

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on March 11, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Kristen Kellems, Office of the Revisor of Statutes
Matt Sterling, Office of the Revisor of Statutes
Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Ann McMorris, Committee Assistant
Jeannine Wallace, Sen. Apple's Office Assistant

Conferees appearing before the Committee:

Michael E. Shepherd, Babcock & Wilcox Modular Nuclear Energy Company, Lynchburg, VA

Others attending:

See attached list.

Presentation on Modular Nuclear Power Plants

Michael Shepherd, Vice President, Business Development, Babcock & Wilcox Modular Nuclear Energy Company, presented a power point program on progressive energy solutions. He provided an overview of B&W capabilities, history and nuclear utility interest. He explained today's industry imperatives, vertically integrated supply chain, leading the energy transformation, B&W early integral PWRs, a Generation III++ reactor, the B&W power integral reactor design, B&W power lead plant schedule, cost factors, and licensing. (Attachment 1)

Chair opened for discussion and action on

SB 543 - Authorizing a program to certain telecommunications carriers

A balloon of **SB 543**, prepared by the Revisor's Office, was distributed for the committee's consideration. (Attachment 2)

Moved by Senator Lee, seconded by Senator Taddiken, SB 543 be amended as set forth in the balloon prepared by the Revisor's Office. Motion Carried

Moved by Senator Lee, seconded by Senator Taddiken, to move SB 543 out favorably as amended. Motion carried.

The KCC provided information requested by the committee during the discussion on the 2010 Price Deregulation Report on March 9 and 10, 2010. (Attachment 3)

The next meeting is scheduled for March 15, 2010.

The meeting was adjourned at 2:35 p.m.

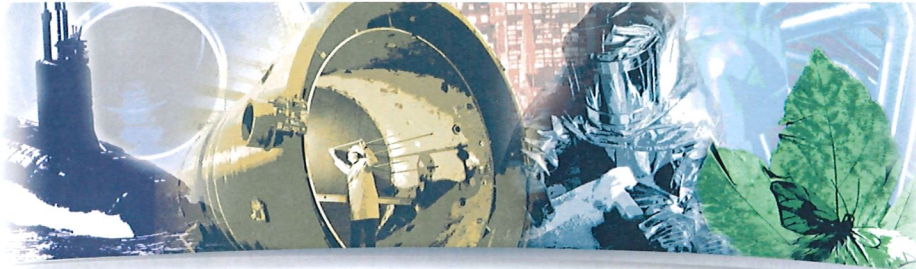
Respectfully submitted

Ann McMorris
Committee Assistant

Attachments - 3

**SENATE UTILITIES
COMMITTEE GUEST LIST
MARCH 11, 2010**

NAME	REPRESENTING
Tom Gogolover	AT&T
Glenda Lator	Carter Law Office
JOHN C. BOTTENBERG	Bottenberg & Assoc
Dina Fisk	Verizon Wireless
Christine Aarnes	KCC
Mari Tucker	Commerce
Tom DAY	KCC
Steve RARRICK	CUB
Ghane Lyle	KGS
Doug Smith	SEPC
Clare Hustin	Sunflower Electric
Kule Nelson	Sunflower Electric
Mike Shepherd	BMW
Mark Schreiber	Westar
John Fox	Century Link
JUDITH GARD	CENTURY LINK



A practical, scalable, modular ALWR

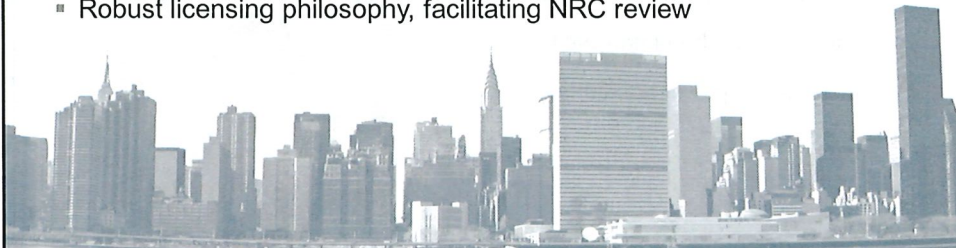
B&W Modular Nuclear Energy, LLC

© 2009 The Babcock & Wilcox Company Modular Nuclear Energy, LLC. All rights reserved.

