

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

Before Commissioners:                   Dwight D. Keen, Chair  
  Susan K. Duffy  
  Andrew J. French

In the Matter of An Investigation to Determine   )  
the Assessment Rate for the Twenty-Sixth        )  
Year of the Kansas Universal Service Fund,       )  
Effective March 1, 2022.                            )

Docket No. 22-GIMT-142-GIT

**ORDER ADOPTING KUSF ASSESSMENT RATE**

This matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records, the Commission makes the following findings:

1.     On September 28, 2021, the Commission opened this Docket to determine the Kansas Universal Service Fund (KUSF) Year 26 Assessment Rate, effective March 1, 2022, through February 28, 2023, (Year 26) pursuant to K.S.A. 66-2008(a) and Docket No. 94-GIMT-478-GIT.

2.     On December 16, 2021, Sandy Reams filed direct testimony with several attachments on behalf of Commission Staff (Staff). Ms. Reams' pre-filed testimony recommended that the Commission adopt an assessment rate of 11.44% for KUSF Year 26.<sup>1</sup>

3.     Ms. Reams testified that the assessment rate is comprised of two budgeted components: (1) the projected KUSF Obligations or amounts to be paid from the KUSF; and (2) the projected Revenue Base, or the revenue carriers are projected to report to the KUSF for funding purposes. The KUSF FY 26 total KUSF Obligations of \$40.4 million are reduced by the projected

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<sup>1</sup>Direct Testimony of Sandra K. Reams, p. 3 (Dec 16, 2021).

\$3.8 million Reserve and increased by \$2.8 million for the Contingency Fund Allowance, resulting in the \$39.4 million net KUSF Obligations to be collected from a Revenue Base of \$344.0 million. Reams proposed the Commission adopt its resulting 11.44% assessment rate for KUSF FY 26.<sup>2</sup>

4. Reams explained Staff's calculation of each KUSF obligation, including \$30 million for the Rural Local Exchange Carriers (RLECs), the resulting pro-rata KUSF support reduction, and each RLEC's resulting annual KUSF support.<sup>3</sup> Reams further explained these calculations will change based on the Commission's decision in Docket No. 22-CRKT-087-KSF (22-087 Docket) where Craw-Kan Telephone Cooperative, Inc.'s (Craw-Kan) seeks an additional \$5,455,217 of annual KUSF support.<sup>4</sup> Reams recommended the Commission direct Staff to file a Report and Recommendation in this Docket to provide the revised annual KUSF support reductions and each RLEC's pro-rata KUSF support after the Commission issues an order in the 22-087 Docket.<sup>5</sup> Reams further explained that the issue of whether the RLECs can recover more than the \$30 million of annual KUSF support is pending in the District Court of Shawnee County and that Staff will submit a Report and Recommendation, if necessary, to advise the Commission of any necessary calculation changes<sup>6</sup> after the court renders its decision.

5. On December 28, 2021, Mr. Douglas Meredith filed rebuttal testimony on behalf of the identified RLECs in this proceeding. Mr. Meredith raised three concerns with Ms. Reams' testimony: (1) the assessment rate calculation does not adequately account for the total RLEC unadjusted KUSF FY 26 support amount of \$31,487,518; (2) the assessment rate calculation does not adequately account for an increase in Craw-Kan's KUSF support; and (3) the Contingency

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<sup>2</sup> *Id.* at 3-4.

<sup>3</sup> *Id.* at Attachment A, p. 2.

<sup>4</sup> *Id.* at 6.

<sup>5</sup> *Id.* at 7.

<sup>6</sup> *Id.* at 7.

