
Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2015 Supp. 66-1,187 is hereby amended to read as follows: 66-1,187. As used in this act:
(a) "Broadband" means the transmission of digital signals at rates equal to or greater than $1.5 \times 10$ megabits per second download and one megabit per second upload.
(b) "CLASS services" means custom local area signaling services, which include automatic callback, automatic recall, calling number identification, selective call rejection, selective call acceptance, selective call forwarding, distinctive ringing and customer originated trace.
(c) "Commission" means the state corporation commission.
(d) "Dialing parity" means that a person that is not an affiliate of a local exchange carrier is able to provide telecommunications services in such a manner that customers have the ability to route automatically, without the use of any access code, their telecommunications to the telecommunications carrier of the customer's designation from among two or more telecommunications carriers, including such local exchange carrier.
(e) "Federal act" means the federal telecommunications act of 1996, P.L. 104-104 (amending the communications act of 1934, 47 U.S.C. § 151 et seq.)
(f) "ISDN" means integrated services digital network which is a network and associated technology that provides simultaneous voice and data communications over a single communications channel.
(g) "LATA" has the meaning ascribed to it in the federal act.
(h) "Local exchange carrier" means any telecommunications public utility or its successor, not to include an electing carrier, providing switched telecommunications service within any local exchange service area, as approved by the commission on or before January 1, 1996. However, with respect to the Hill City exchange area, in which multiple carriers were certified by the commission prior to January 1, 1996, the
commission's determination, subject to any court appeals, of which
authorized carrier shall serve as the carrier of last resort will determine
which carrier shall be deemed the local exchange carrier for that exchange.
   (i) "Number portability" has the meaning ascribed to it in the federal
act.
   (j) "1+ intraLATA dialing parity" means the ability of a local
exchange service customer to specify the telecommunications or local
exchange carrier that will carry the intraLATA long distance messages
when that customer dials either "1" or "0" plus a 10-digit number.
   (k) "Operating area" means:
      (1) In the case of a rural telephone company, operating area or service
area means such company's study area or areas as approved by the federal
communications commission;
      (2) in the case of a local exchange carrier, other than a rural telephone
company, operating area or service area means such carrier's local
exchange service area or areas as approved by the commission.
   (l) "Rural telephone company" has the meaning ascribed to it in the
federal act, excluding any local exchange carrier which together with all of
its affiliates has 20,000 or more access lines in the state.
   (m) "Telecommunications carrier" means a corporation, company,
individual, association of persons, their trustees, lessees or receivers that
provides a telecommunications service, including, but not limited to,
terexchange carriers and competitive access providers, but not including
local exchange carriers certified before January 1, 1996.
   (n) "Telecommunications public utility" means any public utility, as
defined in K.S.A. 66-104, and amendments thereto, which owns, controls,
operates or manages any equipment, plant or generating machinery, or any
part thereof, for the transmission of telephone messages, as defined in
K.S.A. 66-104, and amendments thereto, or the provision of
telecommunications services in or throughout any part of Kansas.
   (o) "Telecommunications service" means the provision of a service
for the transmission of telephone messages, or two-way video or data
messages.
   (p) "Universal service" means telecommunications services and
facilities which include: single party, two-way voice grade calling; stored
program controlled switching with vertical service capability; E-911
capability; tone dialing; access to operator services; access to directory
assistance; and equal access to long distance services.
   (q) "Enhanced universal service" means telecommunications services,
in addition to those included in universal service, which shall include:
Signingaling system seven capability, with CLASS service capability; basic
and primary rate ISDN capability, or the technological equivalent; full-
fiber interconnectivity, or the technological equivalent, between central
offices; and broadband capable facilities to: All schools accredited pursuant to K.S.A. 72-1101 et seq., and amendments thereto; hospitals as defined in K.S.A. 65-425, and amendments thereto; public libraries; and state and local government facilities which request broadband services.

Sec. 2. K.S.A. 66-2001 is hereby amended to read as follows: 66-2001. It is hereby declared to be the public policy of the state to:

(a) Ensure that every Kansan will have access to a first class telecommunications infrastructure that provides excellent services at an affordable price;

(b) ensure that consumers throughout the state realize the benefits of competition through increased services and improved telecommunications facilities and infrastructure at reduced rates;

(c) promote consumer access to a full range of telecommunications services, including advanced telecommunications services that are comparable in urban and rural areas throughout the state;

(d) advance the development of a statewide telecommunications infrastructure that is capable of supporting applications, such as public safety, telemedicine, services for persons with special needs, distance learning, public library services, access to internet providers and others; and

(e) protect consumers of telecommunications services from fraudulent business practices and practices that are inconsistent with the public interest, convenience and necessity; and

(f) promote local investment and the development and expansion of economic opportunities, through the statewide availability and ongoing enhancement of reliable and affordable broadband data and communications services.