General Overview 02-25-10

B&W mPower™ Overview

- Favorable regulatory, geopolitical and market realities
- Broad B&W capabilities, workforce and American infrastructure
- Strong nuclear utility interest, with commitments
- Practical design, aligned to existing nuclear infrastructure
- Robust licensing philosophy, facilitating NRC review



Complementary, near-term nuclear energy solution

© 2009 The Babcock & Wilcox Company Modular Nuclear Energy, LLC. All rights reserved.

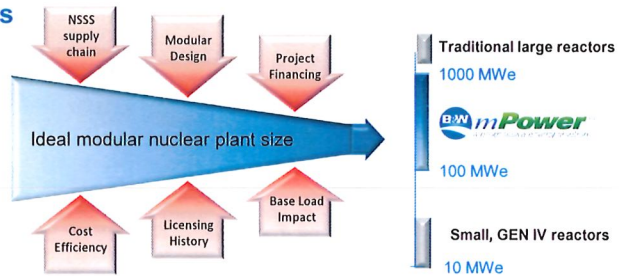
General Overview 02-25-10

**Senate Utilities Committee
March 11, 2010
Attachment 1-1**

A Shifting Nuclear Landscape

Geopolitical Motivators

- Climate Change legislation
- Energy independence
- Strained supply chain
- Field craft labor availability
- Transmission capacity
- Water and land rights
- Tight capital markets



One size does not fit all ...

Today's Industry Imperatives

- Don't "bet the company" on one project
- Practical, proven technology
- Utilize existing nuclear infrastructure
- "Repower" carbon-intensive facilities
- Incremental power additions



1-2

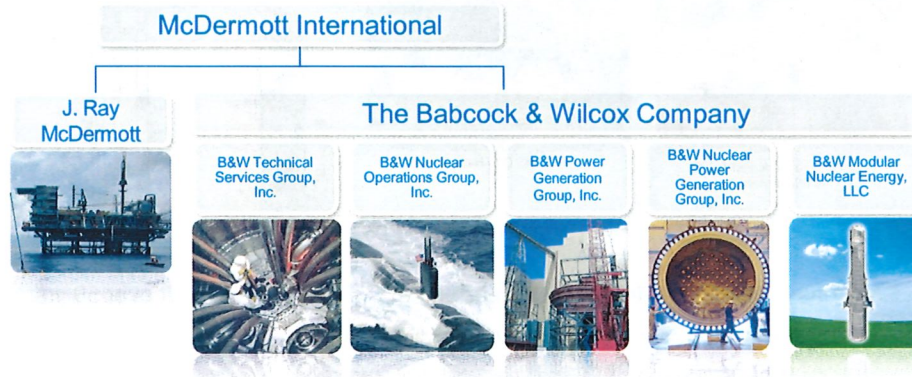
Vertically Integrated Supply Chain

- Domestic forgings or rolled plate
- Component fabrication
 - Mt. Vernon, Indiana
 - Barberton, Ohio
 - Cambridge, Ontario, Canada
- Fuel fabrication
 - Lynchburg, Virginia
- Control rod drive fabrication
 - Euclid, Ohio



A North American solution ... manufactured in existing B&W facilities

Leading the Energy Transformation



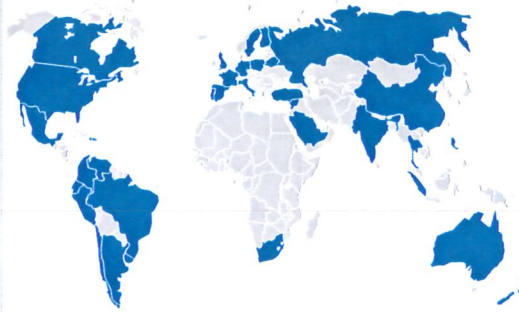
Clean Power Technologies
High-Consequence DOE Operations
Advanced Engineering and Manufacturing

1-3

A Global Business

B&W Nuclear Experience

- 50+ years of continuous nuclear engineering and manufacturing
- 12,000 nuclear professionals
- Only U.S. NRC Category 1 license
- Only U.S. company with N-Stamp for NSSS vessel manufacturing
- Fabricated >1,100 NSSS components and pressure vessels
- Manufactured more than 260 steam generators worldwide
- U.S. nuclear manufacturing in Indiana, Ohio, Virginia



\$4.7B sales. \$6.7B* backlog. 23,300 employees. 32 countries.*

* Approximate equivalent 2008 revenues, including unconsolidated operations

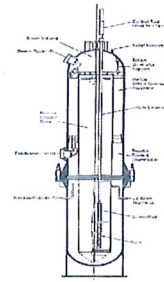
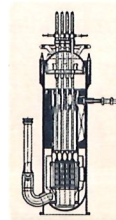
B&W Early Integral PWRs



