

THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

Before Commissioners: Thomas E. Wright, Chairman  
Michael C. Moffet  
Joseph F. Harkins

In the Matter of the Investigation to )  
Determine the March 1, 2009 Assessment )  
for the Twelfth Kansas Universal Service ) Docket No. 09-GIMT-272-GIT  
Fund Year. )

**ORDER SETTING THE KANSAS UNIVERSAL SERVICE FUND  
ASSESSMENT RATE FOR YEAR THIRTEEN AND SETTING TARGET RATES  
FOR RURAL LOCAL EXCHANGE COMPANIES**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and records and being fully advised in the premises, the Commission finds and concludes as follows:

1. On September 23, 2008, the Commission issued its Order Opening Docket, Assessing Costs, and Establishing Procedural Schedule in this docket. The Commission made all telecommunications public utilities operating in the state parties to the docket and required parties that wanted to receive pleadings and non-final orders to enter their appearances. The Citizens' Utility Ratepayer Board (CURB) was made a party to the docket and was not required to file an entry of appearance. Appearances were entered by Jeffrey E. Lewis, Bruce A. Ney, and Melanie N. McIntyre on behalf of Southwestern Bell Telephone Company, L.P. d/b/a AT&T Kansas, AT&T Communications of the Southwest, Inc., and TCG Kansas City, Inc. (collectively AT&T), Torry Somers on behalf of United/Embarq (Embarq), and Thomas E. Gleason, Jr., on behalf of the Independent Telecommunications Group (ITG).

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, 2008. No other party filed testimony and the parties agreed to waive the hearing scheduled for January 15, 2009. On January 14, 2009, Ms. Reams filed supplemental testimony and exhibits.

4. The Commission has jurisdiction over the parties and the subject matter of the docket pursuant to K.S.A. 66-1,188 and K.S.A. 66-2008(c).

5. Ms. Reams' pre-filed direct testimony indicated that based on her calculations, the assessment rate for the Twelfth KUSF Year should be 5.29%.<sup>1</sup> The pre-filed direct testimony also indicated that the Commission should adopt rural local exchange company target rates of \$15.75 per month for residential service, and \$18.75 per month for single-line business service.<sup>2</sup> Ms. Reams' pre-filed supplemental direct testimony indicates, however, that due to the stipulated settlement agreement between Staff and Twin Valley Telephone, Inc. in Docket No. 09-TWVT-068-KSF, increasing Twin Valley's KUSF support by an additional \$1.2 million, and not the \$4.2 million requested by Twin Valley, the percentage KUSF assessment, and maximum per line assessment required for year 13 KUSF funding had decreased. Ms. Reams' supplemental direct testimony reflects an appropriate Year 13 assessment rate of 5.03%.<sup>3</sup>

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<sup>1</sup> Reams Direct, p. 2, ll. 15-16.

<sup>2</sup> Id., ll. 14-15.

<sup>3</sup> Reams Supplemental Direct, p. 1, l. 9.

## **FINDINGS AND CONCLUSIONS**

6. Because there are no contested issues in this docket, the Commission finds it appropriate to adopt Staff's recommendation of 5.03 percent for the KUSF assessment for the Thirteenth Year. The rate shall be implemented on March 1, 2009. The Commission observes that companies are allowed to pass through the full amount calculated in Ms. Reams' testimony, which for the rural local exchange companies results in a maximum per line assessment of \$1.15 for their local service customers. AT&T may pass through \$1.52 to its local service customers per month, while Embarq may pass through an assessment of \$1.49 per month to its local service customers.

8. Likewise, the Commission finds it appropriate to adopt Staff's recommendation of a \$15.75 residential and \$18.75 single-line business target rate for rural local exchange companies, effective March 1, 2009, in accordance with K.S.A. 66-2005(e).

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

A. The KUSF assessment rate for the 13th year of the KUSF, beginning March 1, 2009, shall be 5.03 percent.

B. AT&T may assess its local service customers a maximum of \$1.52 per access line. Embarq may assess a maximum of \$1.49 per access line to its local service customers. The rural local exchange companies may assess a maximum of \$1.15 per access line to their local service customers.

C. 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. 2007 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.; Moffet, Com; Harkins, Com.

Dated: JAN 23 2009

**ORDERED MAILED**

**JAN 26 2009**



**EXECUTIVE  
DIRECTOR**

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Susan K. Duffy  
Executive Director

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