



... publish and file with the commission copies of all schedules of rates, joint rates, tolls, charges, classifications and divisions of rates affecting Kansas traffic, either state or interstate...and...the commission shall have power to prescribe reasonable rules and regulations regarding the form and filing of all schedules, tariffs and classifications of all rates, joint rates, tolls and charges and all rules and regulations of such telecommunications public utilities...

The Commission must review rates and terms for jurisdictional telecommunications services to ensure they are “just and reasonable” pursuant to K.S.A. 66-1,189. Further, K.S.A. 66-1,189 requires the KCC to ensure that all classifications, rules, and regulations regarding the services are not unduly discriminatory or preferential.

3. According to Staff, Gorham’s filing deletes three discount bundle packages from its tariff and offers two new bundles. Additionally, monthly rates on the remaining bundles will decrease by amounts ranging from \$32.46 to \$46.46.

4. Staff has reviewed the filing and does not have any concerns.

5. The Commission adopts Staff’s analysis and recommendation of September 27, 2018, as stated in its Report and Recommendation and finds that Gorham’s Application should be granted and the requested tariff revisions approved.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. Gorham Telephone Company’s Application is hereby granted and its revised General Exchange Tariff is hereby approved and shall become effective October 11, 2018.

B. Parties have 15 days, plus three days if service is by mail, from the date of service of this Order to petition the Commission for reconsideration or request a hearing, as provided in K.S.A. 77-542.<sup>1</sup>

C. The Commission retains jurisdiction over the parties and the subject matter of this docket for the purpose of entering such further order, or orders, as it deems necessary.

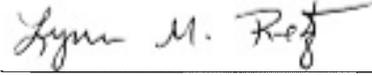
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<sup>1</sup>K.S.A. 77-537(b); K.S.A. 66-118b; K.S.A. 77-529(a)(1).

**BY THE COMMISSION IT IS SO ORDERED.**

Apple, Chairman; Albrecht, Commissioner; Keen, Commissioner

Dated: 10/04/2018



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Lynn M. Retz  
Secretary to the Commission

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# STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.  
SHARI FEIST ALBRECHT, CHAIR | JAY SCOTT EMLER, COMMISSIONER | DWIGHT D. KEEN, COMMISSIONER

## REPORT AND RECOMMENDATION UTILITIES DIVISION

**TO:** Chair Shari Feist Albrecht  
Commissioner Jay Scott Emler  
Commissioner Dwight D. Keen

**FROM:** Kelly Mabon, Senior Telecommunications Analyst  
Christine Aarnes, Chief of Telecommunications  
Jeff McClanahan, Director of Utilities

**DATE:** September 27, 2018

**RE:** Docket No. 19-GRHT-101-TAR  
In the Matter of the Application of Gorham Telephone Company Filing Tariff  
Revision to Bundle Service Changes.

### EXECUTIVE SUMMARY:

On September 11, 2018, Gorham Telephone Company (Gorham) filed a request to make tariff revisions to its bundled service packages in its General Exchange Tariff. Staff recommends Commission approval of this Application.

The Commission action date is **Thursday, October 11, 2018.**

### BACKGROUND:

The Kansas Corporation Commission derives its authority to review Local Exchange Carrier tariffs from K.S.A. 66-117(d), which states in part:

(d) Except as provided in subsection (c), no change shall be made in any rate, toll, charge, classification or schedule of charges or joint rates, or in any rule or regulation or practice pertaining to the service or rates of any such public utility or common carrier, without the consent of the commission.

In addition, K.S.A. 66-1,190 requires every public utility doing business in Kansas over which the Commission has control, to publish and file with the Commission copies of all schedules of rates, joint rates, tolls, charges, classifications and divisions of rates affecting Kansas traffic, either state

or interstate. The Commission has the power to prescribe reasonable rules and regulations regarding the form and filing of all schedules, tariffs and classifications of all rates, joint rates, tolls and charges and all rules and regulations of such telecommunications public utilities as the Commission determines reasonable and appropriate.

The KCC must review rates and terms for jurisdictional telecommunications services to ensure they are “just and reasonable” pursuant to K.S.A. 66-1,189. Further, K.S.A. 66-1,189 requires the KCC to ensure that all classifications, rules, and regulations regarding the services are not unduly discriminatory or preferential.

Because telecommunications providers must constantly adapt to consumer needs, the KCC determined in Docket No. 04-GIMT-1080-GIT that rate changes made by telecommunications providers would not be audited for their justness and reasonableness unless the changes result in the provider receiving “materially greater revenue” than its rate-of-return would necessitate.<sup>1</sup>

### **ANALYSIS:**

In this filing, Gorham is deleting three discount bundle packages from its tariff. These bundles, Link 6, Link 6 Plus, Link 10, and Link 10 Plus, included an access line and various custom calling services in addition to Internet connections and/or television service.

New bundles will be offered:

- Link 15, which includes Call Waiting/Caller ID, 15 Mbps Internet service, Customer Choice Long Distance, Voice Mail, Inside Wire Maintenance, and Internet, will be offered at a monthly rate of \$71.24; and,
- Link 15 Plus, which includes Call Waiting/Caller ID, 15 Mbps Internet, Customer Choice Long Distance, Basic TV, Voice Mail, Inside Wire Maintenance, and Internet Care, will be offered at a monthly rate of \$141.24.

Monthly rates on the remaining bundles will decrease by amounts ranging from \$32.46 to \$46.46.

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<sup>1</sup> Prior to 2004, if a rate of return carrier asked for an increase in revenue outside a rate case, the Commission policy was to adjust the amount received for an increased rate by a corresponding decrease in draw from the KUSF, pursuant to K.S.A. 66-2005(d). However, in *Rural Telephone Service Co. v. Kansas Corporation Commission*, 31 Kan. App. 2d 760, 72 P.3d 937 (2003), the Kansas Court of Appeals held that the Commission did not have statutory authority to reduce Rural's KUSF distribution in response to increased revenue from modifications to tariff filings (Docket No. 02-RRLT-875-TAR). The Court reversed the Order reducing Rural's KUSF support, but it remanded the matter to enable the Commission to determine the reasonableness of the proposed tariff changes in light of the Court's decision to disallow a contemporaneous reduction of KUSF support, 31 Kan. App. 2d at 770. On June 4, 2004, the Commission opened a generic docket to address Staff's proposal to address tariff increases between KUSF audits. In an Order dated September 28, 2004, in that Docket (04-GIMT-1080-GIT), the Commission stated, “Staff will continue to conduct an individual evaluation of any proposed tariff revision made by a rate-of-return regulated Rural affecting its revenues to determine the reasonableness of the proposed rates . . . if Staff evaluates information indicating that a rate-of-return regulated carriers is receiving materially greater revenue than its authorized cost recovery and rate of return would necessitate, the Commission will consider whether to conduct an audit.”

**RECOMMENDATION:**

Gorham's bundled offerings include various features giving consumers increased choices in services and the rates on non-regulated services are decreasing, which also benefits consumers. Therefore, Staff recommends the Commission approve this tariff filing with an effective date of October 11, 2018, as requested by the Company.

**CERTIFICATE OF SERVICE**

19-GRHT-101-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of electronic service on 10/04/2018.

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/S/ DeeAnn Shupe  
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