

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

Before Commissioners: Pat Apple, Chairman  
Shari Feist Albrecht  
Jay Scott Emler

In the Matter of An Investigation to Determine )  
the Assessment Rate and the Affordable Local ) Docket No. 17-GIMT-008-GIT  
Service Rate for Rate-of-Return Regulated )  
Carriers for the Twenty-First Year of the )  
Kansas Universal Service Fund, Effective )  
March 1, 2017. )

**ORDER ADOPTING KUSF ASSESSMENT AND AFFORDABLE LOCAL SERVICE  
RATES**

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 16, 2016, the Commission opened the immediate docket to determine the KUSF Year 21 Assessment Rate, effective March 1, 2017, through February 28, 2018, pursuant to K.S.A. 66-2008(a) and Docket No. 94-GIMT-478-GIT. The Commission also opened the docket to determine the affordable residential and single-line business rates provided by rural telephone companies subject to rate of return regulation pursuant to K.S.A. 66-2005(e).

2. On December 15, 2016, Sandra K. Reams filed direct testimony recommending the Commission adopt the following: 1) a KUSF Year 21 Assessment Rate of 7.25%; 2) affordable monthly local service rates of \$17.25 for residential service, and \$20.25 for single-line business service; and 3) a due date of January 30, 2017 for the rural local exchange carriers (RLECs) to file their revised tariffs, to be effective March 1, 2017.<sup>1</sup>

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<sup>1</sup>Direct Testimony of Sandra K. Reams, p. 3 (Dec 15, 2016).

3. The assessment rate was calculated based upon several factors. First, Staff examined the KUSF funding obligations of \$44.1 million, comprised of: 1) \$40.9 million for high-cost support; 2) \$2.7 million for the Telecommunications Relay Service, Telecommunications Access, and Lifeline Service programs; and 3) \$.5 million for KUSF administration and audit expenses. Second, Staff estimated there would be a KUSF balance, or reserve, of \$.9 million as of February 28, 2017. Third, Staff calculated a \$3.2 million Contingency Fund Allowance. Finally, Staff projected a revenue base of \$639.7 million from which to collect the KUSF obligations.

4. The March 1, 2017 affordable residential and single-line business rates were calculated by first determining the revenue for each RLEC. Then the revenue for all RLECs and CenturyLink was summed and divided by the total residential lines reported for all RLECs and CenturyLink, resulting in a weighted average residential rate to be rounded to the nearest “quarter-dollar,” therefore \$17.32 was rounded to \$17.25. K.S.A. 66-2005(e)(1) requires the affordable single-line business rate to be \$3.00 more, thus it will be \$20.25.

5. The Commission’s Order of August 16, 2016 Order directed parties to notify Staff if they became aware of any computational errors in Staff’s calculations. To date none of the parties have identified any errors materially affecting Staff’s calculations.

6. On January 6, 2017, Staff filed a Motion with the Commission requesting cancellation of the scheduled hearing, and requesting a Commission decision based upon the pre-filed testimony of Ms. Reams.

7. The Commission granted Staff’s request to cancel the hearing and render a decision based upon the pre-filed testimony on January 12, 2017.

8. Having reviewed the pre-filed testimony in this docket, the Commission finds that Staff's recommendations should be adopted.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. The Assessment Rate for KUSF Year 21, effective March 1, 2017, through February 28, 2018, shall be 7.25%.

B. The affordable monthly local service rate for the rate of return regulated RLECs, effective March 1, 2017, shall be \$17.25 for residential service, and \$20.25 for single-line business service.

C. The RLECs shall file their revised tariffs by January 30, 2017.


D. Parties have 15 days, plus three days if service 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).

E. 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.**

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated:           **JAN 19 2017**          

  
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Amy L. Green  
Secretary to the Commission

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***EMAILED***

**JAN 19 2017**

## CERTIFICATE OF SERVICE

17-GIMT-008-GIT

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of Electronic Service on JAN 19 2017.

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**CERTIFICATE OF SERVICE**

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**EMAILED**

JAN 19 2017