*Designed and fabricated NSSS
NS Savannah*



*Consolidated nuclear steam generator
NS Otto Hahn*



SMPP design

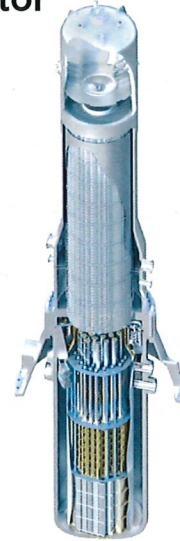
- B&W has evolved the integrated Nuclear Steam Supply System PWR over 50 yrs.
 - **NS Savannah:** Designed in 1950s; small PWR with standard design
 - **NS Otto Hahn:** Designed in 1960s; small integrated steam generator with reactor
 - **SMPP:** Designed in 1980s; small modular plant developed for land-based military electric generation

More than 40-year legacy of developing integrated NSSS

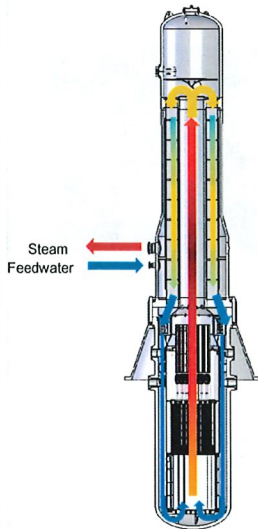
1-4

A Generation III++ Reactor

- Integral 125 MWe modular reactor
- Proven Advanced Light Water Reactor technology
- Simple, passively safe design
- Utilizes “industry standard” PWR fuel
- 48-60 month operating cycle between refueling
- Built in North America, in B&W factories



B&W mPower Integral Reactor Design



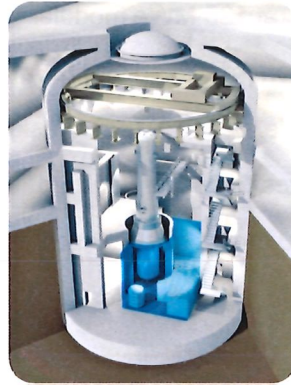
- Primary coolant contained within integral reactor vessel
- Forced circulation with internal non-safety pumps
- “Load-following” capability
- Power and pressure control with feedwater, active pressurizer
- Simple B&W once-through steam generator, with superheat

Thermal Power:	425 MW
Reactor Coolant:	1900 psia nominal 568°F Core inlet 609°F Core outlet 25.4 Mlbm/hr
Steam Conditions:	571°F @ 825 psia (50°F Superheated) (Feedwater @ 325°F)
Reactor Vessel:	Inside Diameter 10 ft Height 76 ft
Fuel Assemblies:	17x17 fuel pin array 80 in active length

1-5

Nuclear Island Features

- Dry containment - no suppression pool
- No active core cooling systems
- Passive decay heat removal
- No emergency AC power – batteries only
- Reactor installed after construction
- Spent fuel storage for 60-year plant life



Simple integrated safety features

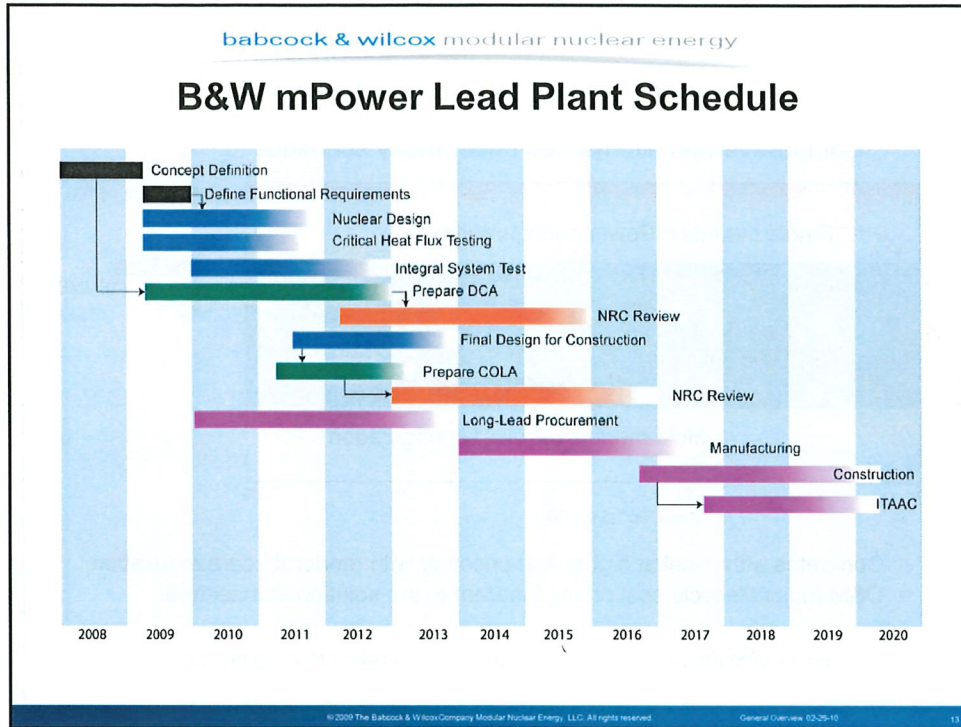
Scalable Nuclear Plant: Practical, Affordable

