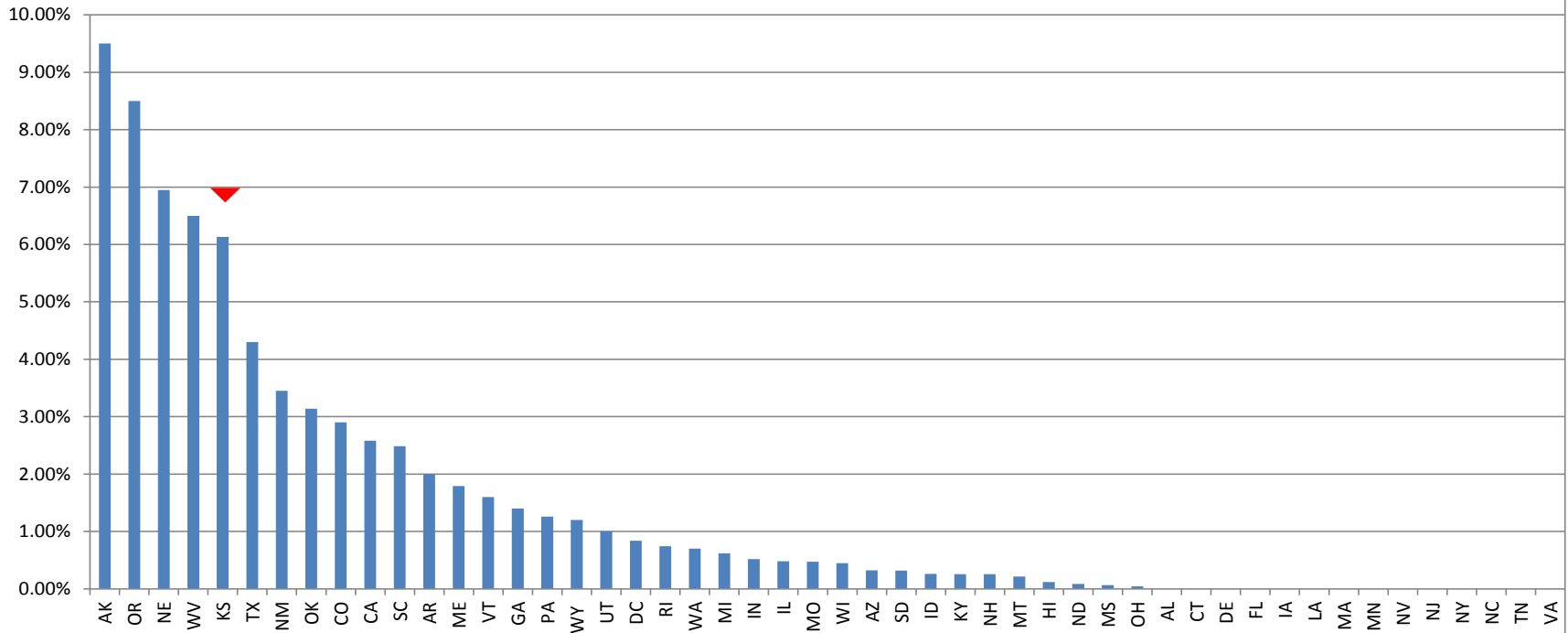


**KANSAS COULD BE A MORE
FRIENDLY PLACE TO DO BUSINESS**

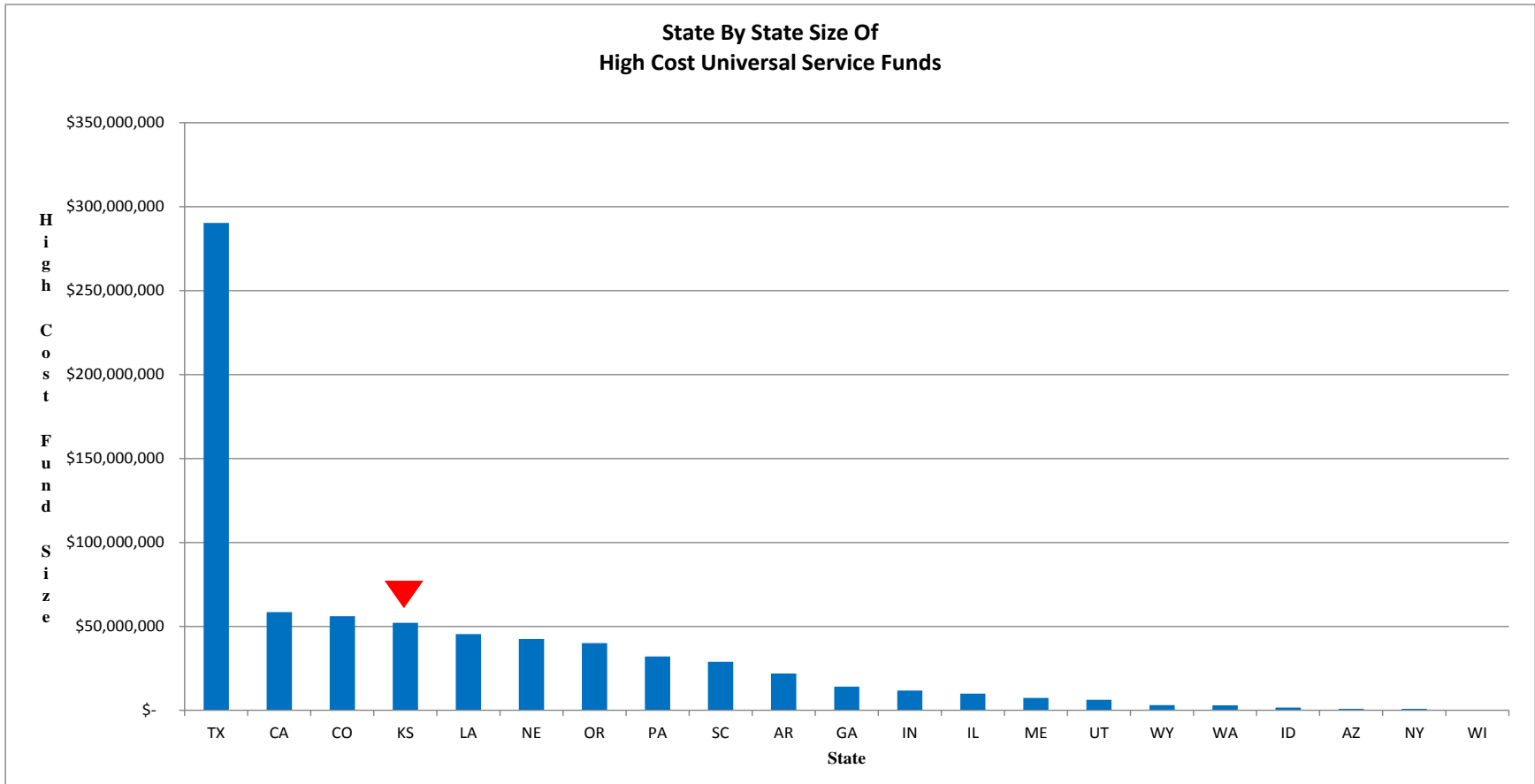
USF Assessment as a Percentage of Intrastate Revenue - by State



Source of Data: National Regulatory Research Institute's (NNRI) Survey of Universal Service Funds - July 2012

- - NRRI was founded by the National Association of Regulatory Commissioners (NARUC). While corporately independent, NARUC and NRRI are closely linked. NRRI serves as a research instrument for NARUC providing quality research to high quality research for NARUC members. Information regarding the NRRI can be found at www.nrri.org.
- - All USF percentages represent the highest assessment rate imposed on communications providers.
- - In many states, multiple assessments are applied to enable the funding of various programs (Broadband, Lifeline, Relay, Access Reform, etc.) See the *National Regulatory Research Institute's Survey of Universal Service Funds - July 2012* for details.
- - Several states apply assessments on a flat rate basis in lieu of a percentage of Intrastate revenue. Those states include: KY, MD, MS, MO, MT, NH, ND, OH, RI, SC, SD, WA, and WV. For these states the "USF Percentage" was calculated by dividing the flat rate charge by an estimated national average bill of \$47 per month.

