



2. The Kansas Universal Service Fund (KUSF) was established by the Commission pursuant to K.S.A. 66-2008 and began operations March 1, 1997. The Commission annually establishes the rate to be assessed on intrastate retail revenues of all contributors to the fund. Contributors are allowed to pass through the assessment to their customers, limited to the amount of the actual assessment. K.S.A. 66-2008(a). The assessment also funds Lifeline service, K.S.A. 66-2002(f); dual party relay service and telecommunications equipment for persons with visual impairment and persons with other special needs, K.S.A. 66-2002(g); and KAN-ED support, K.S.A. 66-2010(f).

3. Sandra Reams pre-filed Direct Testimony for Staff on December 23, 2009, and on January 11, 2010 filed minor clerical corrections to a chart on page 5 of her direct testimony. No other party filed testimony and the parties agreed to waive the hearing scheduled for January 20, 2010. Staff informed the Commission by motion dated January 12, 2010, that the parties had all informed Staff that there was no need for the January 20, 2010 technical hearing and requested the Commission issue an order adopting Staff's proposed Year 14 assessment rate of 6.06 percent, effective March 1, 2010. The Commission issued this order on January 13, 2010.

4. On March 10, 2010, in Docket No. 08-GIMT-1023-GIT (08-1023 Docket) the Commission issued an order which reduced CenturyLink's (f/k/a Embarq) intrastate access rates to parity with interstate rates and providing for rebalancing of those reduced rates through the KUSF. In that order, the Commission directed Staff to file a report detailing the actual KUSF support CenturyLink will receive as a result of the Commission's order, as well as the impact of that on the KUSF, by May 14, 2010.

5. On March 18, 2010, Staff filed testimony in this docket recommending that, due to the current financial state of the KUSF the Commission cannot wait until the receipt of Staff's

May report to revise the KUSF assessment rate. Staff noted in its testimony that various factors in addition to the Commission's decision in the 08-1023 Docket contributed to the need to revise the KUSF assessment rate upwards sooner rather than later.<sup>1</sup> Staff recommended that the Commission set the local exchange carrier's (LEC's) per line assessment rate as reflected in Staff's Table 1 at p. 4 of its March 18, 2010 testimony. Under Staff's recommendation, the Rural LEC's per line assessment rate would increase to \$1.51, SWBT's per line assessment rate would increase to \$2.08, and CenturyLink's per line assessment rate would increase to \$1.98.

6. Staff also recommended the Commission increase the KUSF percentage assessment rate to 6.64%, effective June 1, 2010, and recommended the Commission do so by April 16, 2010. Doing so by this date, Staff stated, would allow companies time to revise billing systems to accommodate the increase due to the KUSF on July 15, 2010.

7. Staff stated that the need for the increase in the KUSF assessment rate was due to the following material changes to the KUSF:

- a. the KUSF support payable to CenturyLink increased approximately \$3.8 million;
- b. the KUSF support payable to H&B Cable increased approximately \$8,400;
- c. the KUSF support payable to Nex-Tech Wireless increased approximately \$82,000;
- d. the projected Year 13 ending balance, or reserve, declined \$1.5 million;
- e. the contingency fund allowance increased \$400,000;
- f. the gross KUSF obligations and the adjusted KUSF obligation increased \$5.7 million as a result of those changes;

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<sup>1</sup> See *Supplemental Testimony of Sandra K. Reams*, filed March 18, 2010, p. 2, ll. 1-18.

g. the intrastate retail revenue base from which the KUSF monies can be collected declined \$17.7 million.

8. Although the Commission did not set dates either for the filing of Staff testimony, or the filing of any reply testimony, Staff has informed the Commission that no party to the docket has indicated it opposes Staff's recommendation and a few entities have inquired of Staff when the Commission's order would be issued so that the revising of billing systems and implementation of the new percentage rate could begin.

9. On March 31, 2010, Staff filed its report and recommendation calculating the KUSF support available to CETCs operating in an RLEC's study area. In that report, Staff noted that the Commission requires Staff to file the information contained in this report by April 1 of each year. In its report, Staff recommended the Commission adopt the monthly and annual per line KUSF support as reflected in Attachment 1 to its report. For ease of reference, the Commission attaches Staff's Attachment 1 to this order, as well. Attachment 1 consists of 3 pages. Page 1 reflects the per line KUSF support available in each RLEC's study area, with the exception of the JBN, Madison, and Pioneer study areas. Page 2 reflects the per line KUSF support available in each exchange purchased by an RLEC from CenturyLink, and page 3 reflects the disaggregated per line KUSF support, by exchange and zone, available in JBN, Madison, and Pioneer study areas.