Allowance is insufficient for possible known and measurable changes in the KUSF contingencies, including past support amounts that may be due to the RLECs, depending on the RLECs' challenge to the \$30 million statutory cap.<sup>7</sup> Mr. Meredith recommended the Commission add \$7.076 million to the Contingency Fund Allowance, increasing Staff's proposed annual assessment rate by 2.06 percent.<sup>8</sup>

6. On January 4, 2022, Sandy Reams filed surrebuttal testimony, stating Mr. Meredith's recommendation is not consistent with Commission orders and would unnecessarily burden all KUSF contributors.<sup>9</sup> Ms. Reams explained: (1) Staff relied on Commission orders regarding the \$30 million annual statutory cap to limit the KUSF support for the RLECs; (2) an order in the 22-087 Docket is not due until April and an adjustment to Craw-Kan's KUSF support affects the pro-rata support reductions but not the \$30 million statutory cap directly, rather it will affect each RLEC's allocated portion of the \$30 million in KUSF support; (3) Staff applied the KUSF Reserve consistent with Commission Order; and (4) Staff calculated the \$2.8 million Contingency Fund Allowance in compliance with the Commission's January 19, 2000 Order adopting a Contingency Fund Allowance equal to 7.50% of a KUSF FY's adjusted KUSF Obligations. Additionally, Ms. Reams stated that Mr. Meredith did not dispute Staff's pro-rata KUSF support reductions or the resulting KUSF FY 26 support for each RLEC.<sup>10</sup>

7. On January 3, 2022, Staff filed a Motion to cancel the hearing scheduled in this Docket for January 12, 2022, and requesting a Commission decision based upon the pre-filed testimony filed in this Docket.

8. On January 6, 2022, the Commission granted Staff's request to cancel the hearing.

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<sup>7</sup> Direct Testimony of Douglas Meredith, pp. 5-7 (December 28, 2021).

<sup>8</sup> *Id.* at 7.

<sup>9</sup> Surrebuttal Testimony of Sandy Reams, p. 1 (January 04, 2022).

<sup>10</sup> *Id.* at 5.

9. The Commission has issued orders to implement the \$30 million cap as provided for in K.S.A. 66-2008(e). The Commission has also issued orders providing direction regarding the KUSF Reserve and adopting a Contingency Fund Allowance.<sup>11</sup> Staff's calculations comply with those Orders, Mr. Meredith's testimony does not.

10. Having reviewed the pre-filed testimony in this Docket, the Commission declines to adopt Mr. Meredith's recommendations and adopts the assessment rate of 11.44% proposed by Staff for the KUSF Year 26. The Commission directs Staff to submit revised KUSF support calculations after the Commission issues an order in the 22-087 Docket, and to include the adjusted pro-rata KUSF support reduction and resulting support for each RLEC. Staff is also directed to submit a separate Report and Recommendation and any relevant assessment rate or support calculations, if necessary, in the relevant annual KUSF assessment rate docket after a decision by the Court addressing the \$30 million cap.

**THEREFORE, THE COMMISSION ORDERS:**

A. The Assessment Rate for KUSF Year 26, effective March 1, 2022, through February 28, 2023, shall be 11.44%.

B. Staff is directed to file a Report and Recommendation, along with the adjusted pro-rata KUSF support reductions and annual KUSF support for each RLEC in this Docket after the issuance of a final Commission order in Docket 22-087. Staff shall also file a Report and Recommendation, if necessary, in the appropriate annual KUSF docket after an ultimate decision by the Court addressing the \$30 million cap.

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<sup>11</sup> *Order No. 5 Establishing Carrier Assessment Rate for Year 2000 KUSF Contributions*, ¶ 35, Docket No. 00-GIMT236-GIT, Jan. 19, 2000 (Jan. 2000 Order, Docket 00-236).

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).<sup>12</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

Keen, Chair; Duffy, Commissioner; French, Commissioner

Dated: 01/25/2022 \_\_\_\_\_



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Lynn M. Retz  
Executive Director

DGC

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<sup>12</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).



## CERTIFICATE OF SERVICE

22-GIMT-142-GIT

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of  
01/25/2022  
electronic service on \_\_\_\_\_.

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