

revenue requirements, investments and expenses, subject to the annual cap established pursuant to subsection (e)(3).

4. On November 22, 2024, Moundridge filed an Application requesting \$1,311,826 of annual support from the Kansas Universal Service Fund (“KUSF”).⁴ Moundridge’s application contained schedules required by K.A.R. 82-1-231, which contained evidence reflecting Moundridge’s embedded costs, revenue requirements, investments and expenses.⁵ Currently, Moundridge does not receive any KUSF annual support.

5. On December 10, 2024, pursuant to K.S.A. 66-117(c), the Commission issued a Suspension Order, establishing a July 21, 2025, deadline for a final order on Moundridge’s Application.

6. Commission Staff (“Staff”) investigated Moundridge’s Application and proffered to set Moundridge’s KUSF support at \$1,009,114, based upon its review of Moundridge’s embedded costs, revenue requirements, investments, and expenses.⁶

7. On April 18, 2025, Commission Staff (“Staff”) and Moundridge filed a Joint Motion to Approve Settlement Agreement; Cancel Remaining Procedural Schedule; and Render a Decision on Paper Record. Under the proposed settlement, Moundridge will receive annual KUSF support in the amount of \$1,012,411 (subject to proration).⁷ At the conclusion of the five-year amortization period allowed for rate case expenses, Moundridge’s annual KUSF draw will be reduced by \$25,594 (one-fifth of the total trued-up rate case expense of \$127,970).⁸ The Parties

⁴ Application; Direct Testimony of Nick Huckaby, p. 29 (Nov. 20, 2024).

⁵ *See id.*

⁶ Testimony of Kristina A. Luke-Fry, p. 6 (Mar. 27, 2025).

⁷ Joint Motion to Approve Settlement Agreement; Cancel Remaining Procedural Schedule; and Render a Decision on Paper Record, ¶ 5 (Apr. 18, 2025).

⁸ *Id.*

requested the Commission cancel the evidentiary hearing and proceed on the paper record. Additionally, the Parties request an effective date of June 1, 2025.⁹

8. On April 24, 2025, the Commission granted the Parties' request to cancel the hearing and proceed on the paper record.

9. On April 21, 2025, Kristina A. Luke-Fry submitted Testimony in Support of the Settlement Agreement on behalf of Staff.

10. The law generally favors compromise and settlement of disputes between parties when they enter into an agreement knowingly and in good faith.¹⁰

11. The Settlement Agreement is a unanimous settlement agreement as defined by K.A.R. 82-1-230a, therefore, there is no need to apply the five-factor test.¹¹ Instead, the Commission considers whether the proposed settlement: (1) is supported by substantial competent evidence in the record as a whole; (2) will result in just and reasonable rates; and (3) if it is in the public interest.¹²

12. Substantial competent evidence possesses something of substance and relevant consequence, which furnishes a substantial basis of fact to reasonably resolve the issues.¹³

⁹ *Id.*

¹⁰ *See Krantz v. Univ. of Kansas*, 271 Kan. 234, 241-242 (2001).

¹¹ *See, e.g.*, Docket No. 15-KCPE-116-RTS, Order on KCP&L's Application for Rate Change, ¶ 16 (Sept. 10, 2015). The traditional factors to guide the Commission for reviewing a settlement agreement are:

- (1) Was there an opportunity for the opposing parties to be heard on the reasons for opposition to the settlement agreement?
- (2) Is the settlement agreement supported by substantial competent evidence in the record as a whole?
- (3) Does the settlement agreement conform to applicable law?
- (4) Does the settlement agreement result in just and reasonable rates?
- (5) Are the results of the settlement agreement in the public interest?

