

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of an Investigation to Address) Docket No. 16-GIMT-511-GIT
CenturyLink's CAF II and KUSF Support)

NOTICE OF FILING OF STAFF'S REPORT AND RECOMMENDATION

The Staff of the Kansas Corporation Commission (Staff and Commission, respectively) hereby submits a Report and Recommendation regarding a computational error discovered by GVNW Consulting, Inc. regarding CenturyLink's Kansas Universal Support Fund (KUSF) support calculation for September 2016 through February 2017. Staff recommends the Commission:

(1) Issue an Order to authorize CenturyLink to receive \$905,371 of monthly KUSF support, effective September 2016 through February 2017.

WHEREFORE, Staff requests the Commission issue an order adopting Staff's recommendation.

Respectfully Submitted,



Michael Neeley, S. Ct. #25027
Litigation Counsel
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone: 785-271-3173
Fax: 785-271-3167

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

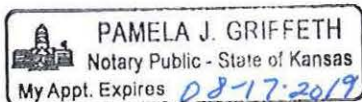
VERIFICATION

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 *Notice of Filing of Staff's Report and Recommendation* and that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Michael Neeley # 25027
Kansas Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 1st day of November, 2016.


Notary Public

My Appointment Expires: August 17, 2019

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chairman Jay Scott Emler
Commissioner Shari Feist Albrecht
Commissioner Pat Apple

FROM: Sandy Reams, Assistant Chief of Telecommunications
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: October 31, 2016

SUBJECT: Docket Number: 16-GIMT-511-GIT
In the Matter of an Investigation to Address CenturyLink's CAF II and KUSF Support.

EXECUTIVE SUMMARY:

In its August 22, 2016, Report and Recommendation, Staff recommended that the Commission issue an Order to, amongst other items, authorize CenturyLink to receive \$905,202 of monthly Kansas Universal Service Fund (KUSF) support, effective September 2016 through February 2017. On October 11, 2016, the Commission issued an Order adopting Staff's Report and Recommendation and authorizing the adjustment to CenturyLink's monthly KUSF support.

Subsequent to the Commission's Order, Staff became aware of a computational error and, therefore, recommends the Commission issue an Order modifying CenturyLink's KUSF support, effective September 2016 through February 2017, from \$905,202 to \$905,371. Staff's revised calculations are contained in Attachment 1 to this Report.

BACKGROUND:

On May 24, 2016, the Commission issued an Order opening this Docket and directing CenturyLink to file its proposed Connect America Fund, Phase II (CAF II) model, its calculated CAF II support offset and resulting KUSF support by July 1, 2016. The Commission directed Staff to file a Report and Recommendation addressing the

CenturyLink's information and the resulting KUSF support no later than August 20,¹ 2016.

On June 30, 2016, CenturyLink filed its CAF II model summary and related CAF II and KUSF support calculations. On August 16, 2016, CenturyLink filed a revised CAF II model, supporting a \$3,939 annual increase in its KUSF support.

On August 22, 2016, Staff filed a Report and Recommendation to recommend the Commission issue an Order to: Staff recommends the Commission issue an Order to adopt CenturyLink's CAF II model, the annual true-ups proposed by Staff, a net \$41,044 reduction to CenturyLink's KUSF support for January 2015 through February 2017 to be recovered via a \$6,841 monthly reduction in the Company's KUSF support, effective September 2016 through February 2017. As a result, the Company would receive \$905,202 of monthly KUSF support each month. Staff also recommended the Commission adopt a biannual true-up process for the Company's CAF II and KUSF support, with the true-ups occurring either in this Docket or a separate docket.

On October 11, 2016, the Commission issued an Order adopting Staff's Report and Recommendation. The Order, in part, recognized the \$41,044 net true-up, resulting in a reduction in the Company's KUSF support and authorized CenturyLink to receive \$905,202 of monthly KUSF support, effective September 2016 through February 2017.

ANALYSIS:

On October 31, 2016, GVNW Consulting, Inc. (GVNW), the KUSF Administrator, advised Staff that the KUSF support worksheet, detailing the calculation of the Company's KUSF support, showed the Company should receive \$905,371 of monthly KUSF support for September 2016 through February 2017. In comparison, Staff's August 22, 2016 Report recommended the Company receive \$905,202 of monthly KUSF support, which the Commission authorized in its October 11, 2016 Order.

Staff's review of its calculation worksheets showed Staff incorrectly applied the monthly true-up to the Company's March 1, 2016 KUSF support amount instead of the adjusted KUSF support amount to be effective September 1, 2016. Staff's calculations are contained in Attachment 1 to this Report.

RECOMMENDATION:

Staff recommends the Commission issue an Order to authorize CenturyLink to receive \$905,371 of monthly KUSF support, effective September 2016 through February 2017.

¹ August 20, 2016, is a Saturday; therefore, Staff's Report and Recommendations is due Monday, August 22, 2016.

REVISED
 Summary of
 CenturyLink KUSF Years 18 - 20
 (For Jan. 2015- Feb. 2017)
 CAF II Support True-Up

REVISED

<u>KUSF Year:</u>	<u>Amount</u>	
Year 18	\$ (44,983)	
Year 19	-	
Year 20	3,939	
Total True-Up	<u>\$ (41,044)</u>	
Total True-Up	\$ (41,044)	
Recovery Period (months)	6	
Monthly Adjustment	<u>\$ (6,841)</u>	
Adjusted Monthly KUSF Support	\$ 912,371	New amount, Sept. 2016
Monthly Adjustment	(6,841)	True-Up adjustment
Adjusted KUSF Support	<u>\$ 905,531</u>	Corrected KUSF Support

ORIGINAL

<u>KUSF Year:</u>	<u>Amount</u>	
Year 18	\$ (44,983)	
Year 19	-	
Year 20	3,939	
Total True-Up	<u>\$ (41,044)</u>	
Total True-Up	\$ (41,044)	
Recovery Period (months)	6	
Monthly Adjustment	<u>\$ (6,841)</u>	
March 1, 2016 Monthly KUSF Support	\$ 912,043	3/1/2016 Support
Monthly Adjustment	(6,841)	True-Up Adjustment
Adjusted KUSF Support	<u>\$ 905,202</u>	KUSF Support per Order

CERTIFICATE OF SERVICE

16-GIMT-511-GIT

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation was served by electronic service on this 1st day of November, 2016, to the following:

BRIAN G. FEDOTIN, DEPUTY GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3314
b.fedotin@kcc.ks.gov

MICHAEL NEELEY, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
m.neeley@kcc.ks.gov

JOHN R. IDOUX, DIRECTOR KANSAS GOVERNMENTAL
AFFAIRS
UNITED TELEPHONE CO. OF KANSAS
D/B/A CENTURYLINK
600 NEW CENTURY PKWY
NEW CENTURY, KS 66031
Fax: 913-345-6756
john.idoux@centurylink.com

TORRY R. SOMERS, ASSOCIATE GENERAL COUNSEL
UNITED TELEPHONE CO. OF KANSAS
D/B/A CENTURYLINK
6700 VIA AUSTI PKWY
LAS VEGAS, NV 89119
Fax: 702-244-7775
torry.r.somers@centurylink.com

KEVIN K. ZARLING
UNITED TELEPHONE CO. OF KANSAS
D/B/A CENTURYLINK
400 W 15TH ST STE 315
AUSTIN, TX 78701-1647
Fax: 913-345-6756
kevin.k.zarling@centurylink.com



Pamela Griffeth
Administrative Specialist