

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, 2008 Assessment)
for the Twelfth Kansas Universal Service) Docket No. 08-GIMT-315-GIT
Fund Year.)

**ORDER SETTING THE KANSAS UNIVERSAL SERVICE FUND
ASSESSMENT RATE FOR YEAR TWELVE**

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

1. On October 3, 2007, 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), William Watkins on behalf of United/Embarq (Embarq), and Mark P. Johnson of Sonnenschein, Nath & Rosenthal on behalf of Sage Telecom, Inc. (Sage),

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 20, 2007. No other party filed testimony and the parties agreed to waive the hearing scheduled for January 11, 2008. The Commission issued its order canceling the hearing on January 11, 2008.

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 indicates that based on her calculations, the assessment rate for the Twelfth KUSF Year would be 4.65%.¹

6. Ms. Reams also addressed the Commission's consideration of whether interconnected Voice over Internet Protocol (VoIP) providers should be required to contribute to the KUSF and noted the Commission is considering that issue in Docket No. 07-GIMT-432-GIT. Ms. Reams noted that her calculations do not reflect any revenues for VoIP providers, but noted that if the Commission were to require "Kansas interconnected VoIP providers to contribute to the KUSF, the KUSF reserve would capture the additional assessments paid to the fund by such providers and reduce the assessment rate for KUSF Year 13." The Commission issued its *Order Making Interim Findings and Conclusions Relative to Questions Posed for Investigation* (VoIP Order) in that docket on January 9, 2008. In the VoIP Order, the Commission determined that "even absent legislative amendment, such as tabled SB 49, a rational construction of K.S.A. 66-

¹ Reams Direct, p. 8, l. 5.

2008(a) in light of our public interest mandate, and the guiding principle of competitive neutrality, compel requiring Interconnected VoIP providers to contribute to the KUSF . . .”²

FINDINGS AND CONCLUSIONS

7. Because there are no contested issues in this docket, the Commission finds it appropriate to adopt Staff’s recommendation of 4.65 percent for the KUSF assessment for the Twelfth Year. The rate shall be implemented on March 1, 2008. 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 \$1.01 for their local service customers.³ AT&T may pass through \$1.37 to its local service customers per month,⁴ while Embarq may pass through an assessment of \$1.36⁵ per month to its local service customers.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The KUSF assessment rate for the Twelfth Year of the KUSF, beginning March 1, 2008, shall be 4.65 percent. AT&T may assess its local service customers a maximum of \$1.37 per access line. Embarq may assess a maximum of \$1.36 per access line to its local service customers. The rural local exchange companies may assess a maximum of \$1.01 per access line to their local service customers.

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. 2006 Supp. 77-529(a)(1).

² VoIP Order, ¶ 26.

³ Reams Direct, p. 26, l. 8.

⁴ Id., l. 13.

⁵ Id., l. 18.

C. 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 22 2008

ORDER MAILED

JAN 23 2008

 Executive
Director

Susan K. Duffy
Executive Director

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