- Fully independent reactor modules
- 1-8 modules per plant, 125-1,000 MWe
- Underground containment building
- Low-impact, air-cooled condenser
- Scalable to grid, site, load-growth
- Three-year construction schedule



Cost certainty ... Schedule certainty ... Capital efficient.

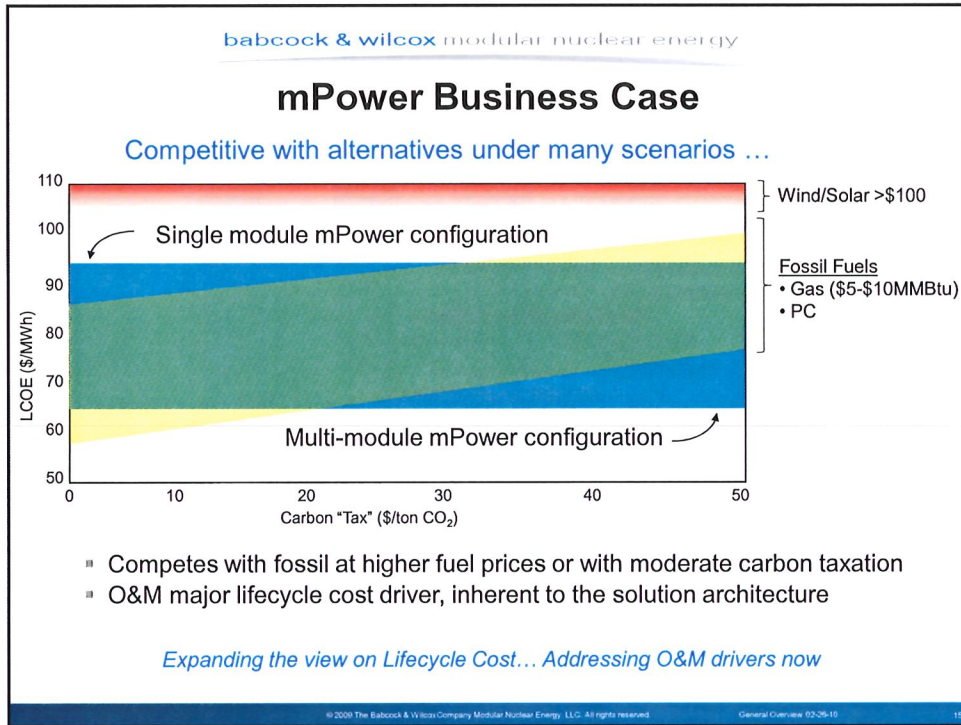
1-6



Cost Factors

- 36-month construction
- NSSS factory built
- 60-year underground fuel storage
- Small transmission investment
- 4-year+ fuel cycle
- Air cooled condenser – water rights/permits
- Target 10-day refueling outage
- Utilizing existing domestic fuel fabrication capabilities
- Facility design features with O&M cost focus