Sec. 3. K.S.A. 2015 Supp. 66-2005 is hereby amended to read as follows: 66-2005. (a) Each local exchange carrier shall file a network infrastructure plan with the commission on or after January 1, 1997, and prior to January 1, 1998. Each plan, as a part of universal service protection, shall include schedules, which shall be approved by the commission, for deployment of universal service capabilities by July 1, 1998, and the deployment of enhanced universal service capabilities by July 1, 2003, as defined pursuant to subsections (p) and (q) of K.S.A. 66-1,187(p) and (q), and amendments thereto, respectively. With respect to enhanced universal service, such schedules shall provide for deployment of ISDN, or its technological equivalent, or broadband facilities, only upon a firm customer order for such service, or for deployment of other enhanced universal services by a local exchange carrier. After receipt of such an order and upon completion of a deployment plan designed to meet the firm order or otherwise provide for the deployment of enhanced universal service, a local exchange carrier shall notify the commission.
The commission shall approve the plan unless the commission determines that the proposed deployment plan is unnecessary, inappropriate, or not cost effective, or would create an unreasonable or excessive demand on the KUSF. The commission shall take action within 90 days. If the commission fails to take action within 90 days, the deployment plan shall be deemed approved. This approval process shall continue until July 1, 2000. Each plan shall demonstrate the capability of the local exchange carrier to comply on an ongoing basis with quality of service standards to be adopted by the commission no later than January 1, 1997.

(b) In order to protect universal service, facilitate the transition to competitive markets and stimulate the construction of an advanced telecommunications infrastructure, each local exchange carrier shall file a regulatory reform plan at the same time as it files the network infrastructure plan required in subsection (a). As part of its regulatory reform plan, a local exchange carrier may elect traditional rate of return regulation or price cap regulation. Carriers that elect price cap regulation shall be exempt from rate base, rate of return and earnings regulation and shall not be subject to the provisions of K.S.A. 66-136 and 66-127, and amendments thereto, except as otherwise provided in such sections. However, the commission may resume such regulation upon finding, after a hearing, that a carrier that is subject to price cap regulation has: Violated minimum quality of service standards pursuant to subsection (l) of K.S.A. 66-2002(l), and amendments thereto; been given reasonable notice and an opportunity to correct the violation; and failed to do so. Regulatory reform plans also shall include:

(1) A commitment to provide existing and newly ordered point-to-point broadband services to: Any hospital as defined in K.S.A. 65-425, and amendments thereto; any school accredited pursuant to K.S.A. 72-1101 et seq., and amendments thereto; any public library; or other state and local government facilities at discounted prices close to, but not below, long-run incremental cost; and

(2) a commitment to provide basic rate ISDN service, or the technological equivalent, at prices which are uniform throughout the carrier's service area. Local exchange carriers shall not be required to allow retail customers purchasing the foregoing discounted services to resell those services to other categories of customers. Telecommunications carriers may purchase basic rate ISDN services, or the technological equivalent, for resale in accordance with K.S.A. 66-2003, and amendments thereto. The commission may reduce prices charged for services outlined in provisions (1) and (2) of this subsection, if the commitments of the local exchange carrier set forth in those provisions are not being kept.

(c) Subject to the commission's approval, all local exchange carriers shall reduce intrastate access charges to interstate levels as provided
herein. Rates for intrastate switched access, and the imputed access portion of toll, shall be reduced over a three-year period with the objective of equalizing interstate and intrastate rates in a revenue neutral, specific and predictable manner. The commission is authorized to rebalance local residential and business service rates to offset the intrastate access and toll charge reductions. Any remaining portion of the reduction in access and toll charges not recovered through local residential and business service rates shall be paid out from the KUSF pursuant to K.S.A. 66-2008, and amendments thereto. Each rural telephone company shall adjust its intrastate switched access rates on March 1 of each odd-numbered year to match its interstate switched access rates, subject to the following:

1. Any reduction of a rural telephone company's cost recovery due to reduction of its intrastate access revenue, except such revenue recovered from another support mechanism, shall be recovered from the KUSF;
2. any portion of rural telephone company reductions in intrastate switched access rates which would result in an increase in KUSF recovery in a single year which exceeds .75% of intrastate retail revenues used in determining sums which may be recovered from Kansas telecommunications customers pursuant to subsection (a) of K.S.A. 66-2008(a), and amendments thereto, shall be deferred until March 1 of the next following odd-numbered year; and
3. no rural company shall be required at any time to reduce its intrastate switched access rates below the level of its interstate switched access rates.

(d) Beginning March 1, 1997, each rural telephone company shall have the authority to increase annually its monthly basic local residential and business service rates by an amount not to exceed $1 in each 12-month period until such monthly rates reach an amount equal to the statewide rural telephone company average rates for such services. The statewide rural telephone company average rates shall be the arithmetic mean of the lowest flat rate as of March 1, 1996, for local residential service and for local business service offered by each rural telephone company within the state. In the case of a rural telephone company which increases its local residential service rate or its local business service rate, or both, to reach the statewide rural telephone company average rate for such services, the amount paid to the company from the KUSF shall be reduced by an amount equal to the additional revenue received by such company through such rate increase. In the case of a rural telephone company which elects to maintain a local residential service rate or a local business service rate, or both, below the statewide rural telephone company average, the amount paid to the company from the KUSF shall be reduced by an amount equal to the difference between the revenue the company could receive if it elected to increase such rate to the average rate and the revenue received
by the company. The commission shall approve each application by a
rural telephone company to increase the company's local service rates in
an amount necessary for such company to maintain eligibility for full
federal universal service support. Any revenue resulting from any such
increase shall not be used as a basis to reduce such company's KUSF
support.

