

Blue Valley Tele-Communications, Inc.  
*Home*

Bluestem Telephone Company  
*Dodge City*

Columbus Telephone Company

Craw-Kan Telephone Coop., Inc.  
*Girard*

Cunningham Telephone Co., Inc.  
*Glen Elder*

Elkhart Telephone Co., Inc.

Golden Belt Telephone Assn., Inc.  
*Rush Center*

Gotham Telephone Company

Haviland Telephone Company, Inc.

Home Telephone Company, Inc.  
*Galva*

JBN Telephone Company, Inc.  
*Holton*

KanOkla Networks  
*Cathwell*

LaHarpe Telephone Company, Inc.

Madison Telephone, LLC

MoKan Dial, Inc.  
*Louisburg*

Moundridge Telephone Co., Inc.

Mutual Telephone Company  
*Little River*

Peoples Telecommunications, LLC  
*LaCygne*

Pioneer Communications  
*Ulysses*

Rainbow Telecommunications, Assn.  
*Everest*

Rural Telephone Service Company,  
Inc.  
*Lenora*

S & A Telephone Company  
*Allen*

S & T Telephone Coop. Assn.  
*Brewster*

South Central Telephone Assn., Inc.  
*Medicine Lodge*

Southern Kansas Telephone Co., Inc.  
*Clearwater*

Sunflower Telephone Company, Inc.  
*Dodge City*

Totah Telephone Company, Inc.  
*Ochelata, OK*

Tri-County Telephone Assn., Inc.  
*Council Grove*

Twin Valley Telephone, Inc.  
*Miltonade*

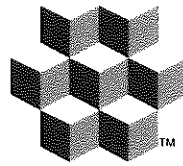
United Telephone Association, Inc.  
*Dodge City*

Wamego Telecommunications Co.,  
Inc.

Wheat State Telephone, Inc.  
*Udall*

Wilson Telephone Company, Inc.

Zenda Telephone Company, Inc.



**KANSAS**  
RURAL INDEPENDENT  
Telephone Companies

*Investment that works for all Kansans*

Kendall Mikesell

President, Southern Kansas Telephone Company, Inc.  
Chairman, Kansas Rural Independent Telephone Companies  
State Advocacy Committee

Presentation to  
House Utilities and Telecommunications Committee  
February 6, 2013

Mr. Chairman and Members of the House Utilities and Telecommunications  
Committee:

Good morning. My name is Kendall Mikesell. I am the President of Southern Kansas Telephone Company, Inc. My company is a regulated Telecommunications Public Utility and Rural Local Exchange Carrier, founded by my grandparents in 1940 in Burden, Kansas. It has been owned and operated by the Mikesell family since its beginning, and is now entirely owned and operated by my sister, Elaine Webb, and me. I began my career at the company in 1978, and assumed my current position in 1997. Today, we do business as SKT, and provide a variety of regulated voice and data products and services to nearly 3,600 customers in and around fourteen communities across seven counties of south central and southeast Kansas. Our corporate offices are located in Clearwater, Kansas.

I am also the Chairman of the Kansas Rural Independent Telephone Companies State Advocacy Committee, which is charged with advocating for the 35 Kansas Rural Local Exchange Carriers on legislative and regulatory issues at both the state and federal levels. I am here to speak on behalf of 34 of the companies in support of HB 2201.

The Kansas Rural Independent Telephone Companies (KRITCs) collectively serve fifty percent of the geographic area of Kansas, but less than ten percent of the regulated wireline access lines in Kansas. The KRITCs concluded late last summer that there would be telecom legislation in the 2013 session, and because this would open the entire Kansas Telecommunications Act to amendment, we had to be involved. We decided in late September to open discussions with AT&T and CenturyLink, the other two regulated Local Exchange Carriers in Kansas, to explore the possibility of working together to ensure that any legislative changes take into account the diverse nature of the Kansas telecommunications marketplace. To guide us through our discussions with AT&T and CenturyLink, we identified three key areas to focus on:

- The KRITCs must continue to operate as the Carrier of Last Resort under traditional Rate of Return regulation in the regulated areas we serve.
- The KRITCs must continue to receive sufficient and predictable Kansas Universal Service Fund (KUSF) support while issues relative to Federal Universal Service Fund and Intercarrier Compensation reform at the federal level are resolved at the Federal Communications Commission (FCC) and federal courts.
- The KRITCs must continue to operate with affordable local rates for our customers.

Each of these areas of focus are currently supported in the Kansas Telecommunications Act. Our discussion and subsequent negotiation with AT&T, CenturyLink, and other telecommunications providers ultimately led to our crafting of four amendments that are of critical importance to the KRITCs. I will offer an explanation of our four amendments, supported by AT&T and CenturyLink for inclusion in HB 2201.