KANSAS HIGH COST USF AMONG THE NATION'S LARGEST

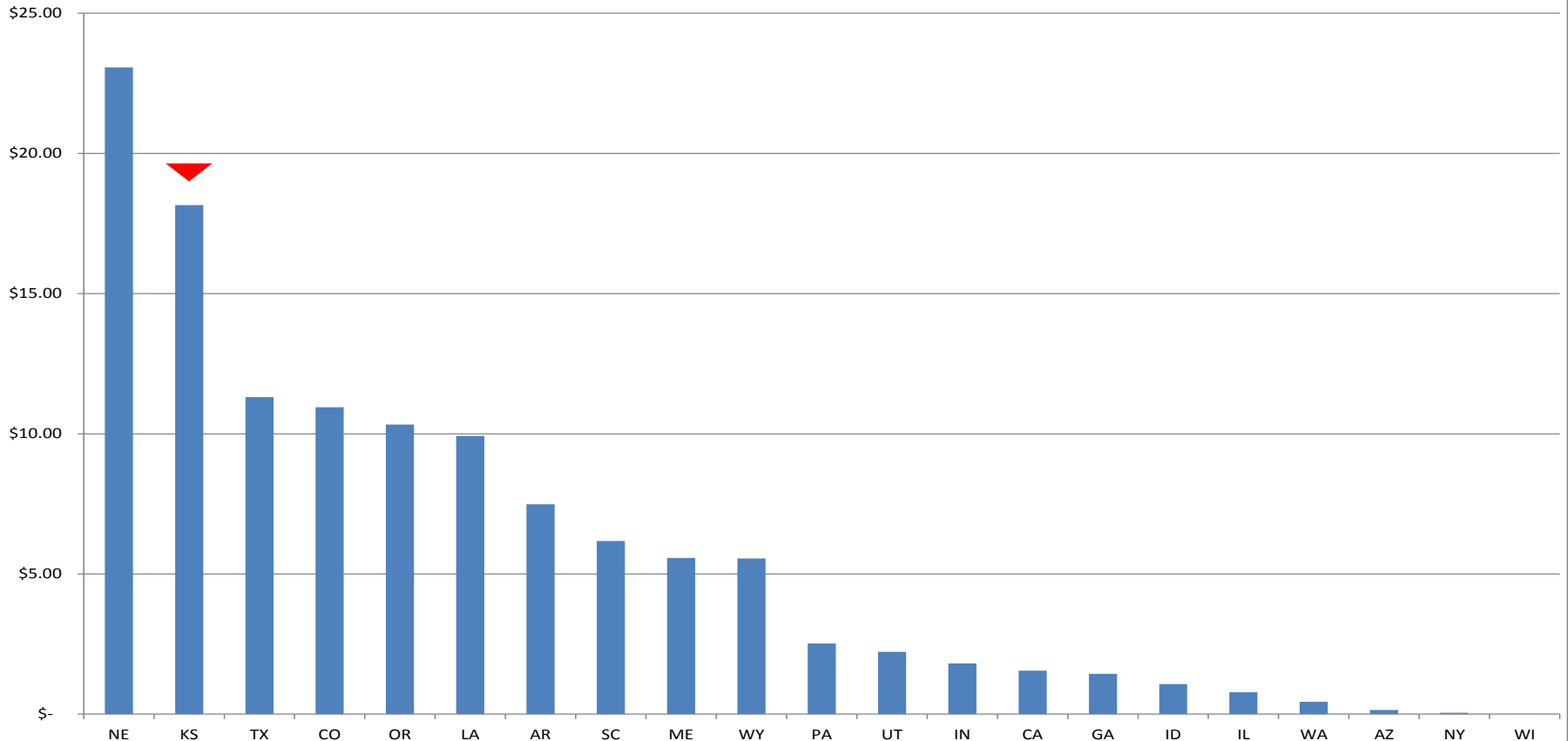


Source of Data: National Regulatory Research Institute's *Survey of Universal Service Funds* - July 2012

- - Per the NRRI Report, in Texas the fund collects monies as a whole and not by and individual program, so specific amounts were not included in the NRRI Report for High Cost funding. However, the *Texas Public Utility Commission's Review and Evaluation of the Texas Universal Service Fund, Pursuant to Senate Bill 980, 82nd Legislature, Regular Session, November 1, 2012*, indicates that 82% of USF funding is distributed for High Cost purpose. Thus, \$290M ($\$354M \times 0.82$) is earmarked for High Cost funding.
- - Other state Commissions have considered, or are considering, measures to reduce their state's high cost Universal Service Funds (e.g. - CO, GA, OK and TX). Such measures would involve several companies doing business in Kansas, including AT&T, CenturyLink and Sprint.