Focused on O&M costs, LCOE ... not just initial capital costs



- babcock & wilcox modular nuclear energy
- ## Licensing
- **Policy/Regulatory Issues Affecting SMRs**
 - NRC annual fees, Price-Anderson, Decommissioning funding
 - Offsite emergency preparedness requirements
 - Staffing requirements
 - Multiple modules at one site
 - Fuel cycle/operating cycle – ISI/IST interval
 - ITAAC
 - **B&W Pre-Application Activities**
 - July 7 and October 27 meetings with NRC – next meeting in March
 - Gain additional NRC confidence thru confirmatory testing and PIRT
 - Series of topical reports on key issues for NRC review
 - Excellent support from NRC management and staff – a dedicated LPM
- Significant Congressional and DOE Support*
- © 2008 The Babcock & Wilcox Company Modular Nuclear Energy, LLC. All rights reserved. General Overview 02-26-10 16

1-8

B&W mPower Value Proposition

- Flexible ... sized to local transmission, site, and power requirements
- Affordable ... cost competitive, cost certainty with incremental financing
- Practical ... reduced site work and existing B&W U.S. manufacturing
- Proven ... established licensing with Generation III++ technology



1-9

SENATE BILL No. 543

By Committee on Ways and Means

2-11

Senate Utilities Committee
March 11, 2010
Attachment 2-1

9 AN ACT concerning telecommunications; relating to the authorization
10 of certain programs; amending K.S.A. 66-1,190 and repealing the ex-
11 isting section.
12

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

14 Section 1. K.S.A. 66-1,190 is hereby amended to read as follows: 66-
15 1,190. (a) Every telecommunications public utility doing business in Kan-
16 sas over which the commission has control shall publish and file with the
17 commission copies of all schedules of rates, joint rates, tolls, charges,
18 classifications and divisions of rates affecting Kansas traffic, either state
19 or interstate, and shall furnish the commission copies of all rules and
20 regulations and contracts between such telecommunications public util-
21 ities pertaining to any and all jurisdictional services to be rendered by
22 such telecommunications public utilities. The commission shall have
23 power to prescribe reasonable rules and regulations regarding the form
24 and filing of all schedules, tariffs and classifications of all rates, joint rates,
25 tolls and charges and all rules and regulations of such telecommunications
26 public utilities, including such protection of confidentiality as requested
27 by the telecommunications public utility, and the utility's suppliers and
28 customers, for contracts entered into by them, and as the commission
29 determines reasonable and appropriate.

30 (b) *The commission shall require an incumbent local exchange carrier /*
31 *or a telecommunications carrier providing two-way flat rate calling serv-*
32 *ice ~~for optional metroplus calling area service~~, to exchanges within its*
33 *certified service area, to provide such calling service ~~to adjacent~~ exchange*
34 *areas in conjunction with the incumbent local carrier serving such*
35 *exchange areas upon a finding by the commission that such joint service*
36 *is needed for reasonably sufficient service and is in the public interest.*

37 Sec. 2. K.S.A. 66-1,190 is hereby repealed.

38 Sec. 3. This act shall take effect and be in force from and after its
39 publication in the statute book.

, including a carrier having elected price cap regulation pursuant to K.S.A. 66-2005, and amendments thereto,

, optional metroplus calling area service, or other community calling plans

to other

March 11, 2010

Senate Utilities Committee
State Capitol
300 SW 10th
Topeka, KS 66612

Dear Senate Utilities Committee:

Members of the committee requested information during our discussion of the 2010 Price Deregulation Report on March 9th and 10th, 2010. The committee members requested information regarding: 1) the percentage of access lines served via competitive local exchange carriers (CLECs) compared to the percentage of lines served by AT&T in the price deregulated exchanges; 2) the percentage of lines served by CLECs that are stand-alone vs. bundles; 3) how the affordable rate is determined for rural local exchange carriers; 4) the price difference between copper and fiber; and, 5) information regarding how different types of telephone companies are regulated.

A table illustrating the percentage of non-bundled access lines served by all CLECs providing service compared to the percentage of non-bundled access lines served by AT&T in each of the price deregulated exchanges is included as Attachment 1.

Attachment 2 is a table illustrating the percentage of lines served by CLECs that are stand-alone access lines compared to lines included in bundles. It should be noted that this list is not all-inclusive as some CLECs provided data for all of its bundles, including packages that included television, wireless and other services, while other CLECs provided data for only bundles that included telecommunications services, such as Caller ID, Call Waiting, and Voice Mail. Thus, although this list is not all-inclusive it demonstrates that CLECs provide stand-alone access lines along with its bundled packages.

AT&T has provided Staff with data that indicates approximately 27% of its residential access lines are stand-alone lines. In addition, although CenturyLink is not included in the data requests that are sent on an annual basis since it does not provide service in the price deregulated exchanges, data provided in a recent proceeding at the Commission indicates approximately 60% of its access lines are stand-alone lines.