In re Application of KC Power & Light Co. (Docket 14-KCPE-0420-TAR) (2014 WL 5426917, ¶ 16) (Oct. 23, 2014). However, the Commission has historically forgone this five-factor test when reviewing proposed unanimous settlement agreements. *See, e.g.*, Staff's Post Hearing Brief, Docket No. 24-SPEE-415-TAR, p. 6 (Jun. 26, 2024) (citing *In re Application of KC Power & Light Co.*, Docket 15-KCPE-116-RTS (Sept. 10, 2015)); *see also*, Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, ¶¶ 9-10 (May 12, 2008).

¹² Order on KCP&L's Application for Rate Change, ¶ 15, Docket No. 15-KCPE-116-RTS (Sept. 10, 2015) (citing *Citizens' Util. Ratepayer Bd. v. Kansas Corp. Comm'n*, 28 Kan. App. 2d 313, 316 (2000)).

¹³ *Farmland Indus., Inc. v. Kansas Corp. Comm'n*, 25 Kan. App. 2d 849, 852 (1999).

Whether another trier of fact could have reached a different conclusion given the same facts is irrelevant; a court can only find that a Commission decision is not supported by substantial competent evidence when the evidence shows “the [Commission’s] decision is so wide of the mark as to be outside of the realm of fair debate.”¹⁴ The proposed Settlement here is supported by Moundridge’s Application, schedules and direct testimony from Moundridge and Staff.¹⁵ Having reviewed the record as a whole, the Commission finds the Settlement Agreement is supported by substantial competent evidence.

13. An examination of just and reasonable rates has limited applicability to the Settlement Agreement in this Docket, primarily because the Settlement Agreement does not revise the tariffed rates charged to Moundridge’s customers.¹⁶ However, Staff concluded that its audit of Moundridge’s schedules show the compromised KUSF support will allow a support level for Moundridge “to recover its embedded costs, revenue requirements, investments and expenses.”¹⁷ Therefore, the Commission finds the KUSF support agreed to by the parties is just and reasonable.

14. Further, the Commission finds the approval of the Settlement Agreement is in the public interest. Public interest is served when customers are protected from unnecessarily high prices, discriminatory prices, and/or unreliable service.¹⁸ Because Staff’s investigation found that Moundridge did not require as much KUSF support than what was requested, and the settlement avoids additional administrative costs, KUSF contributors would be protected from paying unnecessarily higher assessment rates.¹⁹

¹⁴ See *id.* at 851.

¹⁵ Testimony in Support of Settlement Agreement prepared by Kristina A. Luke-Fry, p. 2 (Apr. 21, 2025).

¹⁶ *Id.*, p. 4.

¹⁷ *Id.* (Staff states it conducted its audit review pursuant to K.A.R. 82-1-231, and as provided in K.S.A. 66-2008(e)(1), any adjustment to rate of return for KUSF support “shall ensure the reasonable opportunity for recovery of such carrier’s intrastate embedded costs, revenue requirements, investments and expenses” subject to the statutory cap).

¹⁸ *Id.*

¹⁹ *Id.*

15. Moundridge's KUSF support will be effective on the first of the month following the issuance of a Commission Order (or June 1, 2025, as agreed to by the parties).²⁰ Therefore, Moundridge's KUSF support will be effective on June 1, 2025.

16. Based on the foregoing, the Commission finds the proposed Settlement Agreement is supported by substantial competent evidence in the record as a whole, results in just and reasonable rates, and is in the public interest. Thus, the Commission approves the Settlement Agreement in its entirety.

THEREFORE, THE COMMISSION ORDERS:

A. The Joint Motion to Approve Settlement Agreement is granted. The Settlement Agreement is approved in its entirety. The terms of the attached Settlement Agreement are incorporated into this Order, and attached hereto.

B. The Commission approves Moundridge's annual KUSF support of \$1,012,411, subject to any pro-rata reduction mandated by K.S.A. 66-2008(e)(3), effective June 1, 2025.

C. At the conclusion of the five-year amortization period allowed for rate case expenses, Moundridge's annual KUSF draw will be reduced by \$25,594 (one-fifth of the total trued-up rate case expense of \$127,970).