10. The Commission finds that, based upon the evidence presented by Staff in its March 18, 2010 testimony and by its March 31, 2010 report and recommendation, changes should be made to the KUSF, as follows:

a. Effective June 1, 2010, the KUSF assessment rate shall increase to 6.64%.

b. Effective June 1, 2010, the RLEC per line assessment rate shall increase from \$1.39 to \$1.51.

c. Effective June 1, 2010, SWBT's per line assessment rate shall increase from \$1.90 to \$2.08.

d. Effective June 1, 2010, CenturyLink's per line assessment rate shall increase from \$1.81 to \$1.98.

e. Effective March 1, 2010, the monthly and annual per line KUSF support available to CETCs in each RLEC study area is adjusted, as provided in attachment 1 to this Order.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The findings made in paragraph 10, above, are made the order of this Commission as stated in paragraph 10.

B. The parties have fifteen days, plus three 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. 2009 Supp. 77-529(a)(1).

D. The Commission retains jurisdiction over the subject matter and parties for the purpose of entering such further orders as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Wright, Chmn.; Harkins, Com.

Dated: APR 12 2010

**ORDERED MAILED**

APR 13 2010

 EXECUTIVE  
DIRECTOR

Susan K. Duffy  
Executive Director

crh

Per Line KUSF Support in Rural LEC Study Areas  
 Effective March 1, 2010  
 (Fiscal Year 14)

Company	March 1, 2010-Feb. 28, 2011		March 1, 2009-Feb. 28, 2010		March 1, 2008-Feb. 28, 2009	
	Monthly	Annual	Monthly	Annual	Monthly	Annual
Bluestem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Blue Valley-Original Exchanges (Onaga & Westmoreland)	22.21	266.49	11.71	140.51	16.50	198.01
	N/A		See page 2		See page 2	
Columbus	1.88	22.53	1.74	20.88	-	-
Council Grove	53.63	643.61	53.47	641.64	56.33	675.98
Craw-Kan	9.19	110.31	8.90	106.75	10.29	123.51
Cunningham	37.93	455.21	35.17	422.01	37.15	445.79
Elkhart	4.53	54.38	4.38	52.50	6.10	73.20
FairPoint Missouri	-	-	-	-	-	-
Golden Belt	-	-	-	-	-	-
Gorham (Original Exchanges) (Luray & Paradise)	14.85	178.22	17.74	212.90	19.59	235.10
	See page 2		See page 2		See page 2	
H & B	99.07	1,188.80	93.11	1,117.29	94.19	1,130.25
Haviland	27.70	332.35	26.53	318.39	27.67	331.99
Home	33.81	405.74	32.60	391.20	34.86	418.35
JBN	See Attachment II		See Attachment II		See Attachment II	
KanOkla	36.52	438.25	35.59	427.09	38.26	459.14
LaHarpe	48.93	587.16	44.52	534.22	54.53	654.30
Madison	See Attachment II		See Attachment II		See Attachment II	
Mokan	-	-	-	-	-	-
Moundridge	14.10	169.18	14.71	176.49	21.11	253.27
Mutual	51.47	617.60	48.85	586.15	19.68	236.17
Peoples Mutual	13.29	159.44	13.09	157.11	14.43	173.16
Pioneer	See Attachment II		See Attachment II		See Attachment II	
Rainbow	12.81	153.76	12.48	149.77	16.21	194.52
Rural (Original Exchanges Only) (Purchased Exchanges)	38.70	464.45	36.79	441.43	38.70	464.36
	See page 2		See page 2		See page 2	
S & A	42.59	511.05	40.67	488.01	42.47	509.68
S & T	32.00	383.99	31.28	375.33	33.51	402.08
South Central	17.09	205.09	16.56	198.75	18.85	226.17
Southern Kansas	27.16	325.86	26.07	312.85	26.64	319.65
Sunflower	-	-	-	-	-	-
Totah	19.43	233.20	13.09	157.07	20.81	249.71
Tri-County	47.88	574.61	45.71	548.53	47.44	569.24
Twin Valley - All (Original) Exchanges - 13 Purchased Exchanges	54.22	650.64	52.91	634.89	59.63	715.53
	N/A		N/A		See page 2	
United Telephone Assoc.	1.36	16.30	1.30	15.55	2.12	25.45
Wamego	2.96	35.56	2.86	34.36	6.32	75.89
Wheat State	29.15	349.80	28.25	338.99	30.27	363.27
Wilson	40.90	490.80	38.65	463.81	39.70	476.35
Zenda	50.27	603.19	47.14	565.71	54.25	651.05

