

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

JAN 07 2013

In the Matter of a General Investigation to)
Review and Determine Whether the Kansas)
Universal Service Fund (KUSF) Should)
Support all Lines or be Limited to a Primary)
Line, Whether KUSF Support Available to)
Competitive Eligible Telecommunications)
Providers Should be Limited, and Other)
Appropriate Issues Related to Initial or)
Supplemental KUSF Support.)

by
State Corporation Commission
of Kansas

Docket No. 13-GIMT-260-GIT

**REPLY COMMENTS OF THE
CITIZENS' UTILITY RATEPAYER BOARD**

COMES NOW the Citizens' Utility Ratepayer Board ("CURB") and files the following reply comments in this docket related to the Kansas Corporation Commission's ("KCC" or "Commission") October 25, 2012, Order ("KUSF Order") soliciting comments concerning the Kansas Universal Service Fund ("KUSF").

I. INTRODUCTION

1. After reviewing the initial comments filed in this docket by other parties, CURB offers these comments.

II. COMMENTS

2. As expected, the initial comments filed by the parties in this docket are widely divergent ranging from calls to broaden the KUSF to support advanced services, to supporters of reduced KUSF support, to those who say just leave things alone. For example, N.E. Colorado Cellular, Inc., Viaero Wireless, ("Viaero") states, "Viaero urges the Commission to reject efforts to implement a primary line restriction, and instead to

open a broader rulemaking to determine how to reform the KUSF to promote advanced services and technologies consumers want and demand.”¹

3. Similarly USCOC of Nebraska/Kansas, LLC, and Kansas #15 Limited Partnership, d/b/a U.S. Cellular (“U.S. Cellular”) states, “Any effort to reform the Kansas Universal Service Fund (“KUSF”) must, as its primary goal, ensure that consumers throughout Kansas have affordable access to the technology and communications services that Kansans want and upon which they rely.”²

4. In support of reducing the KUSF, Eagle Communications, Inc. (“Eagle”) states, “Most customers now utilize both wireline and wireless services and have multiple avenues of access to not only the public switched telephone network, but also to the Internet. Given the changes that have occurred over the past 12 years since the Commission made its findings and conclusions in Docket No. 99-GIMT-326-GIT, the time has come to limit KUSF support to one-line per customer and furthermore, to eliminate KUSF funding communities where unfunded competition exists.”³

5. Verizon states, “The Commission should continually strive to reduce or eliminate the financial burden that the KUSF imposes on consumers, and implementing a primary line rule and eliminating the identical support rule for CETCs are two ways in which the Commission can promptly do so.”⁴

6. In support of the status quo, AT&T states, “As was the case in 2002 when the Commission concluded that a Primary Line methodology would be too complicated

¹ Comments of Viaero, December 10, 2012, p. 11.

² Comments of US Cellular, December 10, 2012, p. 1.

³ Comments of Eagle, December 10, 2012, p. 3.

⁴ Verizon’s Initial Comments, December 10, 2012, p. 2.

and costly to implement; AT&T believes the same conclusion holds true today and is the correct conclusion at this time.”⁵

7. These divergent positions illustrate both the complexity in accomplishing the Commissions’ stated goals in this docket, and illustrate the difference of opinion companies have regarding the scope and purpose of the KUSF. To clarify the scope and purpose of the KUSF, it is helpful to review the definition of universal service contained in Kansas Statute 66-1,187(p):

“...telecommunications services and facilities which include single party, two-way voice grade calling, stored program controlled switching with vertical service capability, E911 capability, tone dialing, access to operator services, access to directory assistance, and equal access to long distance services.

8. CURB urges the Commission to focus on this definition and disregard comments seeking to expand the scope of services being discussed in this docket.⁶ Certainly it is necessary for all Kansans to have access to broadband services but they should not be a focus in this docket. Parties seeking to expand the definition of universal service contained in K.S.A. 66-1,187(p) are entitled to seek statutory changes with the Kansas Legislature.

9. CURB also urges the Commission to disregard comments concluding that while a primary line requirement might be a good thing, it is too difficult to implement. CURB sees at least two scenarios that would assist in the implementation of a primary line policy.

⁵ Comments of AT&T, December 10, 2012, ¶ 5.

