

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
 Thomas E. Wright
 Shari Feist Albrecht

In the Matter of a General Investigation to)
Determine the Assessment Rate and the)
Affordable Local Service Rates for Rate-of-) Docket No. 13-GIMT-130-GIT
Return Regulated Carriers for the Seventeenth)
Year of the Kansas Universal Service Fund,)
Effective March 1, 2013.)

**ORDER SETTING THE KANSAS UNIVERSAL SERVICE FUND ASSESSMENT RATE
FOR YEAR SEVENTEEN AND SETTING AFFORDABLE RATES FOR RURAL
LOCAL EXCHANGE CARRIERS**

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records and being duly advised in the premises, the Commission makes the following findings:

1. On August 21, 2012, the Commission issued, in this docket, its Order Opening Docket and Establishing Procedural Schedule (Opening Order). The Commission made all telecommunications public utilities operating in Kansas parties to the docket and required parties wanting to receive pleadings and non-final orders to enter their appearance. The Citizens' Utility Ratepayer Board (CURB) filed for Intervention which was granted. An appearance was also entered by the State Independent Alliance, AT&T, Southern Kansas Telephone Company, Inc., Mutual Telephone Company, tw telecom of kansas city, llc, CenturyLink, Cox Kansas Telecom, LLC, N.E. Colorado Cellular, Inc. d/b/a Viaero Wireless, Independent Telecommunications Group, Columbus et al., and H&B Cable Service, Inc.

2. The purpose of this docket is to: 1) Determine the Kansas Universal Service Fund (KUSF) assessment rate for March 1, 2013 through February 28, 2014 (Year 17); and 2) Determine the new affordable residential and single-line business rates for rate of return regulated rural local exchange carriers (RLECs).

3. Pursuant to K.S.A. 66-2008 and Commission Order, the KUSF assessment rate is determined on an annual basis in order to ensure sufficient funds are available to pay for KUSF supported programs including: High-Cost Support, Lifeline, Telecommunications Relay Services, the Telecommunications Access Program, and KAN-ED. The KUSF assessment rate is derived by calculating the KUSF budget requirements for the upcoming year and dividing that figure by the total projected assessable intrastate revenues of all required KUSF contributors. K.S.A. 66-2008(a) authorizes KUSF contributors to pass through the assessment to their customers, limited to the amount of the actual assessment. To limit fluctuations in local service bills, the Commission determined in Docket No. 94-GIMT-478-GIT that Local Exchange Carriers (LECs) would recover their KUSF assessment from customers on a per line basis. Therefore, the Commission calculates a maximum monthly per line KUSF assessment amount for SWBT, CenturyLink, and the RLECs as a group.

4. Pursuant to K.S.A. 66-2005(e), the Commission determines the Affordable Rate for residential and single-line business service every two years. The Affordable Rate is a metric used to determine the amount that RLEC customers should be required to pay toward their local service. RLECs with rates below the Affordable Rate will see reduced KUSF High-Cost Support proportionate to the revenue that the carrier could have generated from customers if it increased its rates to the Affordable Rate.

5. Sandra Reams pre-filed Direct Testimony for Staff on December 20, 2012. Based on Staff's calculations, the assessment rate for KUSF Year 17 should be 6.42%. Staff's calculations supported a maximum monthly per line assessment of \$1.53 for the RLECs, \$2.38 for SWBT, and \$1.85 for CenturyLink. Staff's calculations included a Transitional Factor for competitive Eligible Telecommunications Carriers (competitive ETCs) operating in CenturyLink study areas of 1.165834. Finally, Staff's calculations supported a \$16.75 affordable residential and \$19.75 single-line business local service rate for the RLECs.

6. No other parties to the docket filed rebuttal testimony.

FINDINGS AND CONCLUSIONS

7. Because there are no contested issues in this docket, the Commission finds it appropriate to adopt the following: 1) Staff's calculated 6.42% KUSF Year 17 assessment rate; 2) Staff's calculated monthly maximum assessments of \$1.53 for the RLECs, \$2.38 for SWBT, and \$1.85 for CenturyLink; 3) Staff's calculated Transitional Factor of 1.165834; and 4) Staff's calculated \$16.75 affordable residential and \$19.75 single-line business local service rate for RLECs.

8. The Commission clarifies that it requires traditional wireless, prepaid wireless, and VoIP providers to submit a pleading to the Commission if the provider elects to use an intrastate revenue allocation methodology other than the Safe Harbor. Each pleading must be accompanied by an affidavit from an officer of the company to verify the same methodology and the inverse factors, as applicable, are used for Federal Universal Service Fund purposes. Companies must update their methodology and allocation factors at least annually, even if such pleading verifies that no change has occurred. All such pleadings will be entered into the annual KUSF docket for which the methodology and factor(s) are applicable.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:


- A. The KUSF assessment rate for Year 17 is 6.42%.
- B. The RLECs, SWBT, and CenturyLink may charge a maximum monthly per line assessment of \$1.53, \$2.38, and \$1.85, respectively.
- C. The Affordable Rates shall be \$16.75 for residential service, and \$19.75 for single-line business service.
- D. The Transitional Factor applicable to competitive ETCs operating in CenturyLink study areas shall be 1.165834.
- E. Any traditional wireless, prepaid wireless, or interconnected VoIP provider wanting to allocate revenue to the interstate and intrastate jurisdiction for KUSF purposes using the direct assignment or traffic study methodology, or a combination, must file a pleading with the Commission prior to using such methodology. The pleading shall be accompanied by an affidavit signed by an officer of the company and verify that the same methodology is used for Federal Universal Service Fund (FUSF) purposes. The company is required to provide updates to its methodology and allocation factors at least annually, even if such pleading verifies that no change has occurred. All such pleadings will be entered into the annual KUSF docket for which the methodology and factor(s) are applicable.
- F. Any tariff revisions made as a result of adjustments toward the Affordable Rate shall be filed in this docket by January 30, 2013, with an effective date of March 1, 2013.
- G. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 77-529(a)(1).

H. The Commission retains jurisdiction over the subject matter and parties for the purpose of issuing such further order, or orders, as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Dated: JAN 16 2013


ORDER MAILED JAN 17 2013
Patrice Petersen-Klein
Executive Director

MRN