With regard to the affordable rate for rural local exchange carriers, the rate is calculated pursuant to K.S.A. 66-2005(e). K.S.A. 66-2005(e) states as follows,

(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:

**Senate Utilities Committee
March 11, 2010
Attachment 3-1**

(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, 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 (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, 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

The Commission calculates the affordable rate for local exchange service provided by rural exchange carriers every two years, and the revised affordable rate goes into effect March 1 of each odd numbered year. Thus, the new affordable rate will be calculated in late 2010 and will go into effect March 1, 2011. A worksheet that demonstrates the calculation of the statewide target affordable rate for rate of return local exchange carriers in 2008 is attached as Attachment 3, to further illustrate how the rate is calculated.

With regard to the cost of fiber vs. copper, as Don Low noted, costs can vary considerably due to numerous variables. The costs of materials included in the contracts companies have with their vendors vary, and may or may not provide volume discounts and other considerations. Other variables include installation costs, such as the terrain and whether the material is buried or not. However, in order to provide a rough estimate of the cost difference between fiber and copper, an engineering firm that does a lot of work with telephone companies in Kansas provided Commission staff with current cost data. The firm estimated that it would cost approximately \$12,000-\$15,000 per mile for fiber compared to \$15,000-\$18,000 per mile for copper. This estimation includes the cost of materials, installation, etc. and would vary based on the terrain and other factors.

With regard to Senator Lee's request for a matrix outlining the differences in regulation between incumbent local exchange carriers (ILECs) and telecommunications carriers (CLECs and long distance carriers), Commission staff is still in the process of compiling this matrix, but we hope

to have it completed soon. However, in order to provide the committee with some insight, it should be noted that the primary difference between the two types of carriers is the regulation of rates. ILECs are rate regulated – either via price caps or rate-of-return regulation – and telecommunications carriers are not. ILECs have other responsibilities as well, including serving as the carrier-of-last resort (COLR). ILECs also provide a more intensive annual report form to the Commission that includes line count information by exchange, investment and expense information, etc. Much of this information is used by our accounting staff for Kansas Universal Service Fund calculations and for other Commission purposes.

Please let me know if you have additional questions on this matter. I can be contacted at (785) 271-3132 or at c.arnes@kcc.ks.gov.

Sincerely,



Christine Arnes
Senior Managing Telecommunications Analyst
Kansas Corporation Commission

Comparison of AT&T Access Lines vs. Total CLEC Access Lines in Price Deregulated Exchanges

Exchange	% Residential Lines Served by AT&T	% Residential Lines Served by ALL CLECs	% Business Lines Served by AT&T	% Business Lines Served by ALL CLECs
Kansas City	92.57%	7.43%	61.21%	38.79%
Topeka	57.47%	42.53%	47.89%	52.11%
Wichita	41.60%	58.40%	28.95%	71.05%
Almena	7.69%	92.31%	6.38%	93.62%
Arkansas City	47.54%	52.46%	42.76%	57.24%
Basehor	98.72%	1.28%	42.76%	57.24%
Cheney	74.38%	25.62%	65.64%	34.36%
Cherryvale	77.00%	23.00%	78.42%	21.58%
Clinton	99.45%	0.55%	88.24%	11.76%
Coffeyville	65.49%	34.51%	64.64%	35.36%
Colby-Gem	20.50%	79.50%	17.19%	82.81%
Dodge City	51.75%	48.25%	56.44%	43.56%
El Dorado	62.36%	37.64%	65.09%	34.91%
Erie	73.99%	26.01%	71.03%	28.97%
Eudora	98.87%	1.13%	92.94%	7.06%
Garden City	52.34%	47.66%	55.55%	44.45%
Garden Plain	73.49%	26.51%	61.40%	38.60%
Goodland	22.22%	77.78%	19.59%	80.41%
Great Bend	40.82%	59.18%	45.92%	54.08%
Halstead	76.84%	23.16%	79.44%	20.56%
Hays	23.62%	76.38%	99.85%	0.15%
Humboldt	70.43%	29.57%	87.90%	12.10%
Hutchinson	57.94%	42.06%	52.23%	47.77%
Iola	64.43%	35.57%	65.99%	34.01%
Kingman	70.58%	29.42%	59.49%	40.51%
Kinsley	80.62%	19.38%	69.86%	30.14%
Larned	61.03%	38.97%	55.92%	44.08%
Lawrence	99.22%	1.44%	85.58%	24.31%
Leavenworth-Lansing	99.22%	0.78%	85.58%	14.42%
Lindsborg	71.58%	28.42%	72.77%	27.23%
Lyons	62.65%	37.35%	57.58%	42.42%
Manhattan	53.98%	46.02%	49.89%	50.11%
McPherson	64.68%	35.32%	56.93%	43.07%
Medicine Lodge	97.46%	2.54%	29.41%	70.59%
Newton	92.34%	7.66%	78.67%	21.33%
Nickerson	70.73%	29.27%	96.00%	4.00%
Norton	12.41%	87.59%	18.08%	81.92%
Phillispburg-Kirwin	24.44%	75.56%	23.24%	76.76%
Pittsburg	81.18%	18.82%	84.43%	15.57%
Plainville	20.54%	79.46%	19.86%	80.14%
Pratt	55.04%	44.96%	43.79%	56.21%
Salina	46.68%	53.32%	40.44%	59.56%
Smith Center	17.13%	82.87%	11.36%	88.64%
Tonganoxie	99.19%	0.81%	84.98%	15.02%
Towanda	98.15%	1.85%	96.55%	3.45%
Winfield	63.41%	36.59%	58.05%	41.95%

