission did so in an order issued December 27, 1996 in Docket No. 94-GIMT-478-GIT. The KUSF began operations on March 1, 1997. The KUSF disburses funds to eligible telecommunications carriers (ETCs) to support the cost of providing service in high cost areas. These funds, as well as funds for the Lifeline service program, K.S.A. 66-2002(f); for dual party relay service, K.S.A. 66-2002(g); for telecommunications equipment for persons with visual impairment and persons with other special needs, K.S.A. 66-2002(g); are administered by GVNW Consulting, Inc. (GVNW), the KUSF administrator. The assessment rate is determined each year by the Commission on the basis of data provided to Staff by KUSF contributors and recipients and by the administrator for calculation of the rate by Staff and further input from KUSF contributors. The Commission issues an order determining the assessment rate that should be applied to the intrastate

telecommunications retail revenues of all telecommunications carriers, telecommunications public utilities, and wireless telecommunications service providers, and interconnected Voice over Internet Providers (VoIP) for the following year of KUSF operations.

2. Additionally, pursuant to K.S.A. 2009 Supp. 66-2005(e), on March 1, 2007, and every two years thereafter, the Commission must determine a new affordable residential and single-line business rate for rate-of-return rural local exchange companies (RLECs).

3. The Commission has received a Memorandum from Staff, filed September 22, 2010, addressing the need to open the investigation to determine the assessment rate for the fifteenth year of the KUSF and the new residential and single-line business affordable rate. Staff notes that previously, the KUSF assessment rate and the affordable rates were determined in separate dockets; however, K.S.A. 2009 Supp. 66-2005(e)(1)(C) requires that local rates in effect as of October 1 be used in the calculation of the affordable rate, leaving insufficient time for the submission of data in two separate dockets.

4 Staff requests the Commission require all incumbent and competitive ETCs seeking KUSF support, regardless of the area in which such support is requested, file Attachment A no later than November 3, 2010. Incumbent local exchange companies (LECs) shall file line counts and rates as of September 30, or October 1, 2010, no later than November 3, 2010 by filing Attachment B. Staff's Memorandum points out that Attachment B must be completed by each rural LEC with residential and/or single-line business rates that are less than the estimated statewide average target rate of \$16.25 and \$19.25. Staff notes that in the event a rural LEC elects not to raise its rates to the target rate, the company's KUSF support will be reduced by the amount of additional revenue the company could have received had it increased rates, consistent

with K.S.A. 2009 Supp. 66-2005(d). The access lines should be reported for each rate level as of September 30, 2010.

5. Southwestern Bell Telephone Company d/b/a AT&T Kansas (SWBT) and competitive ETCs seeking KUSF support in SWBT's service area must complete and file Attachment C. A competitive ETC provisioning service in SWBT's service area via Local Wholesale Complete will need to complete and file Attachment C-1. The United Telephone Companies of Kansas d/b/a CenturyLink (CenturyLink) and competitive ETCs seeking KUSF support in CenturyLink's service area must complete and file Attachment D. Attachment E should be filed by each competitive ETC seeking KUSF support within any rural LEC study area and/or exchanges. Documentation to support the information reported in the Attachments is also to be provided to Staff.

6. The Commission finds that it is appropriate to open this investigation to determine the KUSF assessment rate for the fifteenth year of the KUSF. Because the assessment rate must be determined sufficiently in advance of the March 1, 2011 implementation date to permit companies to make any necessary changes to bills, the Commission finds it appropriate to open this docket at this time. The Commission directs all companies to file all necessary Attachments and provide supporting documentation to Staff no later than November 3, 2010, to enable Staff to complete all calculations and allow for response from interested parties. Failure to file all required data by the required date may jeopardize the statutorily mandated implementation date and could result in imposition of a fine on a tardy party. K.S.A. 2009 Supp. 66-138. All companies are encouraged to contact Staff with questions.

7. The Commission notes the Court of Appeals issued an Opinion in *Bluestem Telephone Company, et al., v. Kansas Corporation Commission*, 33 Kan. App. 2d 817 (2005)

(*Bluestem*), in which it among other matters determined that K.S.A. 66-2008(e) precludes distribution of KUSF support to rate-of-return regulated companies based on line count.

Although KUSF support is not distributed to rate-of-return regulated companies on the basis of line count, the Commission nevertheless requires the rate-of-return regulated companies to report their line counts as of September 30, 2010 to enable Commission Staff to calculate the maximum per line assessment for these companies and KUSF support available to competitive ETCs.

8. The Commission establishes the following procedural schedule:

Submission of data	November 3, 2010
Staff direct testimony	December 23, 2010
Intervener testimony	January 6, 2011
Staff rebuttal testimony	January 13, 2011
Hearing	January 19, 2011, 9:00 a.m.

9. Consistent with past procedures, a party becoming aware of a computational error within the calculations supported by Staff's direct testimony should notify Staff as quickly as possible to allow Staff to file revised calculations if necessary.

10. An evidentiary hearing will be held on January 19, 2009, beginning at 9:00 a.m. in the Commission's First Floor Hearing Room, 1500 SW Arrowhead Road, Topeka Kansas. The Commissioners will preside. Any party who fails to attend or participate in the hearing or in any other stage of this proceeding may be held in default under the Kansas Administrative Procedure Act, K.S.A. 2009 Supp. 77-518(c)(8) and K.S.A. 77-520.

11. A pre-hearing conference will be established at a later date, if deemed necessary. The attorney who has been designated to appear for Commission Staff in this proceeding is Colleen R. Harrell, Litigation Counsel, 1500 SW Arrowhead Road, Topeka, Kansas 66604, (785) 271-3138.

12. This order and the final order determining the assessment rate will be served on all parties. Any party wishing to receive pleadings and other orders shall enter an appearance in this docket by Friday, October 29, 2010. The Citizens' Utility Ratepayer Board (CURB) is made a party to this docket, is not required to file an entry of appearance, and shall be served with all pleadings.

13. The Commission observes that by agreement of the parties to past KUSF assessment dockets, only the Commission, Staff and CURB have access to confidential information in this docket. The Commission will issue a Protective Order applicable to CURB only.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. This docket shall be opened for the purposes of determining the KUSF assessment rate for the fifteenth year of operations, and for determining a new target affordable residential and single-line business rate.

B. Parties that wish to receive pleadings and intermediate orders shall enter their appearances, as set out above, by **Friday, October 29, 2010**. All data required on the relevant Attachments A – E, as appropriate, must be filed in this docket and supporting documentation provided to Staff no later than **November 3, 2010**. The procedural schedule set out in paragraph 8, above, is adopted.

C. The parties have fifteen days, plus three days if service of this order is by mail, from the date this order was mailed in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2009 Supp. 77-529(a)(1).

D. 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.; Harkins, Com.; Loyd, Com.

Dated: SEP 30 2010

**ORDERED MAILED**

SEP 30 2010

 EXECUTIVE  
DIRECTOR

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Susan K. Duffy  
Executive Director

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