(e) For purposes of determining sufficient KUSF support, an
affordable rate for local exchange service provided by a rural telephone
company subject to traditional rate of return regulation shall be determined
as follows:

(1) For residential service, an affordable rate shall be the arithmetic
mean of residential local service rates charged in this state in all exchanges
served by rural telephone companies and in all exchanges in rate groups 1
through 3 as of February 20, 2002, of all other local exchange carriers, but
not including electing carriers, weighted by the number of residential
access lines to which each such rate applies, and thereafter rounded to the
nearest quarter-dollar, subject to the following provisions:

(A) If a rural telephone company's present residential rate, including
any separate charge for tone dialing, is at or above such weighted mean,
such rate shall be deemed affordable prior to March 1, 2007.

(B) If a rural telephone company's present residential rate, including
any separate charge for tone dialing, is below such average: (i) Such rate
shall be deemed affordable prior to March 1, 2003; (ii) as of March 1,
2003, and prior to March 1, 2004, a rate $2 higher than the company's
present residential monthly rate, but not exceeding such weighted mean,
shall be deemed affordable; (iii) as of March 1, 2004, and prior to March
1, 2005, a rate $4 higher than the company's present residential monthly
rate, but not exceeding such weighted mean, shall be deemed affordable;
and (iv) as of March 1, 2005, and prior to March 1, 2006, a rate $6 higher
than the company's present residential monthly rate, but not exceeding
such weighted mean, shall be deemed affordable.

(C) As of March 1, 2007, and each two years thereafter, an affordable
residential service rate shall be the weighted arithmetic mean of local
service rates determined as of October 1 of the preceding year in the
manner hereinbefore specified, except that any increase in such mean
exceeding $2 may be satisfied by increases in a rural telephone company's
residential monthly service rate not exceeding $2 per year, effective March
1 of the year when such mean is determined, with the remainder applied at
the rate of $2 per year, but not to exceed the affordable rate.

(2) For single line business service at any time, an affordable rate
shall be the existing rate or an amount $3 greater than the affordable rate
for residential service as determined under provision paragraph (1) of this
subsection, whichever is higher, except that any increase in the business
service affordable rate exceeding $2 may be satisfied by increases in a rural telephone company's business monthly service rate not exceeding $2 per year, effective March 1 of the year when such rate is determined, with the remainder applied at the rate of $2 per year, but not to exceed the affordable rate.

(3) Any flat fee or charge imposed per line on all residential service or single line business service, or both, other than a fee or charge for contribution to the KUSF or imposed by other governmental authority, shall be added to the basic service rate for purposes of determining an affordable rate pursuant to this subsection.

(4) Not later than March 1, 2003, tone dialing shall be made available to all local service customers of each rural telephone company at no charge additional to any increase in the local service rate to become effective on that date. The amount of revenue received as of March 1, 2002, by a rural telephone company from the provision of tone dialing service shall be excluded from reductions in the company's KUSF support otherwise resulting pursuant to this subsection.

(5) A rural telephone company which raises one or more local service rates on application made after February 20, 2002, and pursuant to subsection (b) of K.S.A. 66-2007(b), and amendments thereto, shall have the level of its affordable rate increased by an amount equal to the amount of the increase in such rate.

(6) Upon motion by a rural telephone company, the commission may determine a higher affordable local residential or business rate for such company if such higher rate allows the company to provide additional or improved service to customers, but any increase in a rural telephone company's local rate attributable to the provision of increased calling scope shall not be included in any subsequent recalculation of affordable rates as otherwise provided in this subsection.

(7) A uniform rate for residential and single line business local service adopted by a rural telephone company shall be deemed an affordable rate for purposes of this subsection if application of such uniform rate generates revenue equal to that which would be generated by application of residential and business rates which are otherwise deemed affordable rates for such company under this subsection.

(8) The provisions of this subsection relating to the implementation of an affordable rate shall not apply to rural telephone companies which do not receive KUSF support. When recalculating affordable rates as provided in this subsection, the rates used shall include the actual rates charged by rural companies that do not receive KUSF support.

(f) For regulatory reform plans in which price cap regulation has been elected, price cap plans shall have three baskets: Residential and single-line business, including touch-tone; switched access services; and
miscellaneous services. The commission shall establish price caps at the prices existing when the regulatory plan is filed subject to rate rebalancing as provided in subsection (c) for residential services, including touch-tone services, and for single-line business services, including touch-tone services, within the residential and single-line business service basket. The commission shall establish a formula for adjustments to the price caps. The commission also shall establish price caps at the prices existing when the regulatory plan is filed for the miscellaneous services basket. The commission shall approve any adjustments to the price caps for the miscellaneous service basket, as provided in subsection (g).

(g) On or before January 1, 1997, the commission shall issue a final order in a proceeding to determine the price cap adjustment formula that shall apply to the price caps for the local residential and single-line business and the miscellaneous services baskets and for sub-categories, if any, within those baskets. In determining this formula, the commission shall balance the public policy goals of encouraging efficiency and promoting investment in a quality, advanced telecommunications network in the state. The commission also shall establish any informational filing requirements necessary for the review of any price cap tariff filings, including price increases or decreases within the caps, to verify such caps would not be exceeded by any proposed price change. The adjustment formula shall apply to the price caps for the local residential and single-line business basket after December 31, 1999, and to the miscellaneous services basket after December 31, 1997. The price cap formula, but not actual prices, shall be reviewed every five years.