⁶ In addition to universal service support the KUSF supports Lifeline, Telecommunications Relay Service, Telecommunications Access Program, and Kan-Ed. However, these costs can be considered incremental to the defined universal services.

10. The first recommendation is to implement what was referenced in Docket No. 99-GIMT-326-GIT ("326 Docket") as Staff proposal #2. Proposal #2 was summarized by Staff in a Staff Memorandum, Section B.3, as follows:

Under Proposal 2 all Eligible Telecommunications Carriers (ETCs) would share in KUSF support payments. One of the main differences is that the plan looks at the primary line furnished by each carrier. So if a customer had one line from the ILEC and a second one from the CLEC, the support would be shared by the two companies, rather than one carrier getting all the support and none for the second carrier. If a carrier provides two lines to a customer, it would report only the first line for KUSF support purposes. **The total KUSF support would be capped for the service area (most likely an exchange or zone), and divided among the carriers based upon their share of primary lines. Since carriers would only be responsible for counting their own primary lines, they will not need to coordinate with other carriers since customers would not be making a primary line designation.**⁷ (Emphasis added.)

11. CURB continues to support this basic framework. As CURB stated in the 326 Docket:

...Proposal #2 adequately address the need to support universal service in all areas of Kansas, provides adequate incentives for CLECs to enter the Kansas market and helps prevent unreasonable growth in the KUSF. At the same time it will be virtually transparent to consumers and the implementation and administration of the proposal appears to be much simpler than Proposal #1.⁸

12. To this basic framework CURB recommends that the KUSF for CETCs be capped at the service area (or wire center or zone level) and phased down over a five year period, to match the corresponding reductions at the federal level.

⁷ Staff Memorandum, Sept. 19, 2001, p. 15, 326 Docket.

⁸ Reply Comments of CURB, Dec. 14, 2001, p. 1.

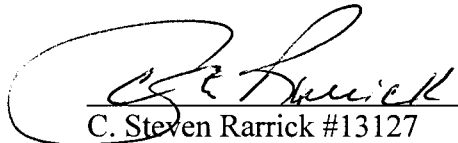
13. As a possible alternative, both U.S. Cellular and Viaero discuss implementing a primary line system similar to the FCC's Lifeline Eligibility System to track which lines are eligible for primary line support in a competitively-neutral manner.⁹

14. CURB recognizes that additional effort will be required to fully implement our recommendations, but as a start CURB recommends the Commission consider Proposal #2 as the framework for a new approach to the KUSF.

IV. CONCLUSION

15. WHEREFORE, CURB requests that the Commission accept and review these comments in the ongoing deliberations in this docket.

Respectfully submitted,


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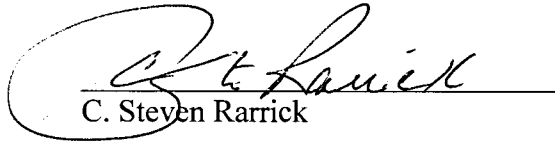
⁹ Comments of US Cellular, December 10, 2012, pp. 10-11; Comments of Viaero, December 10, 2012, pp. 10-11.

VERIFICATION

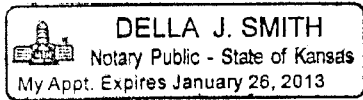
STATE OF KANSAS)
COUNTY OF SHAWNEE) ss:

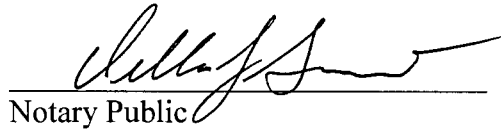
I, C. Steven Rarrick, of lawful age, being first duly sworn upon his oath states:

That he is an attorney for the Citizens' Utility Ratepayer Board, that he has read the above and foregoing document, and, upon information and belief, states that the matters therein appearing are true and correct.


C. Steven Rarrick

SUBSCRIBED AND SWORN to before me this 7th day of January, 2013.


DELLA J. SMITH
Notary Public - State of Kansas
My Appt. Expires January 26, 2013


Notary Public

My Commission expires: 01-26-2013.

CERTIFICATE OF SERVICE

13-GIMT-260-GIT

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service this 7th day of January, 2013, to the following parties who have waived receipt of follow-up hard copies:

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