

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

Before Commissioners:                    Andrew J. French, Chairman  
   Dwight D. Keen  
   Susan K. Duffy

In the Matter of an Investigation to Determine    )  
the Affordable Local Service Rates for Rate-    )  
of-Return Regulated Carriers and the Annual    ) Docket No. 21-GIMT-095-GIT  
Assessment Rate for the Twenty-Fifth Year of    )  
the Kansas Universal Service Fund, Effective    )  
March 1, 2021.    )

**ORDER ADOPTING KUSF YEAR 25 ASSESSMENT RATE AND AFFORDABLE  
RATES; ADOPTING METHODOLOGY FOR KUSF HIGH-COST SUPPORT CAP  
IMPLEMENTATION**

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records, the Commission finds:

1. On September 3, 2020, the Commission opened this Docket to determine: (1) the assessment rate for the twenty-fifth year of the Kansas Universal Service Fund (KUSF) (March 2021 – February 2022) (KUSF Year 25) pursuant to K.S.A. 66-2008(a); and (2) the affordable rates for local exchange service provided by rural telephone companies subject to traditional rate-of-return regulation pursuant to K.S.A. 66-2005(e).<sup>1</sup>

2. As directed by the Commission’s procedural schedule, on October 16, 2020, the carriers submitted their data, and on December 16, 2020, Staff submitted the Direct Testimony of Sandy Reams (Staff’s Direct Testimony).<sup>2</sup> Reams’ testimony calculates the KUSF Year 25

<sup>1</sup>Order Opening Docket; Establishing Procedural Schedule; Requiring Compliance Filings; and Requiring Entries of Appearance to Participate Sept. 3, 2020.

<sup>2</sup>Direct Testimony of Sandy Reams on Behalf of the Kansas Corporation Commission Staff (Reams Direct), Dec. 16, 2020.

assessment rate and Affordable Rates, and provides calculations regarding implementation of the \$30 million KUSF support cap for local exchange carriers operating under traditional rate-of-return regulation in accordance with K.S.A. 66-2008(e)(2).<sup>3</sup> Reams recommends:

(a) Adopt an \$18.50 affordable residential service rate and a \$21.50 affordable single-line business service rate for the rural local exchange carriers (RLECs), effective March 1, 2021;

(b) Direct the RLECs to file revised local service tariffs to include their new monthly service rates with an effective date of March 1, 2021, in this Docket no later than February 1, 2021; and

(c) Adopt a 10.84% assessment rate for KUSF Year 25.<sup>4</sup>

3. No rebuttal testimony or reply testimony was filed.

4. The Commission's procedural schedule provides in relevant part, "an Evidentiary Hearing currently scheduled January 13, 2021, will only be held if requested by a party on or before January 6, 2020. Otherwise, the Evidentiary Hearing will be deemed waived and cancelled. The Commission will then issue a ruling upon the paper record."<sup>5</sup> Since the Commission did not receive any requests for an evidentiary hearing, the Evidentiary Hearing, tentatively scheduled for January 13, 2021, was canceled.

5. K.S.A. 66-2008(a) authorizes the Commission to require certain carriers to contribute to the KUSF. In Docket No. 94-GIMT-478-GIT, the Commission determined that it would annually determine an assessment rate on intrastate retail revenues that carriers are required

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<sup>3</sup>See *id.*, pp. 3, 12-13.

<sup>4</sup>*Id.*, p. 3.

<sup>5</sup> Order Opening Docket; Establishing Procedural Schedule; Requiring Compliance Filings; and Requiring Entries of Appearance to Participate, Sept. 3, 2020, Ordering Clause G.

to contribute to the fund.<sup>6</sup> Under K.S.A. 66-2008(a), carriers are authorized to assess their customers for the contributions.<sup>7</sup>