(h) The price caps for the residential and single-line business service basket shall be capped at their initial level until January 1, 2000, except for any increases authorized as a part of the revenue neutral rate rebalancing under subsection (c). The price caps for this basket and for the categories in this basket, if any, shall be adjusted annually after December 31, 1999, based on the formula determined by the commission under subsection (g).

(i) The price cap for the switched access service basket shall be set based upon the local exchange carrier's intrastate access tariffs as of January 1, 1997, except for any revenue neutral rate rebalancing authorized in accordance with subsection (c). Thereafter, the cap for this basket shall not change except in connection with any subsequent revenue neutral rebalancing authorized by the commission under subsection (c).

(j) The price caps for the miscellaneous services basket shall be adjusted annually after December 31, 1997, based on the adjustment formula determined by the commission under subsection (g).

(k) A price cap is a maximum price for all services taken as a whole in a given basket. Prices for individual services may be changed within the service categories, if any, established by the commission within a basket.
An entire service category, if any, within the residential and single-line business basket or miscellaneous services basket may be priced below the cap for such category. Unless otherwise approved by the commission, no service shall be priced below the price floor which will be long-run incremental cost and imputed access charges. Access charges equal to those paid by telecommunications carriers to local exchange carriers shall be imputed as part of the price floor for toll services offered by local exchange carriers on a toll service basis.

(l) A local exchange carrier may offer promotions within an exchange or group of exchanges. All promotions shall be approved by the commission and may not be unjust, unreasonably discriminatory or unduly preferential.

(m) Unless the commission authorizes price deregulation at an earlier date, intrastate toll services within the miscellaneous services basket shall continue to be regulated until the affected local exchange carrier begins to offer 1+ intraLATA dialing parity throughout its service territory, at which time intrastate toll will be price deregulated, except that prices cannot be set below the price floor.

(n) On or before July 1, 1997, the commission shall establish guidelines for reducing regulation prior to price deregulation of price cap regulated services in the miscellaneous services basket, the switched access services basket, and the residential and single-line business basket.

(o) Subsequent to the adoption of guidelines pursuant to subsection (n), the commission shall initiate a petitioning procedure under which the local exchange carrier may request rate range pricing. The commission shall act upon a petition within 21 days, subject to a 30-day extension. The prices within a rate range shall be tariffed and shall apply to all customers in a nondiscriminatory manner in an exchange or group of exchanges.

(p) A local exchange carrier may petition the commission to designate an individual service or service category, if any, within the miscellaneous services basket, the switched access services basket or the residential and single-line business basket for reduced regulation. The commission shall act upon a petition for reduced regulation within 21 days, subject to an extension period of an additional 30 days, and upon a good cause showing of the commission in the extension order, or within such shorter time as the commission shall approve. The commission shall issue a final order within the 21-day period or within a 51-day period if an extension has been issued. Following an order granting reduced regulation of an individual service or service category, the commission shall act on any request for price reductions within seven days subject to a 30-day extension. The commission shall act on other requests for price cap adjustments, adjustments within price cap plans and on new service offerings within 21 days subject to a 30-day extension. Such a change will
be presumed lawful unless it is determined the prices are below the price
floor or that the price cap for a category, if any, within the entire basket has
been exceeded.

(q) (1) Beginning July 1, 2006, price regulation of
telecommunications services in the residential and single-line business
service basket and the miscellaneous services basket for local exchange
carriers subject to price cap regulation shall be as follows:

(A) Packages or bundles of services shall be price deregulated
statewide, however the individual telecommunication service components
of such packages or bundles shall remain available for purchase on an
individual basis at prices subject to price cap regulation in any exchange in
which the standards in subsection (q)(1)(B), (C) or (D) have not been met.
If standards in subsection (q)(1)(B), (C) or (D) have been met, the
individual telecommunication service components of such packages or
bundles shall remain available for purchase on an individual basis and
prices for packages or bundles shall not exceed the sum of the highest
prices of the a la carte components of the package or bundle;

(B) in any exchange in which there are 75,000 or more local
exchange access lines served by all providers, rates for all
telecommunications services shall be price deregulated;

(C) in any exchange in which there are fewer than 75,000 local
exchange access lines served by all providers, the commission shall price
deregulate all business telecommunications services upon a demonstration
by the requesting local telecommunications carrier that there are two or
more nonaffiliated telecommunications carriers or other entities, that are
nonaffiliated with the local exchange carrier, providing local
telecommunications service to business customers, regardless of whether
the entity provides local service in conjunction with other services in that
exchange area. One of such nonaffiliated carriers or entities shall be
required to be a facilities-based carrier or entity and not more than one of
such nonaffiliated carriers or entities shall be a provider of commercial
mobile radio services in that exchange;

(D) in any exchange in which there are fewer than 75,000 local
exchange access lines served by all providers, the commission shall price
deregulate all residential telecommunication services upon a
demonstration by the requesting local telecommunications carrier that
there are two or more nonaffiliated telecommunications carriers or other
entities, that are nonaffiliated with the local exchange carrier, providing
local telecommunications service to residential customers, regardless of
whether the entity provides local service in conjunction with other services
in that exchange area. One of such nonaffiliated carriers or entities shall be
required to be a facilities-based carrier or entity and not more than one of
such nonaffiliated carriers or entities shall be a provider of commercial
mobile radio services in that exchange;