3-5

Comparison of Stand-Alone Lines vs. Bundles for CLECs in Price Deregulated Exchanges**

Exchange	Residential		Business	
	% of CLECs Lines that are Stand-Alone	% of CLECs Lines that are Bundles	% of CLECs Lines that are Stand-Alone	% of CLECs Lines that are Bundles
Kansas City	6.04%	93.96%	84.42%	15.58%
Topeka	90.05%	9.95%	97.10%	2.90%
Wichita	96.42%	3.58%	99.09%	0.91%
Almena	99.45%	0.55%	100.00%	0.00%
Arkansas City	76.18%	23.82%	97.43%	2.57%
Basehor	26.19%	73.81%	91.67%	8.33%
Cheney	55.33%	44.67%	98.25%	1.75%
Cherryvale	96.72%	3.28%	100.00%	0.00%
Clinton	6.67%	93.33%	66.67%	33.33%
Coffeyville	70.30%	29.70%	92.38%	7.62%
Colby-Gem	99.15%	0.85%	100.00%	0.00%
Dodge City	77.41%	22.59%	95.17%	4.83%
El Dorado	72.41%	27.59%	92.20%	7.80%
Erie	77.06%	22.94%	100.00%	0.00%
Eudora	5.94%	94.06%	100.00%	0.00%
Garden City	73.55%	26.45%	94.95%	5.05%
Garden Plain	45.21%	54.79%	95.65%	4.35%
Goodland	96.05%	3.95%	99.66%	0.34%
Great Bend	86.78%	13.22%	98.12%	1.88%
Halstead	70.06%	29.94%	91.67%	8.33%
Hays	90.24%	9.76%	98.36%	1.64%
Humboldt	82.76%	17.24%	100.00%	0.00%
Hutchinson	84.60%	15.40%	96.52%	3.48%
Iola	91.88%	8.12%	97.34%	2.66%
Kingman	89.27%	10.73%	96.18%	3.82%
Kinsley	89.69%	10.31%	88.00%	12.00%
Larned	92.65%	7.35%	100.00%	0.00%
Lawrence	13.80%	86.20%	91.15%	8.85%
Leavenworth-Lansing	4.70%	95.30%	91.11%	8.89%
Lindsborg	88.13%	11.87%	100.00%	0.00%
Lyons	91.09%	8.91%	100.00%	0.00%
Manhattan	87.48%	12.52%	97.48%	2.52%
McPherson	80.64%	19.36%	98.82%	1.18%
Medicine Lodge	1.42%	98.58%	82.89%	17.11%
Newton	38.88%	61.12%	89.34%	10.66%
Nickerson	88.42%	11.58%	100.00%	0.00%
Norton	99.43%	0.57%	100.00%	0.00%
Phillispburg-Kirwin	99.64%	0.36%	100.00%	0.00%
Pittsburg	48.76%	51.24%	82.71%	17.29%
Plainville	99.29%	0.71%	100.00%	0.00%
Pratt	69.77%	30.23%	85.83%	14.17%
Salina	86.90%	13.10%	98.98%	1.02%
Smith Center	55.61%	44.39%	100.00%	0.00%
Tonganoxie	2.76%	97.24%	77.78%	22.22%
Towanda	8.33%	91.67%	18.18%	81.82%
Winfield	70.11%	29.89%	97.42%	2.58%

** This attachment is for illustrative purposes only and it should be noted that the list is not all-inclusive. Some CLECs did not include lines for bundles that included items such as TV programming, wireless, etc., while other carriers did include such lines.

