The Kansas Corporation Commission (KCC) requires every Eligible Telecommunications Carrier (ETC) to complete the ETC certification forms as part of the annual ETC certification process.

If you have any questions, please contact the Telecommunications Division at [steve.garrett@ks.gov](mailto:steve.garrett@ks.gov) or [hemant.bhagat@ks.gov](mailto:hemant.bhagat@ks.gov).

**1. Line Definitions:**

**Working Loops for federal High-Cost Supported Services**

Provide the line counts by incumbent local exchange carrier (ILEC) study area or wire center that were reported to the Universal Service Administrative Company (USAC) for the same year as the cost data is reported. Category 1.3 loops and broadband only loops should be reported separately.

**2. Attachments 2 and 3 – ILEC ETC and Competitive ETC Investment and Expense Reports**

**a. ILEC ETC Report Format**

Attachment 2a is used by Incumbent ETCs to report their use of federal high-cost support receipts for the prior year. The report is a modified version of the cost information submitted to USAC for legacy high-cost support, with the prior year data used to evaluate past certifications provided by the companies. Amounts reported should reflect the amounts actually used to provide universal service in the supported areas for which the support was paid.[[1]](#footnote-1) Support should be segregated by the type of federal high-cost support received. Include all federal high-cost support.

KUSF support is required to be certified and, similar to federal support, KUSF support must be used to provide and maintain universal service. **All Federal and KUSF high-cost support reported should reflect the gross amount, not the net amount received after deducting assessments owed to the Fund. Lifeline support receipts should not be included in the amount of high-cost support received. The high-cost KUSF amount listed on Staff Exhibit 1 should be reported for KUSF high-cost support.**

Attachment 2b is an example of how to complete Form 2a.

**b. Competitive ETC (CETC) Report Format**

Attachment 3a is used by CETCs to report their use of federal high-cost funds received in the prior year. Prior year data is used to evaluate past certifications provided by the companies. Amounts reported should reflect the amounts actually expended to provide universal service in the supported areas for which the support was paid.[[2]](#footnote-2) If no universal service support was received for the prior year, the company should file a statement to that effect. Cost information is split by new investment expenditures and expenses. This is compared to the amount of federal high-cost support received. **High-cost support reported should be the gross amount, not the net amount received after deducting assessments.**

Attachment 3b is an example showing how to complete Form 3a.

The company should exclude the cost of transport between switches to ensure consistent reporting with the costs submitted by the Incumbent ETCs. Once a call leaves the local switch, it is on the interoffice network and costs for those facilities are not included. The switch is the device that provides dial tone and/or switching the call to the proper location for termination. This can be a smart remote with stand-alone capability[[3]](#footnote-3) or a stand-alone/host switch.

**c. Allocation Methods**

The cost reports attempt to capture the cost to provide universal service and exclude certain types of investments and expenses. The FCC has deregulated some services, including voice messaging and inside wire; therefore, they should be excluded.

The allocation of new investments and expenses play an important role in properly identifying the costs associated with USF supported areas. Incumbent LECs utilize a series of allocation rules via Part 36 Separations Rules that are specific and documented. However, even ILECs may encounter situations where only a portion of their territory receives high-cost support.

CETCs may serve exchanges that are supported and areas that are not supported. Some costs may be specific to the supported area, while others may involve both areas. A number of valid methods are available to make these allocations. Below is a list of examples that will normally be acceptable in making allocations:

Outside plant projects –the supported areas’ allocations can be determined as follow:

1. Identify the specific costs in supported areas and assign it as a qualified cost.
2. Determine the number of lines in the supported area versus the total lines served by the facilities. Do not include broadband-only use lines.
3. Determine the geographic area in the supported area versus the total area served (this method is especially applicable to cellular towers).
4. Calculate the percent of miles on a cable that serves a supported area versus the total miles to all the areas.
5. Calculate the percent of fiber strands or cable pair that go to a supported area versus the total strands in service.

Expenses may be allocated based on the allocation determined for the related investment, or based on a percentage of lines or customers in the supported areas.

Maintenance expense may be allocated based on the number of items being maintained that are in the supported areas.

**Switching may be allocated using the following methods:**

1. Calculate the percent of Minutes of Use (MOU) for the lines in the supported area versus all minutes.
2. Calculate the percent of lines in the supported area versus all lines served by the switch.
3. Similar allocations could apply to circuit equipment used for switched access.