(E) rates for lifeline services shall remain subject to price cap regulation;

(F) up to and continuing until July 1, 2008, rates for the initial residential local exchange access line and up to four business local exchange access lines at one location shall remain subject to price cap regulation. On and after July 1, 2008, the local exchange carrier shall be authorized to adjust such rates without commission approval by not more than the percentage increase in the consumer price index for all urban consumers, as officially reported by the bureau of labor statistics of the United States department of labor, or its successor index, in any one year period and such rates shall not be adjusted below the price floor established in subsection (k). Such rates shall not be affected by purchase of one or more of the following: Call management services, intraLATA long distance service or interLATA long distance service; and

(G) local exchange carriers shall offer a uniform price throughout each such exchange for services subject to price deregulation, under this subsection, including packages or bundles of services, except as provided in subsection (1) or as otherwise approved by the commission.

(2) For the purposes of this subsection:

(A) Any entity providing voice service shall be considered as a local telecommunications service provider regardless of whether such entity is subject to regulation by the commission;

(B) a provider of local telecommunications service that requires the use of a third party, unaffiliated broadband network or dial-up internet network for the origination of local voice service shall not be considered a local telecommunications service provider;

(C) telecommunication carriers offering only prepaid telecommunications service shall not be considered entities providing local telecommunications service.

(3) If the services of a local exchange carrier are classified as price deregulated under this subsection, the carrier may thereafter adjust its rates for such price deregulated services upward or downward as it determines appropriate in its competitive environment, with tariffs for such services deemed effective upon filing with the commission. Price deregulated services shall be subject to the price floor in subsection (k), and shall not be unreasonably discriminatory or unduly preferential within an exchange.

(4) The commission shall act upon a petition filed pursuant to subsection (q)(1)(C) or (D) within 21 days, subject to an extension period of an additional 30 days, and upon a good cause showing of the commission in the extension order, or within such shorter time as the commission shall approve. The commission shall issue a final order within the 21-day period or within a 51-day period if an extension order has been
issued.

(5) The commission may resume price cap regulation of a local exchange carrier, deregulated under this subsection upon finding, after a hearing, that such carrier has: Violated minimum quality of service standards pursuant to subsection (1) of K.S.A. 66-2002(l), and amendments thereto; been given reasonable notice and an opportunity to correct the violation; and failed to do so.

(6) The commission on July 1, 2006, and on each date that any service is deregulated, shall record the rates of each service which has been price deregulated in each exchange.

(7) Prior to January 1, 2007, the commission shall determine the weighted, statewide average rate of nonwireless basic local telecommunications service as of July 1, 2006. Prior to January 1, 2007, and annually thereafter, the commission shall determine the weighted, average rate of nonwireless basic local telecommunications services in exchanges that have been price deregulated pursuant to subsection (q)(1)(B), (C) or (D). The commission shall report its findings on or before February 1, 2007, and annually thereafter to the governor, the legislature and each member of the standing committees of the house of representatives and the senate which are assigned telecommunications issues. The commission shall also provide in such annual report information on the current rates for services provided by all telecommunications carriers or other telecommunications service providers regardless of the technology used to provide service in price deregulated exchanges, service offerings provided by all telecommunications carriers or other telecommunications service providers regardless of the technology used and available in price deregulated exchanges and the number of competitors in price deregulated exchanges including, but not limited to, facilities based carriers, commercial mobile radio service or broadband based service providers.

(8) For the purposes of this subsection:

(A) "Packages or bundles of services" means the offering of a local telecommunications service with one or more of the following, subscribed together, as one service option offered at one price, one or more call management services, intraLATA long distance service, interLATA long distance service, internet access, video services or wireless services. Packages or bundles of services shall not include only a single residential local exchange access line or up to four business local exchange access lines at one location and intraLATA long distance service or interLATA long distance service, or both;

(B) "local telecommunications service" means two-way voice service capable of being originated and terminated within the exchange of the local exchange telecommunications company seeking price deregulation of
its services, regardless of the technology used to provision the voice service;

(C) "broadband network" means a connection that delivers services at speeds exceeding two hundred kilobits per second in both directions;

(D) "prepaid telecommunications service" means a local service for which payment is made in advance that excludes access to operator assistance and long distance service;

(E) "facilities based carrier" means a telecommunications carrier or entity providing local telecommunications service either wholly or partially over its own network. Facilities based carrier shall not include any radio communication services provider licensed by the federal communications commission to provide commercial mobile radio services; and

(F) "call management services" means optional telecommunications services that allow a customer to manage call flow generated over the customer's local exchange access line.

(r) (1) Upon complaint or request, the commission may investigate a price deregulated service.

(2) The commission shall resume price cap regulation of a service provided in any exchange area by placing it in the appropriate service basket, as approved by the commission, upon a determination by the commission that the conditions in subsection (q)(1)(C) or (D) are no longer satisfied in that exchange area.

(3) The commission shall resume price cap regulation of business services in any exchange meeting the conditions of subsection (q)(1)(B) by placing it in the appropriate service basket, as approved by the commission, upon a determination by the commission that the following condition is not met: There are at least two nonaffiliated telecommunications carriers or other entities, that are nonaffiliated with the local exchange carrier, providing local telecommunications service to business customers, regardless of whether the entity provides local service in conjunction with other services in that exchange area. One of such nonaffiliated carriers or entities shall be required to be a facilities-based carrier or entity and not more than one such nonaffiliated carriers or entities shall be a provider of commercial mobile radio services in that exchange.