D. Any party may file a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²¹

²⁰ *Id.*, p. 2.

²¹ K.S.A. 77-503(c); K.S.A. 77-531(b).

BY THE COMMISSION IT IS SO ORDERED.

French, Chairperson; Keen, Commissioner; Kuether, Commissioner

Dated: 05/01/2025



Celeste Chaney-Tucker
Executive Director

ARB

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of)	
Moundridge Telephone Company for Kansas)	Docket No. 25-MRGT-222-KSF
Universal Service Fund Support)	

SETTLEMENT AGREEMENT

The Staff of the State Corporation Commission of the State of Kansas (“Staff”) and Moundridge Telephone Company (“Moundridge”) (Staff and Moundridge collectively, the “Parties”), pursuant to K.A.R. 82-1-230a, hereby submit this unanimous settlement agreement to the State Corporation Commission of the State of Kansas (the “Commission”) for approval and to resolve all disputed matters in the above-captioned proceeding.

I. Moundridge’s Annual Total KUSF Support Amount

1. The Parties agree that the Commission shall set Moundridge’s total amount of annual KUSF support at \$1,012,411. Pursuant paragraph 25 of Commission’s January 4, 2018, order in Docket No. 17-RNBT-555-KSF, the parties request an effective date of June 1, 2025.
2. The Parties agree that the \$1,012,411 shall be Moundridge’s total amount of annual KUSF support prior to any pro-rata reduction that may be required pursuant to K.S.A. 66-2008(e)(3).

II. Moundridge’s Total KUSF Rate Case Expense

3. The Parties agree that Moundridge’s total KUSF rate case expense for this proceeding shall be \$127,970. The Parties further agree that this expense amount shall be amortized and recovered over five (5) years. Accordingly, five years after the Commission issues a final order approving this Settlement Agreement, Moundridge’s total amount of annual KUSF support shall be reduced by \$25,594 to reflect the complete recovery of the amortized rate case expense.

III. General Provisions

4. This Agreement represents a negotiated settlement that resolves the issues in this docket as between the Parties. The Parties represent that the terms of the Agreement constitute a fair and reasonable outcome and comport with the statutory requirements of K.S.A. 66-2008(e) for purposes of calculating Moundridge's KUSF support. Except as specified herein, the Parties shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in the instant proceeding. If the Commission accepts this Agreement in its entirety and incorporates the same into a final order without material modification, the Parties shall be bound by its terms and the Commission's order incorporating its terms as to all issues addressed herein and in accordance with the terms hereof and will not appeal the Commission's order on these issues. The Parties recognize that, pursuant to K.A.R. 82-1-230a(b), the Commission may approve, reject, or modify any Settlement Agreement. Should the Commission not approve the terms of this Settlement Agreement in full, the Parties agree that by entering into this Settlement Agreement, they are not waiving any arguments.

5. Except as expressly stated herein, the Parties shall not be bound, prejudiced, or affected in any way by the terms of this Settlement Agreement: (i) in any future Commission proceeding; (ii) in any Commission proceeding currently pending in a separate docket; or (iii) in this proceeding if the Commission declines to approve this Settlement Agreement.

7. If the Commission declines to approve this Settlement Agreement in its entirety, this Settlement Agreement shall be voidable by either or both of the Parties, and the Parties' decisions to enter into this Settlement Agreement shall not be construed as a waiver of any argument.

8. Nothing in this Settlement Agreement shall prohibit or restrict the Commission's ability to exercise any statutory right or limit the Commission's access to information in this proceeding.

IV. Remaining Procedural Schedule

9. The Parties agree each will respectively file Testimony in Support of this Agreement on or before May 2, 2025. Moundridge may file testimony, but it is not required to do so. Staff's testimony will address the three factors the Commission typically considers when evaluating a unanimous settlement agreement.

Respectfully submitted,

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CERTIFICATE OF SERVICE

25-MRGT-222-KSF

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 05/01/2025.

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