**General rules to follow when deciding on the allocation method:**

1. Allocations may be calculated by individual investment location, by region or for the whole state.
2. Companies may decide which methods work best based on the accounting and network information they have available.
3. Methods can vary for different types of investment or expense.
4. The method is one that is appropriate for the item being allocated (i.e. MOU would be appropriate for a switch allocation but not for a loop).
5. The allocation is based on measurable data.
6. The method captures a reasonable cost of the investment and/or expense.
7. The company should maintain consistency in the allocation methods used from year to year when providing data to the Commission. This will avoid gaming the system and provide the ability to make comparisons from year to year.
8. When a company changes an allocation method, it should be noted in the data submission, complete with rationale explaining why this new method is more appropriate. Also, the company should provide a calculation of what effect the new allocation would have on the prior year’s report.

**4. Attachment 4 - New Investments Utilizing High-Cost Support in Supported Areas**

**a. Report Format**

For the prior calendar year, provide a description of the new investments in supported areas where the high-cost support was used. Please use a format similar to the *Narrative for New Investment Report*. The first example is for a wireless ETC and the second example is for a wireline ETC. It is acceptable to submit a mechanized report if it contains the essential information. Any projects over the threshold should be listed separately. Those projects less than the threshold should be combined into one or more line items. See 3b below for the threshold.

**EXAMPLE of Narrative for New Investment Report**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **EXAMPLE of a WIRELESS COMPANY** | | | |  |  |  |  |
| **Town or Exchange** | | **Description of Improvement** | | **Cash Investment** | **Allocation**  **%** | **Notes** | **Amount Used in the USF Supported Areas** |
| A | | B | | C | D | E | F=C x D |
| *20 miles West of Oakley serving USF areas: Levant, Winona, and Russell Springs.* | | *New tower and fiber trunking.* | | *$300,000* | *70%* | *[1]* | *$210,000* |
| *Wichita - Serves all customers in Kansas.* | | *Switch Software Upgrade.* | | *$250,000* | *25%* | *[2]* | *$50,000* |
| TOTAL | |  | | *$550,000* |  |  | *$260,000* |
|  | |  | |  |  |  |  |
| **NOTES**  [1] Percent of the service area that is USF supported on geography served.  [2] Percent of switch that is USF supported based on lines served. | | | | | |  |  |
|  |  | | |  |  |  |  |
| **EXAMPLE of a WIRELINE COMPANY** | | | |  |  |  |  |
| **Town or Exchange** | | | **Description of Improvement** | **Cash Investment** | **Allocation**  **%** | **Notes** | **Amount Used in the USF Supported Areas** |
| A | | | B | C | D | E | F=C x D |
| *Buffalo, Quincy, Toronto* | | | *Replaced OSP with digital line carrier and fiber feeder* | *$1,250,000* | *100%* | *[1]* | *$1,250,000* |
| *Eureka thru Hamilton, Quincy, Yates Center, Chanute, Fredonia, Fall River & serves USF areas: Buffalo, Toronto, Altoona, Benedict, and Coyville.* | | | *Fiber ring from remote terminals to remote switch in Eureka.* | *$800,000* | *50%* | *[2]* | *$400,000* |
| TOTAL | | |  | *$2,050,000* |  |  | *$1,650,000* |
| **NOTES** | | |  |  |  |  |  |
| [1] All of the exchanges in this project are USF supported.  [2] Percent of lines served by the fiber ring in the USF supported exchanges. | | | |  |  |  |  |

The objective of this report is to identify that new investment is being spent to benefit supported areas. Listing individual exchanges that will benefit will help meet this purpose.

b. Threshold- For companies spending less than $10M in new projects in Kansas, use $200,000 as the project threshold. For companies spending $10M or more, use $500,000 as the project threshold. It is acceptable to provide more detail than the threshold requires if it helps identify which supported areas are receiving benefit.

**5. Attachment 5 - Annual Certification of Requirements Imposed by the Commission in Docket Number 06-GIMT-446-GIT.**

Provide the information requested on the Attachment. Attach additional pages, as necessary. All ETCs must complete Questions 1-6. Only Competitive ETCs need to complete Question 7. **If the answer to a question is zero, please report zero and not N/A.**

1. Per 47 C.F.R. § 54.314, federal USF support, "will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended." If investments or expenses are for service areas larger than the supported service areas, then allocations of the expenditures are required. See 2c Allocation Methods. [↑](#footnote-ref-1)
2. *Ibid*. [↑](#footnote-ref-2)
3. A smart remote with stand-alone capability is one that can still provide local calling even if its link to the host switch is severed. [↑](#footnote-ref-3)