(4) The commission shall resume price cap regulation of residential services in any exchange meeting the conditions of subsection (q)(1)(B) by placing it in the appropriate service basket, as approved by the commission, upon a determination by the commission that the following condition is not met: There are at least two or more nonaffiliated telecommunications carriers or other entities, that are nonaffiliated with the local exchange carrier, providing local telecommunications service to
residential customers, regardless of whether the entity provides local
service in conjunction with other services in that exchange area. One of
such nonaffiliated carriers or entities shall be required to be a facilities-
based carrier or entity and not more than one such nonaffiliated carriers or
entities shall be a provider of commercial mobile radio services in that
exchange.

(s) The commission shall require that for all local exchange carriers
all such price deregulated basic intraLATA toll services be geographically
averaged statewide and not be priced below the price floor established in
subsection (k).

(t) Cost studies to determine price floors shall be performed as
required by the commission in response to complaints. In addition,
notwithstanding the exemption in subsection (b), the commission may
request information necessary to execute any of its obligations under the
act. In response to a complaint that a price deregulated service is priced
below the price floor set forth in subsection (k), the commission shall issue
an order within 60 days after the filing of the complaint unless the
complainant agrees to an extension.

(u) A local exchange carrier may petition for individual customer
pricing. The commission shall respond expeditiously to the petition within
a period of not more than 30 days subject to a 30-day extension.

(v) No audit, earnings review or rate case shall be performed with
reference to the initial prices filed as required herein.

(w) As required under K.S.A. 66-131, and amendments thereto, and
except as provided for in subsection (e) of K.S.A. 66-2004(c), and
amendments thereto, telecommunications carriers that were not authorized
to provide switched local exchange telecommunications services in this
state as of July 1, 1996, including cable television operators who have not
previously offered telecommunications services, must receive a certificate
of convenience based upon a demonstration of technical, managerial and
financial viability and the ability to meet quality of service standards
established by the commission. Any telecommunications carrier or other
entity seeking such certificate shall file a statement, which shall be subject
to the commission's approval, specifying with particularity the areas in
which it will offer service, the manner in which it will provide the service
in such areas and whether it will serve both business customers and
residential customers in such areas. Any structurally separate affiliate of a
local exchange carrier that provides telecommunications services shall be
subject to the same regulatory obligations and oversight as a
telecommunications carrier, as long as the local exchange carrier's affiliate
obtains access to any services or facilities from its affiliated local
exchange carrier on the same terms and conditions as the local exchange
carrier makes those services and facilities available to other
telecommunications carriers.

(x) Any local exchange carrier with a majority of the carrier's local exchange access lines in the state price deregulated pursuant to subsection (q) may elect to no longer be regulated as a local exchange carrier and, notwithstanding any other provisions, upon such election shall instead be regulated as a telecommunications carrier, except as provided in this subsection. A local exchange carrier making such election shall be referred to as an "electing carrier." A local exchange carrier may make such election by providing the commission with at least 90 days' written notice of election. The notice of election shall include a verified statement that a majority of the carrier's local exchange access lines are price deregulated. Such notification shall include information regarding the number of access lines the carrier serves in each of the carrier's exchanges. Within 45 days of receipt of such a notification, the commission shall review the information concerning the carrier's local exchange access lines and upon failure of the commission, within 45 days of receipt of the notification, to determine that a majority of such lines of the carrier are not price deregulated the commission shall designate the carrier as an electing carrier.

(y) Notwithstanding the provisions of this act, and subject to any applicable exemption from interconnection generally, a telecommunications carrier is entitled to interconnection with a local exchange carrier or an electing carrier to transmit and route voice traffic between both the telecommunications carrier and the local exchange carrier or electing carrier regardless of the technology by which the voice traffic is originated by and terminated to a consumer. The commission shall afford such telecommunications carrier all substantive and procedural rights available to such carrier regarding interconnection pursuant to 47 U.S.C. §§ 251 and 252 as in effect on the effective date of this act. Nothing in this subsection shall be construed to confer jurisdiction upon the commission for services that are exempt from or otherwise not subject to commission jurisdiction.

(z) (1) Telecommunications carriers and electing carriers shall not be subject to regulation by the commission for the provision of telecommunications services, except that the commission shall retain the authority and jurisdiction to authorize applications, suspension or cancellation of certificates of public convenience and necessity to provide local exchange or exchange access service in the state of Kansas, but the commission may not use this certification authority to regulate telecommunications carriers or electing carriers beyond the jurisdiction provided the commission in this subsection.

(2) Nothing in this section shall be construed to restrict the commission's authority and jurisdiction to:
(A) Carry out the commission's obligations established in 47 U.S.C. §§ 251 and 252;

(B) implement rules delegated to the state by the federal communications commission or federal law; or

(C) regulate intrastate switched access rates, terms and conditions, including the implementation of federal law concerning intercarrier compensation.