Per Line KUSF Support in Rural LEC Exchanges  
Purchased from CenturyLink,  
Effective March 1, 2010  
(Fiscal Year 14)

<b>Gross KUSF Support Per Line</b>					
<b>Gorham</b>		Zone 1		Zone 2	
Wire Center	Study Area	Per Month	Annual	Per Month	Annual
Luray	United	\$ 21.06	\$ 252.75	\$ 155.55	\$ 1,866.60
Paradise	United	\$ -	-	\$ 162.84	1,954.02

<b>Gross KUSF Support Per Line</b>					
<b>Rural Telephone</b>		Zone 1		Zone 2	
Wire Center	Study Area	Per Month	Annual	Per Month	Annual
Burr Oak	Eastern	\$ -	\$ -	\$ 62.60	\$ 751.19
Courtland	Eastern	\$ 16.41	\$ 196.94	\$ 99.58	\$ 1,194.93
Downs	United	\$ -	\$ -	\$ 24.10	\$ 289.25
Esbon	Eastern	\$ -	\$ -	\$ 82.97	\$ 995.62
Ionia	Eastern	\$ -	\$ -	\$ 101.87	\$ 1,222.39
Lebanon	Eastern	\$ 17.81	\$ 213.70	\$ 129.89	\$ 1,558.66
Osborne	United	\$ -	\$ -	\$ 49.52	\$ 594.21
Republic	Eastern	\$ -	\$ -	\$ 72.39	\$ 868.67
Russell	United	\$ -	\$ -	\$ -	\$ -
Webber	Eastern	\$ -	\$ -	\$ 93.96	\$ 1,127.56

<b>Federal USF Offset</b>		
Study Area	Per Month	Annual
United	5.52	\$ 66.24
Eastern	8.41	\$ 100.92

Disaggregated KUSF Support  
 JBN, Madison, and Pioneer  
 Effective 3/1/2010  
 (Fiscal Year 14)

Company	Wire Center	Zone 1		Zone 2	
		Per Month	Annual	Per Month	Annual
JBN	Fairview (467)	\$ 3.80	\$ 45.59	\$ -	\$ -
	Agenda (732)			10.04	120.42
	Barnes (763)			9.97	119.61
	Corning (868)			8.79	105.43
	Cuba (729)			10.09	121.13
	Goff (939)			8.32	99.80
	Haddam (778)			8.55	102.63
	Havensville (948)			9.68	116.10
	Mahaska (245)			8.87	106.49
	Morrowville (265)			10.84	130.03
	Munden (987)			9.33	111.97
	Narka (358)			9.10	109.18
	Netawaka (933)			9.27	111.24
	Soldier (834)			9.17	110.05
	Wetmore (866)			8.29	99.49

Company	Wire Center	Zone 1		Zone 2	
		Per Month	Annual	Per Month	Annual
Madison	Madison	\$ 7.04	\$ 84.43	\$ 93.77	\$ 1,125.26

Company	Wire Center	Zone 1		Zone 2	
		Per Month	Annual	Per Month	Annual
Pioneer	Big Bow			\$ 28.28	\$ 339.39
	Coolidge			32.72	392.58
	Deerfield			30.19	362.31
	Hugoton	\$ 2.63	\$ 31.55	-	
	Johnson			30.57	366.82
	Kendall			27.22	326.68
	Lakin			30.90	370.82
	Manter			29.96	359.49
	Moscow			26.93	323.19
	Richfield			30.24	362.93
	Rolla			31.54	378.50
	Ryus			31.15	373.81
	Satanta			27.79	333.53
	Syracuse			29.11	349.34
	Ulysses	\$ 2.81	\$ 33.76		