**New Section 1. (Page 1, Lines 9-36, Page 2, Lines 1-27).** This amendment establishes the Telecommunications Study Committee. The committee will be co-chaired by the chairmen of the House Utilities and Telecommunications Committee and the Senate Utilities Committee. The thirteen voting members will be appointed by the statute or legislative leadership, and there will be significant representation from the House Utilities and Telecommunications Committee. The committee will meet over a three year period and study telecommunications issues to ensure that Kansas public policy relative to advancing statewide telecommunications infrastructure is being met. The committee will report to several standing legislative committees, including the House Utilities and Telecommunications Committee. The KRITCs believe this process will be an important educational tool for the legislature as it considers Kansas telecommunications policy in light of federal reform of Universal Service Funding and Intercarrier Compensation as we move into a broadband centric world.

**Amendment of K.S.A. 66-2008 (Page 26, Lines 5-16).** This amendment directs the Kansas Corporation Commission (KCC) to use existing policies and procedures established under current statute to determine KRITC KUSF support for the next four years. The policies and procedures referred to represent a KCC regulatory process developed and refined over the last sixteen years with input from the entire Kansas telecommunications industry. The KCC's continued use of this process in determining KUSF support for the KRITCs will give us regulatory stability and predictability over the next four years as we continue to invest to bring basic and advanced telecommunication services to rural Kansas, as is the policy of the state as expressed in the Kansas Telecommunications Act. Note that KRITC KUSF support is never determined prior to investment; rather, it is only determined by the KCC *after* investment has already been made.

**Amendment of K.S.A. 66-2008 (Page 26, Lines 17-25).** This amendment directs the KCC to act within 240 days on a KRITC request for supplemental KUSF support or an audit of KRITC KUSF support. The 240 days is the traditional rate case interval currently existing in Kansas statute. The KRITCs believe this amendment is important to reasonably streamline the KCC regulatory process as it relates to the determination of KUSF.

**Amendment to K.S.A. 66-2005 (Page 8, Lines 37-39).** This amendment simply corrects an error from when the statute was printed. The understanding of the legislature at the time was that this section referred to intrastate, not interstate, access. In a currently open docket, the KRITCs have informed the KCC that this section of the act includes this typographical error, and that the legislative intent was to

mandate KRITC recovery of *intrastate* revenue reductions from the KUSF. The KRITCs believe this amendment corrects the statutory language to address a state issue.

One additional amendment, crafted jointly by the KRITCs, AT&T, and CenturyLink, relating to Competitive Eligible Telecommunications Carrier (CETC) KUSF support should be explained.

**Amendment to K.S.A. 66-2008 (Page 24, Lines 31-43, Page 25, Lines 1-5).** This amendment directs the KCC to reduce CETC KUSF support to zero over a four year period beginning March 1, 2014. Accomplished in equal annual increments, this process is similar to the one being used by the FCC to eliminate identical support for CETCs at the federal level. Several KRITCs have affiliates that are affected by this amendment. The KRITCs believe this amendment offers a measured and responsible move over a reasonable length of time to phase out CETC KUSF support and reduce the size of the KUSF.

HB 2201 is a comprehensive bill that the KRITCs believe addresses the needs of the KRITCs, AT&T, CenturyLink, and many other telecommunications providers in the state's ever evolving telecommunication landscape. However, it is important to note that only the KRITCs, AT&T, and CenturyLink provide traditional landline telephone service to all of Kansas and are regulated by the FCC and KCC. The KRITCs, AT&T, and CenturyLink are the companies most in need of a stable and predictable regulatory environment as they continue to invest to serve all of Kansas. And in the case of the KRITCs, there is a heightened need for a regulatory environment that includes sufficient and predictable KUSF support for past, present, and future KRITC investment to serve rural Kansas.

I was fortunate to have participated directly in the three year process that led to passage in 1996 of the Kansas Telecommunications Act. In the intervening years since, the KRITCs have worked side by side with AT&T and CenturyLink as we all wound our way through the resulting development of regulatory processes. The KRITCs support AT&T's effort to finally complete their regulatory reform initiatives, and CenturyLink's effort to achieve regulatory and KUSF stability and predictability for the next few years.

For nearly one hundred years, the Kansas Rural Independent Telephone Companies have been serving the rural areas of Kansas. We all started as telephone companies; now we have become telecommunications companies providing an ever evolving array of basic and advanced telecom products and services to the rural communities we serve. We partner with them on community and economic development efforts. We employ rural Kansans. We contribute heavily to our local rural economies. In summary, we work hard to help rural Kansas not only survive, but thrive. We have been excited about Governor Brownback's roadmap for a vital Kansas economy, recognizing that we have the opportunity to continue to partner with him, and you, to make sure that rural Kansas can compete and win in a global economy. All Kansans having access to basic and advanced telecommunication services is a key component to achieving this objective. HB 2201 represents good public policy, and we stand with AT&T and CenturyLink in urging you to pass it as presented favorably to the full House of Representatives.

I would be pleased to stand for questions.