Calculation of Statewide Target Affordable Rates
For Rate-Of-Return LECs
Effective 3/1/2009

COMPANY	Res Rate (10/1/08)	Res Rate to Use for Avg Rate Calc	Res Line Count (1)	Revenue (E = C x D)	Comments/Tariff Date
(A)	(B)	(C)	(D)	(E = C x D)	(F)
Bluestem -Others	13.74	13.74	321	4,411	
Bluestem - Americus	13.86	13.86	465	6,445	
Blue Valley	15.00	15.00	2,083	31,245	
Blue Valley- O & W	16.75	16.75	973	16,298	
Columbus	15.00	15.00	1,060	15,900	
Council Grove	15.00	15.00	1,208	18,120	
Craw-Kan	15.61	15.00	9,249	138,735	\$0.61 for EAS additive.
Cunningham	15.00	15.00	996	14,940	
Elkhart	15.55	15.55	862	13,404	
FairPoint MO	12.00	12.00	301	3,612	
Golden Belt	11.50	11.50	3,865	44,448	
Gorham/Waldo	15.00	15.00	230	3,450	
Gorham-Luray/Paradise	17.80	17.80	194	3,453	
H&B Comm.	15.00	15.00	564	8,460	
Haviland	15.00	15.00	2,671	40,065	
Home	15.50	15.00	1,490	22,350	Unified Rate Additive \$.50/line
JBN	15.00	15.00	1,884	28,260	EAS is billed separately
KanOkla	15.00	15.00	1,465	21,975	
LaHarpe	15.00	15.00	301	4,515	
Madison	15.00	15.00	441	6,615	
MoKan	12.10	12.10	2,637	31,908	
Moundridge	12.70	12.70	1,830	23,241	
Mutual	15.00	15.00	329	4,935	
Peoples	15.00	15.00	1,068	16,020	
Pioneer	16.00	15.00	8,154	122,310	Unified Rate additive \$1.00/line
Rainbow	15.00	15.00	1,488	22,320	
Rural	15.00	15.00	6,110	91,650	
Rural -Osborne	16.00	16.00	684	10,944	
Rural -Acquired Lines	17.80	17.80	2,795	49,751	
S&A	15.00	15.00	688	10,320	
S&T (includes Dighton)	15.00	15.00	1,810	27,150	
South Central	15.00	15.00	1,222	18,330	
Southern KS -Others	15.00	15.00	1,740	26,100	
So KS -Clearwater	22.95	15.00	1,962	29,430	\$7.95 for EAS to Wichita
Sunflower - Others	10.27	10.27	1,853	19,030	
Sunflower - Jetmore	10.59	10.59	452	4,787	
Totah	15.25	15.00	1,021	15,315	Unified Rate additive \$.25/line
Tri-County	15.00	15.00	2,469	37,035	
Twin Valley RG 1	15.00	15.00	1,600	24,000	
Twin Valley RG 2	17.80	17.80	3,110	55,358	
Twin Valley RG 3	18.10	18.10	659	11,928	
United Tele. Assoc.	16.00	15.00	3,542	53,130	Unified Rate additive \$1.00/line
Wamego	15.00	15.00	3,746	56,190	
Wheat State	15.00	15.00	1,778	26,670	
Wilson	15.00	15.00	1,481	22,215	
Zenda	15.00	15.00	153	2,295	
RLEC TOTAL		\$ 14.81	85,004	\$ 1,259,062	

	Avg Rate	Lines	Weighted Rev	Lines
RLECs	\$ 14.81	85,004	\$ 1,259,062	43%
Embarq RG 1 - 3	17.73	51,228	908,272	26%
SWBT RG 1 - 3	15.70	61,682	968,407	31%
Affordable Rate Calculation	\$ 15.84	\$ 197,914	\$ 3,135,741	100%

Rounded to Nearest Quarter- Dollar, 3/1/2009:

Residential Affordable Rate	\$ 15.75
Business Affordable Rate	\$ 18.75

Notes:
1. Includes Residential Lines included in Bundles.
2. Includes Concession Lines

3-7