6. K.S.A. 66-2005(e) requires the Commission to determine the Affordable Rates.<sup>8</sup>

7. K.S.A. 66-2008(e)(3) requires the Commission to implement a \$30 million cap on KUSF support for local exchange carriers operating under traditional rate-of-return regulation.<sup>9</sup> Accordingly, in Docket No. 20-GIMT-086-GIT, the Commission enacted the pro rata reductions in KUSF support as mandated by K.S.A. 66-2008(e). The RLECs are permitted to either spread out the reduction over the months of January and February 2021, or to take a one-time reduction in KUSF support disbursed for the month of February 2021.<sup>10</sup>

8. The Commission also instructed that: (1) the RLECs' KUSF support should be pro-rated on a 12-month basis at the beginning of the KUSF year (March); and (2) any additional adjustment during the year that impacts the KUSF support paid to an RLEC and the pro-rata KUSF distributions to all RLECs will be accounted for through a mid-year adjustment to the pro-rata distributions.<sup>11</sup>

9. Since Staff's Direct Testimony is unopposed, including its calculations of each RLEC's pro-rated annual KUSF support and resulting KUSF support reduction for KUSF Year 25, there is no reason to question the accuracy of Staff's recommendations or calculations. Accordingly, the Commission adopts Staff's recommendations to: (1) set the assessment rate for KUSF Year 25 at 10.84%; (2) set an \$18.50 affordable residential service rate and a \$21.50 affordable single-line business service rate for the rural local exchange carriers (RLECs), effective

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<sup>6</sup>See K.S.A. 66-2008(a); Order, Docket No. 94-GIMT-478-GIT, Dec. 27, 1996, pp. 39-40.

<sup>7</sup>See K.S.A. 66-2008(a).

<sup>8</sup>See K.S.A. 66-2005(e).

<sup>9</sup>See K.S.A. 66-2008(e)(2).

<sup>10</sup> Order Enacting the Pro Rata Reductions in KUSF Support as Mandated by K.S.A. 66-2008(e), Docket No. 20-GIMT-086-GIT, Jan. 14, 2021, ¶ 34.

<sup>11</sup> *Id.*, ¶ 35.

March 1, 2021;<sup>12</sup> (3) direct RLECs intending to adjust their rates to the affordable rates to file revised local service tariffs by February 1, 2021; and (4) adopting the pro-rated annual KUSF support amounts for the RLECs found in Ms. Reams' Direct Testimony, attached to this Order as Attachment A.

**THEREFORE, THE COMMISSION ORDERS:**

- A. The assessment rate for KUSF Year 25 (March 2021 – February 2022) is 10.84%.
- B. The affordable residential service rate and affordable single-line business service rate for the RLECs is \$18.50 and \$21.50, respectively.
- C. RLECs intending to adjust their rates to the affordable rates shall file revised local service tariffs by February 1, 2021, with an effective date of March 1, 2021.
- D. The pro-rated annual KUSF support amounts for the RLECs found in Attachment A are adopted. Staff is directed to provide updated pro-rated amounts whenever there are changes to the RLECs' high-cost support.
- E. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>13</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chairman; Keen, Commissioner; Duffy, Commissioner

Dated: 01/21/2021



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Lynn M. Retz  
Executive Director

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<sup>12</sup> There will be a corresponding reduction in each RLEC's KUSF support associated with increasing rates. See Reams Direct, p. 9.

