

**THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

Before Commissioners:                    Mark Sievers, Chairman  
   Thomas E. Wright  
   Shari Feist Albrecht

In the Matter of the Application of MoKan    )  
Dial, Inc. Pursuant to K.S.A. 66-2007(b)    )        Docket No. 13-MKNT-519-TAR  
to Increase its Local Rates.                    )

**ORDER APPROVING RATE INCREASE**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1.        On February 5, 2013, MoKan Dial, Inc. (MoKan), pursuant to K.S.A. 66-2007(b), filed an Application requesting Commission approval to increase its residential and business local service rates by \$1.50 per month. MoKan enclosed as attachments to its Application, the company's *Notice of Proposed Rates* directed to its subscribers and the company's revised Local Exchange Tariff replacement tariff sheets, reflecting the requested rates for both the stand-alone rates and the rates as part of bundled offerings.

2.        On May 13, 2013, the Commission Staff (Staff) filed its Report and Recommendation dated May 1, 2013, recommending the Commission grant MoKan's Application and approve the company's proposed rate increase, to be effective June 1, 2013.

3.        In support of its requested rate increase, MoKan cites K.S.A. 66-2007(b) for authorization to increase MoKan's local exchange rates by \$1.50 per month. MoKan states that its current residential rate is \$12.10 per month and its current business rate is \$15.10 per month. MoKan proposes to increase its residential and business rates to \$13.60 and \$16.60, per access line, per month, respectively, and to adjust any affected bundled rates, all to become effective

June 1, 2013. Application at pages 1 and 2. Citing the full text of K.S.A. 66-2007(b), which will not be repeated here, Staff reviewed and analyzed MoKan's Application, including the attachments thereto, finding MoKan's filing and its notice to customers to be in compliance with said statute. Report and Recommendation at pages 1-3. Customer comments in response to MoKan's *Notice of Proposed Rates* were due in the Commission's Public Affairs and Consumer Protection Division's (PACP) office by April 17, 2013. Staff notes that the Commission is required to approve rate increases that in the aggregate in any one year are \$1.50 or less per access line per month, pursuant to K.S.A. 66-2007(b), unless at least 15% of MoKan's subscribers comment or object. Staff includes as an attachment to its Report and Recommendation, a copy of PACP's April 18, 2013 Memorandum indicating that no subscriber comments were received by PACP during the comment period ended April 17, 2013. Report and Recommendation at page 3.

4. According to Staff, K.S.A. 66-2005(e)(1)(C) requires the Commission to determine a target affordable residential local service rate, effective March 1, 2007, and every two years thereafter. Staff further states that K.S.A. 66-2005(e)(2) provides that the affordable single-line business rate will be \$3.00 more than the residential rate. Citing the Commission's January 16, 2013 Order<sup>1</sup> issued in Docket No. 13-GIMT-130-GIT, Staff states that the Commission adopted statewide target affordable rates of \$16.75 and \$19.75 for residential and single-line business service, respectively. K.S.A. 66-2005(e)(5) requires that a rural local exchange carrier (LEC) that increases local service rates after February 20, 2002, pursuant to K.S.A. 66-2007(b), will have an affordable rate that is increased by an equal amount of the rate increase under K.S.A. 66-2007(b). Thus, Staff concludes that MoKan will have an affordable

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<sup>1</sup> Order Setting the Kansas Universal Service Fund Assessment Rate for Year Seventeen and Setting Affordable Rates for Rural Local Exchange Carriers, p. 4, (January 16, 2013).

rate that is \$1.50 greater than the residential rate adopted by the Commission if it applies or qualifies for Kansas Universal Service Fund (KUSF) support in the future. Staff states that its evaluation of MoKan's Application and attachments reveals that the company is in compliance with the requirements of K.S.A. 66-2007(b). Concluding, Staff recommends the Commission grant MoKan's Application and approve the company's rate increase as requested, to become effective June 1, 2013. Report and Recommendation at page 3.

5. The Commission adopts Staff's analysis and recommendation of May 1, 2013, as stated in its Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that MoKan's Application should be granted and the requested rate increase of \$1.50 per access line per month for its residential and business local service, including adjustment to any affected bundled rates, should be approved.

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

A. MoKan Dial, Inc.'s Application is hereby granted and the requested increase of \$1.50 per access line per month for MoKan's residential and business local rates, including adjustment of any affected bundled rates, is hereby approved, with such rates to become effective June 1, 2013.


B. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2012 Supp. 77-529.

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

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

Sievers, Chmn.; Wright, Com.; Albrecht, Com.

Dated:     **MAY 20 2013**    

  
**ORDER MAILED MAY 20 2013**  
Patrice Petersen-Klein  
Executive Director

oan



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Mark Sievers, Chairman  
Thomas E. Wright, Commissioner  
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chairman Mark Sievers  
Commissioner Thomas E. Wright  
Commissioner Shari Feist Albrecht

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

STATE CORPORATION  
COMMISSION

**MAY 06 2013**

PATRICE PETERSEN-KLEIN  
EXECUTIVE DIRECTOR

**DATE:** May 1, 2013

**DATE SUBMITTED TO EXECUTIVE DIRECTOR:** 5/3/13

**DATE SUBMITTED TO LEGAL:** 5-7-13

**DATE SUBMITTED TO COMMISSIONERS:** 5/13/13

**SUBJECT:** Docket No. 13-MKNT-519-TAR  
In the Matter of the Application of MoKan Dial, Inc. Pursuant to K.S.A.  
66-2007(b) to Increase its Local Rates.