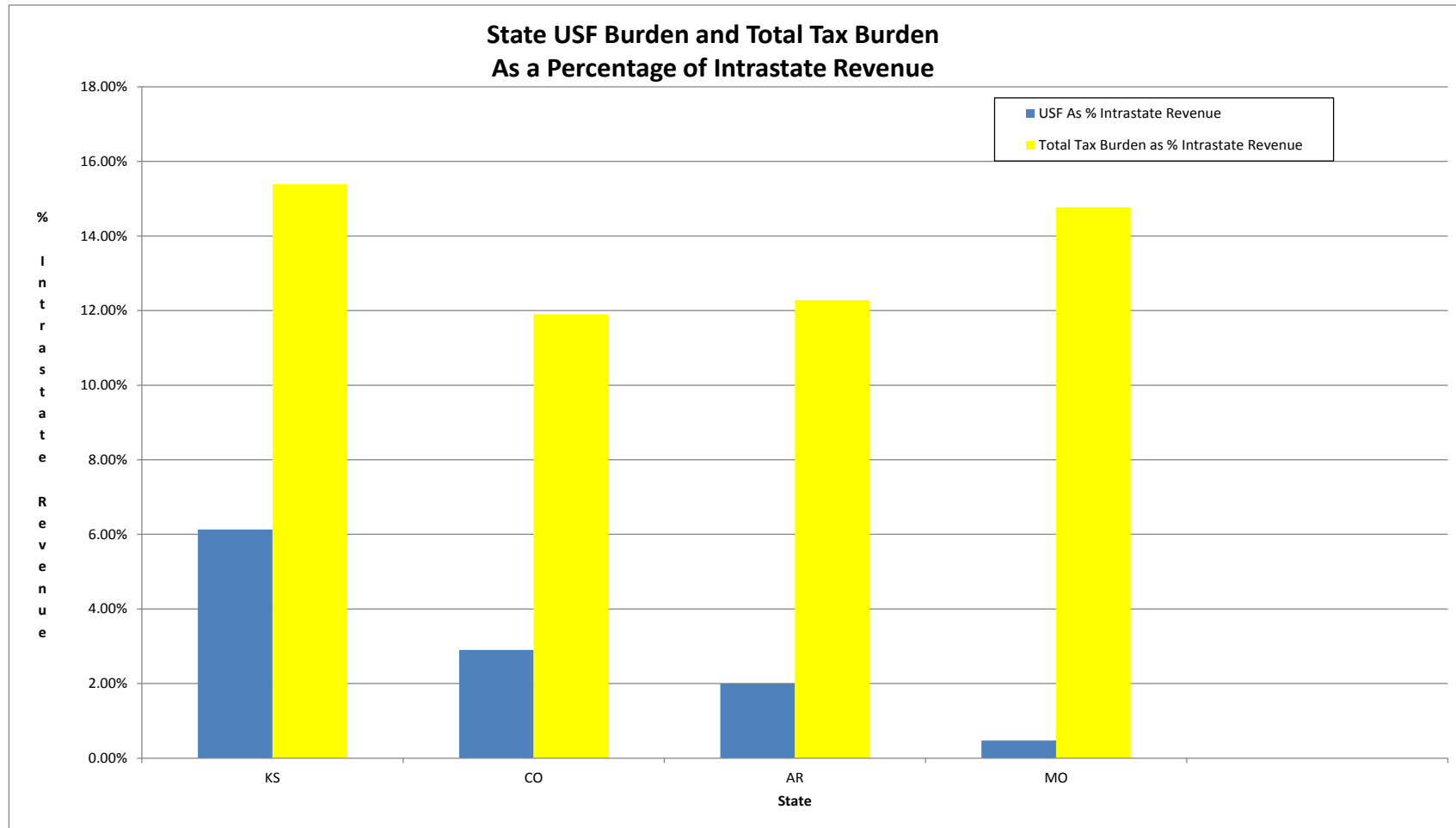
**KANSAS HIGH COST UNIVERSAL SERVICE FUND
NEARLY THE LARGEST ON PER CAPITA BASIS**

Per Capita High Cost Universal Service Funding



- - Each state's Per Capita High Cost Universal Service Funding amount was calculated by dividing the state's total High Cost Universal Service Fund amount by the state's total population.
- - The population data was obtained from the United States Census Bureau data published by the United States Department of Commerce. The 2011 population amounts were utilized for the calculation.

**KANSAS TOTAL TAX BURDEN AND USF BURDEN
ON CONSUMERS AND BUSINESSES
REMAINS ONE OF THE HIGHEST ON A REGIONAL BASIS**



Source of USF Data: National Regulatory Research Institute's (NRRI) *Survey of Universal Service Funds* - July 2012

Source of Total Tax Burden Data: *Tax Analysts Special Report* - By Scott Mackey - October 2012. In addition to High Cost USF charges, the Total Tax Burden includes items such as: State Sales Tax, Local and County Taxes, Emergency 911 Fees, Telephone Relay Service Fees, and Telephone Assistance Program Fees.