<sup>13</sup>K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

**KUSF Support Cap - Adjusted for all Known Changes**

		\$			\$			\$
Total Annual Support Payable								31,486,081
Statutory Cap								30,000,000
Annual KUSF Support Adjustment								<u>\$ (1,486,081)</u>
Line	Company	FY 25 Unadjusted Annual KUSF (A)	Pro-Rated Percentage / KUSF Support (B)	Pro-Rated Annual KUSF Support (C = A x B)	Total KUSF Support Adjustment (D = C - A)	Monthly KUSF Support Adjustment (E = D / 12)		
1	Blue Valley	\$ 1,623,238	5.16%	\$ 1,546,625	\$ (76,614)	\$ (6,384)		
2	Columbus [a]	-	0.00%	-	-	-		
3	Consolidated Communications KS [b]	-	0.00%	-	-	-		
4	Consolidated Communications MO [c]	-	0.00%	-	-	-		
5	Craw-Kan	2,240,843	7.12%	2,135,080	(105,763)	(8,814)		
6	Cunningham	869,349	2.76%	828,318	(41,032)	(3,419)		
7	Elkhart	768	0.00%	731	(36)	(3)		
8	Golden Belt	1,785,044	5.67%	1,700,794	(84,251)	(7,021)		
9	Gorham	554,770	1.76%	528,586	(26,184)	(2,182)		
10	H & B	691,184	2.20%	658,561	(32,623)	(2,719)		
11	Haviland [d]	-	0.00%	-	-	-		
12	Home	559,955	1.78%	533,526	(26,429)	(2,202)		
13	JBN	618,531	1.96%	589,337	(29,193)	(2,433)		
14	KanOkla	691,704	2.20%	659,057	(32,647)	(2,721)		
15	LaHarpe [e]	-	0.00%	-	-	-		
16	Madison	227,067	0.72%	216,350	(10,717)	(893)		
17	Mokan [f]	-	0.00%	-	-	-		
18	Moundridge [g]	-	0.00%	-	-	-		
19	Mutual	219,655	0.70%	209,288	(10,367)	(864)		
20	Peoples	489,591	1.55%	466,484	(23,108)	(1,926)		
21	Pioneer	3,589,594	11.40%	3,420,172	(169,422)	(14,118)		
22	Rainbow	797,433	2.53%	759,795	(37,637)	(3,136)		
23	Rural	2,659,047	8.45%	2,533,545	(125,502)	(10,458)		
24	S & A	348,499	1.11%	332,050	(16,448)	(1,371)		
25	S & T	1,186,881	3.77%	1,130,862	(56,018)	(4,668)		
26	South Central	231,221	0.73%	220,308	(10,913)	(909)		
27	Southern Kansas	1,199,274	3.81%	1,142,670	(56,603)	(4,717)		
28	Total	236,499	0.75%	225,337	(11,162)	(930)		
29	Tri-County	1,326,913	4.21%	1,264,285	(62,628)	(5,219)		
30	Tri-County - Council Grove	969,919	3.08%	924,141	(45,778)	(3,815)		
31	Twin Valley	3,507,739	11.14%	3,342,181	(165,558)	(13,797)		
32	United Telephone Assoc.	1,613,256	5.12%	1,537,113	(76,142)	(6,345)		
33	Wamego	1,601,379	5.09%	1,525,797	(75,582)	(6,298)		
34	Wheat State	613,732	1.95%	584,765	(28,967)	(2,414)		
35	Wilson	733,880	2.33%	699,242	(34,638)	(2,886)		
36	Zenda	299,116	0.95%	284,999	(14,118)	(1,176)		
<b>Total</b>		<b>\$ 31,486,081</b>	<b>100%</b>	<b>\$ 30,000,000</b>	<b>\$ (1,486,081)</b>	<b>\$ (117,456)</b>		

Notes

- [a] Company's KUSF support was eliminated, effective March 1, 2017 [Jan. 19, 2017 Order, Docket 17-GIMT-008-GIT].
- [b] Company does not receive KUSF support [Docket Nos. 05-GIMT-094-GIT/06-FMCT-858-COC]. Name change, Docket No. 19-FMCT-161-CCN.
- [c] Company does not receive KUSF support [May 2, 2003 Order, Docket No. 01-SFLT-879-AUD]. Name change, Docket No. 19-SFLT-197
- [d] Company does not receive KUSF support [Sept. 2010 Order, Docket No. 10-HVDT-288-KSF].
- [e] Company does not receive KUSF support, effective July 1, 2018 [June 26, 2013 Order, Docket No. 12-LHPT-875-AUD].
- [f] Company does not receive KUSF support (Jan. 12, 2004 Order, Docket No. 04-MKNT-364-AUD).
- [g] Company does not receive support [April 27, 2015 Order, Docket No. 15-MRGT-097-AUD].

**CERTIFICATE OF SERVICE**

21-GIMT-095-GIT

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 01/21/2021.

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**CERTIFICATE OF SERVICE**

21-GIMT-095-GIT

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