(3) The commission shall retain the authority and jurisdiction to:

(A) Carry out the commission's obligations pursuant to the underground utilities damage prevention act, K.S.A. 66-1801 et seq., and amendments thereto, and the overhead power line accident prevention act, K.S.A. 66-1709 et seq., and amendments thereto;

(B) require the reasonable resale of retail telecommunications services, as well as unbundling and interconnection obligations as required by K.S.A. 66-2003, and amendments thereto;

(C) administer the Kansas lifeline service program pursuant to K.S.A. 66-2006, and amendments thereto;

(D) administer contributions to the Kansas universal service fund pursuant to subsection (a) of K.S.A. 66-2008(a), and amendments thereto;

(E) assess costs and expenses pursuant to K.S.A. 66-1501 et seq., and amendments thereto, but the commission shall not use this authority to regulate telecommunications carriers or electing carriers beyond the jurisdiction provided the commission in this subsection;

(F) request information from telecommunications carriers and electing carriers pursuant to K.A.R. 82-1-234a(b) and subject to the provisions of K.A.R. 82-1-221a and K.S.A. 66-1220a, and amendments thereto, but the commission shall not use this authority to regulate telecommunications carriers or electing carriers beyond the jurisdiction provided the commission in this subsection; and

(G) administer consumer complaints against telecommunications carriers and electing carriers to investigate fraud, undue discrimination and other practices harmful to consumers, but the commission shall not use this authority to regulate telecommunications carriers or electing carriers beyond the jurisdiction provided the commission in this subsection.

Sec. 4. K.S.A. 2015 Supp. 66-2008 is hereby amended to read as follows: 66-2008. On or before January 1, 1997, the commission shall establish the Kansas universal service fund, hereinafter referred to as the KUSF.

(a) The commission shall require every telecommunications carrier, telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services and, to the extent not prohibited by federal law, every provider of interconnected VoIP service, as defined by 47 C.F.R. § 9.3 (October 1, 2005), to contribute to
the KUSF on an equitable and nondiscriminatory basis. Any telecommunications carrier, telecommunications public utility, wireless telecommunications service provider or provider of interconnected VoIP service which contributes to the KUSF may collect from customers an amount equal to such carrier's, utility's or provider's contribution, but such carrier, provider or utility may collect a lesser amount from its customer. Any contributions in excess of distributions collected in any reporting year shall be applied to reduce the estimated contribution that would otherwise be necessary for the following year.

(b) Pursuant to the federal act, distributions from the KUSF shall be made in a competitively neutral manner to qualified telecommunications public utilities, telecommunications carriers and wireless telecommunications providers, that are deemed eligible both under subsection (e)(1) of section 214 of the federal act and by the commission.

(c) Beginning January 1, 2014:

1. Annual distributions from the KUSF for a local exchange carrier subject to price cap regulation pursuant to K.S.A. 66-2005, and amendments thereto, shall be capped at the lesser of:
   (A) 90% of KUSF support the carrier received for the 12-month period ending February 28, 2013; or
   (B) $11,400,000.

   The amounts prescribed in subparagraph (A) or (B) shall not include KUSF support for Kansas lifeline service program purposes, pursuant to K.S.A. 66-2006, and amendments thereto.

   (2) Local exchange carriers subject to price cap regulation pursuant to K.S.A. 66-2005, and amendments thereto, shall not receive KUSF support for any residential or business lines within an exchange that the commission has granted price deregulation pursuant to subsections (q)(1)(B), (C) or (D) of K.S.A. 66-2005(q)(1)(B), (C) or (D), and amendments thereto, except for areas within any census block in such an exchange in which there is no wireline carrier providing local exchange access lines that does not receive KUSF support, not including KUSF support for Kansas lifeline service program purposes pursuant to K.S.A. 66-2006, and amendments thereto, for such access lines.

   (3) Local exchange carriers subject to price cap regulation pursuant to K.S.A. 66-2005, and amendments thereto, shall receive the same per line, per month KUSF support as established in the April 13, 2000 notice in commission docket numbers 99-GIMT-326-GIT and 00-GIMT-236-GIT subject to the cap percentage in subsection (c)(1), not including KUSF support for Kansas lifeline service program purposes pursuant to K.S.A. 66-2006, and amendments thereto, except that the amount shall be reduced by any funding received by such carrier from the federal communication commission's connect America fund II for the same household, if feasible,
or for the same census block.

(4) The commission shall discontinue the use of the "identical support" rule and shall cap all competitive eligible telecommunications carriers' KUSF high cost support as of March 1, 2013, and beginning March 1, 2014, over a period of four years in annual equal increments, reduce to zero, beginning March 1, 2018, the amount of KUSF high cost support received by competitive eligible telecommunications carriers. Nothing in this section shall be construed to affect competitive eligible telecommunications carriers' eligibility for Kansas lifeline service program purposes pursuant to K.S.A. 66-2006, and amendments thereto. For the purposes of this subsection, "competitive eligible telecommunications carrier" means a telecommunications carrier designated by the commission as an eligible telecommunications carrier after January 1, 1998. "Competitive eligible telecommunications carrier" shall not mean any local exchange carrier or any electing carrier designated by the commission as an eligible telecommunications carrier by order dated December 5, 1997, in docket No. 98-GIMT-241-GIT, or any such local exchange carrier's or electing carrier's successors or assigns.

(5) An electing carrier shall no longer be eligible to receive high cost support from the KUSF.

