

**Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
Connect America Fund)	WC Docket No. 10-90
)	
ETC Annual Reports and Certifications)	WC Docket No. 14-58
)	
Developing a Unified Inter-carrier)	WC Docket No. 01-92
Compensation Regime)	

**REPLY COMMENTS OF THE KANSAS RURAL INDEPENDENT
TELECOMMUNICATIONS COALITION**

1. The Kansas Rural Independent Telecommunications Coalition (“KRITC”) is an association created with the purpose of representing Kansas rural telecommunications companies regarding regulatory and legislative issues. KRITC is comprised of twenty-six small telecommunications companies providing rural local exchange services in the state of Kansas (“RLECs”). The KRITC companies offer voice, advanced, and Lifeline services as regulated carriers of last resort in high cost rural areas of Kansas. In the comments below, KRITC responds to comments filed by the Kansas Corporation Commission (“KCC” or “Commission”), and seeks clarification of one discreet aspect of the A-CAM election process.

**The FCC Should Enact Regulation that Reflects a Common Sense Approach which
Ensures the Appropriate and Effective Use of Universal Service Funds**

2. On May 12, 2016, the KCC submitted its *Comments Supporting the FCC’s Initiatives Regarding Expenses, Cost Allocations and Affiliate Transactions* (“Comments”). The Comments regarding the FCC Proposed Changes to 47 C.F.R. Part 32 Uniform System of

Accounts in Rate-of-Return Further Notice (FCC 16-33) were signed by two of the three Kansas Commissioners, while the Chairman of the KCC abstained. The fact that the Chairman abstained and was not a signatory to the Comments at the very least indicates an apparent lack of consensus among the Kansas Commissioners.

3. The members of the KRITC appreciate that the KCC is concerned with providing the appropriate level of universal service funding to eligible telecommunications carriers. KRITC wishes to address the Commission's remarks regarding alleged abuses of the universal service fund in the industry.

4. KRITC members share the concern of the FCC that universal service funding is provided in an efficient manner. The companies of KRITC have always complied with the rules and regulations of the FCC and the KCC, as well as all applicable federal and state laws. In 1996 the State of Kansas established the Kansas Telecommunications Act ("KTA") at the same time Congress established the Federal Telecommunications Act. The KTA created a state policy to ensure that "every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price." The KTA mandated that all members of KRITC be required to act as carriers of last resort. Pursuant to the KTA, the KCC was given the authority and responsibility to establish the Kansas Universal Service Fund ("KUSF"). The KCC has conducted extensive and detailed audits on every single Kansas local exchange carrier that was in existence as of 1996 to ensure that every dollar of universal funding was appropriately cost-based.

5. The KCC's Comments infer that the Kansas RLECs have taken advantage of the rules and regulations established by the FCC. The members of KRITC are justifiably proud of the telecommunications services they have provided to the sparsely populated areas of Kansas.

The KCC's Comments leave the impression that these companies utilize public subsidies to pay for sporting events and overcompensation. This simply is not true.

6. In 2013, the Kansas legislature established a telecommunications study committee and tasked the committee to commission a third-party detailed independent audit report. Among other things, the report was to conduct an evaluation of Kansas statutes and rules governing the operation of the KUSF and a review of the KCC's audit process of the KUSF. The report was presented to the Kansas Senate and House in January of 2015. The audit report specifically asked, "Do the statutes provide incentives to control existing costs?" The auditor determined that the answer to this question was yes. It validated the strict rules, regulations, and obligations that a regulated rural company has to observe in order to provide the small communities of Kansas with voice, advanced, and Lifeline telecommunications services.

7. The KRITC member companies try to maintain a good working relationship with the KCC. As other Commenters have pointed out to the FCC, there are some bad apples that have abused universal service funding. That is not the case in Kansas, and it would be inaccurate to infer that the members of KRITC have ever done so. The regulation by the KCC is extensive; as an example, in one of its audits of an RLEC, the KCC disallowed inclusion of the cost of the replacement of flag poles for the United States flag and the Kansas flag. To KRITC's knowledge, no other state exceeds Kansas in the level of scrutiny of rate-of-return regulated RLECs. This level of extreme regulation certainly does not comport with the KCC's Comments that more regulation is needed.

**The FCC Should Clarify That An Individual ILEC is Responsible For Its Potential
Election of Model-Based Support**

8. The KRITC RLECs agree with other Commenters urging the FCC to clarify that each RLEC be responsible for the consequences of its consideration of a potential election of model support, rather than having the risk of any one carrier's decision spread among other carriers. The FCC should carefully consider the impact of requiring all RLECs to bear the cost of a singular company's risk of choosing a detrimental cost model.

Conclusion

9. The policy of Kansas is to provide first class telecommunications services to the entire state of Kansas, including rural communities. KRITC RLECs have been great stewards of the universal service fund support they have received and in the future are committed to diligently following all rules and regulations to ensure they utilize the universal service fund in a proper and efficient manner.

Respectfully submitted,



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