(d) (1) Subject to paragraph (2), the commission may periodically review the KUSF to determine if the costs of qualified telecommunications public utilities, telecommunications carriers and wireless telecommunications service providers to provide local service justify modification of the KUSF. If the commission determines that any changes are needed, the commission shall modify the KUSF accordingly and annually report such changes to the senate standing committee on utilities and the house standing committee on utilities and telecommunications.

(2) The commission shall undertake a review of the capped amount of KUSF support available for each local exchange carrier operating under price cap regulation that receives such support, not including Kansas lifeline service program purposes pursuant to K.S.A. 66-2006, and amendments thereto, and determine if a lesser amount is appropriate for KUSF distributions after March 1, 2019. Reviews of such carriers shall be based on the forward-looking costs of providing basic voice service, using inputs that reflect the actual geography being served and that reflect the scale and scope of the local exchange carrier providing basic local voice service within each exchange.

(e) (1) For each local exchange carrier electing pursuant to subsection (b) of K.S.A. 66-2005(b), and amendments thereto, to operate under traditional rate of return regulation, all KUSF support, including any adjustment thereto pursuant to this section, shall be based on ensure recovery of such carrier's intrastate embedded costs, revenue requirements,
investments and expenses. Until at least March 1, 2017, Any modification of such support shall be made only as a direct result of changes in those factors enumerated in this subsection. Nothing in this subsection shall prohibit the commission from conducting a general investigation regarding effects of federal universal service reform on KUSF support and the telecommunications public policy of the state of Kansas as expressed in K.S.A. 66-2001, and amendments thereto. The commission may present any findings and recommendations to the telecommunications study committee established in K.S.A. 2015 Supp. 66-2018, and amendments thereto.

(2) Notwithstanding any other provision of law, no KUSF support received by a local exchange carrier electing pursuant to subsection (b) of K.S.A. 66-2005(b), and amendments thereto, to operate under traditional rate of return regulation shall be used to offset any—loss reduction of federal universal service fund support for recovery of such carrier, except that such limitation on KUSF support shall not preclude recovery of reductions in intrastate access revenue pursuant to subsection (c) of K.S.A. 66-2005, and amendments thereto. carrier's interstate costs and investments.

(3) Notwithstanding any other provision of law, the total KUSF distributions made to all local exchange carriers operating under traditional rate of return regulation pursuant to subsection (b) of K.S.A. 66-2005(b), and amendments thereto, shall not exceed an annual $30,000,000 cap. A waiver of the cap shall be granted based on a demonstration by a carrier that such carrier would experience significant hardship due to force majeure or natural disaster as determined by the commission.

(f) Additional supplemental funding from the KUSF, other than as provided in subsection (e), may be authorized at the discretion of the commission. However, the commission may require approval of such funding to be based upon a general rate case filing. With respect to any request for additional supplemental funding from the KUSF and to any audit of a rural telephone company's KUSF support, the commission shall act expeditiously, and shall be subject to the 240-day deadline for rate case applications pursuant to K.S.A. 66-117, and amendments thereto.

Sec. 5. K.S.A. 2015 Supp. 66-2017 is hereby amended to read as follows: 66-2017. (a) Except as otherwise provided in this section, no VoIP service, IP-enabled service, or any combination thereof, shall be subject to the jurisdiction of, regulation by, supervision of or control by any state agency or political subdivision of the state.

(b) VoIP services shall be subject to:

(1) The requirements of K.S.A. 66-2008, and amendments thereto, pertaining to the Kansas universal service fund (KUSF). The provisions of subsection (a) shall not affect or restrict eligibility for KUSF support; and
(2) the requirements of the Kansas 911 act, K.S.A. 2015 Supp. 12-5362 et seq., and amendments thereto.

(c) No provision of this section shall be construed to modify:

(1) The requirements of the video competition act, K.S.A. 2015 Supp. 12-2021 et seq., and amendments thereto;

(2) the state corporation commission's authority under 47 U.S.C. §§ 251 and 252, as in effect on the effective date of this act. For the purposes of this paragraph, the term "state commission" used in 47 U.S.C. §§ 251 and 252 shall mean the state corporation commission established pursuant to K.S.A. 74-601, and amendments thereto;

(3) the authority of the state of Kansas or a political subdivision thereof to manage the use of public rights of way pursuant to K.S.A. 17-1902, and amendments thereto; or

(4) the rights and obligations of subsection (y) of K.S.A. 66-2005(y), and amendments thereto; or

(5) the regulation of any rural telephone company.

(d) For the purposes of this section:

(1) "Internet protocol enabled service" or "IP-enabled service" means any service, capability, functionality, or application using an internet protocol (IP) that enables an end user to send or receive a voice, data or video communication in an IP format.

(2) "Political subdivision" shall have the meaning ascribed to such term in K.S.A. 28-137b, and amendments thereto.

(3) "State agency" shall have the meaning ascribed to such term in K.S.A. 75-3701, and amendments thereto.

(4) "Voice over Internet Protocol" or "VoIP" is any service that:

(A) Uses an internet protocol (IP) to enable real-time, two-way voice communication that originates from, or terminates at, the user's location in an IP;

(B) utilizes a broadband connection from the user's location; and

(C) permits a user to receive a call that originates on the public switched telephone network (PSTN) and to terminate a call to the PSTN.


Sec. 7. This act shall take effect and be in force from and after its publication in the statute book.