**EXECUTIVE SUMMARY:**

On February 5, 2013, MoKan Dial, Inc. (MoKan) filed an Application based on K.S.A. 66-2007(b) requesting permission to raise its residential and business local service rates \$1.50 per month. Staff recommends approval of this Application.

Commission action on this matter is required no later than **Wednesday, June 5, 2013.**

**BACKGROUND:**

K.S.A. 66-2007(b) states:

The commission shall approve, upon not more than 120 days' notice, any basic local exchange price increases that in the aggregate in any one year are \$1.50 or less per access line per month, that are proposed by any rural telephone company which is subject to traditional rate of return regulation and that comply with the requirements of this section. Any such proposed

price increases shall be presumed reasonable and not subject to commission investigation and review if the rural telephone company has followed the notice requirements set forth below. However, the commission shall initiate an investigation if more than 15% of the subscribers subject to the rate increase request such an investigation within 60 days of the date of distribution of the notice of the proposed change.

Upon filing such an application for a rate increase, any rural telephone company seeking expedited approval of the proposed rate under this section shall send a notice to its subscribers by regular mail, which may be included with regular subscriber mailings. Such mailings shall include the name, mailing address and telephone number of the commission. The notice shall include a schedule of the proposed local exchange rates, the effective date of the rates and a description of the procedures by which the subscribers can petition the commission to determine the reasonableness of the proposed rates, including a provision specifically stating that protest by 15% or more of subscribers subject to the proposed rate increase would require the commission to initiate an investigation concerning the reasonableness of the proposed rate increase.

MoKan provided a copy of the "Notice of Proposed Rates" the Company sent to its customers. The Notice stated that the rate increase would not occur earlier than 60 days or more than 120 days from the date of notice. The Customer Notice also stated that a customer could petition the Commission regarding the reasonableness of the rate increase and that the Commission would be required to initiate an investigation if more than fifteen percent (15%) of the Company's subscribers protest the rate increase. The Company also provided updated tariff pages to reflect the proposed rate increases.

The Company proposes to raise its residential service rate from \$12.10 to \$13.60 and the business service rate from \$15.10 to \$16.60 a month. The Company did not provide an estimate of the increase in annual local service revenues.

#### **ANALYSIS:**

Staff evaluated MoKan's Customer Notice and finds it is appropriate and complies with K.S.A. 66-2007. Pursuant to K.S.A. 66-2007(b), the statutorily required comment period is 60 days from customer notice. Thus, comments were due to the Commission's Public Affairs and Consumer Protection Office by Tuesday, April 17, 2013. The Commission is required to approve aggregate increases of \$1.50 or less per line per year pursuant to K.S.A. 66-2007(b), unless at least 15% of MoKan's subscribers comment or object. Attachment A is a memorandum from the Commission's Public Affairs and Consumer Protection Office stating it received no comments or complaints regarding MoKan's proposed rate increase.

K.S.A. 66-2005(e)(1)(C) required the Commission to determine a target affordable residential local service rate, effective March 1, 2007, and every two-years thereafter.

K.S.A. 66-2005(e)(2) provides that the affordable single-line business rate will be \$3.00 more than the residential rate. In its January 16, 2013, Order Setting the Kansas Universal Service Fund Assessment Rate for Year Seventeen and Setting Affordable Rates for Rural Local Exchange Companies in Docket No. 13-GIMT-130-GIT, the Commission adopted statewide target affordable rates of \$16.75 and \$19.75 for residential and single-line business service, respectively.

MoKan's KUSF support was reduced to zero, effective March 1, 2004, as determined in Docket No. 04-MKNT-364-AUD. As a result, MoKan had not increased its local service rates towards the statewide target affordable rates for rural LECs.

K.S.A. 66-2005(e)(5) requires that a rural LEC that increases local service rates after February 20, 2002, pursuant to K.S.A. 66-2007(b), will have an affordable rate that is increased by an equal amount of the rate increase under K.S.A. 66-2007(b). Thus, the Company will have an affordable rate that is \$1.50 greater than the residential rate adopted by the Commission if it applies or qualifies for KUSF support in the future.

**RECOMMENDATION:**

The evaluation of MoKan's Application and Customer Notice shows they are in compliance with K.S.A. 66-2007(b). MoKan's customers did not register any written or oral complaints with the Commission's Public Affairs and Consumer Protection Office; therefore, the Company's Application to increase its rates up to \$1.50 per line per year should be approved.

Staff recommends that the Commission approve MoKan's filing, effective June 1, 2013, as requested by the Company.

cc: Patrice Petersen-Klein

1500 SW Arrowhead Road  
Topeka, KS 66604-4027



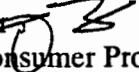
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Mark Sievers, Chairman  
Thomas E. Wright, Commissioner  
Shari Feist Albrecht, Commissioner

Sam Brownback, Governor

## MEMORANDUM

To: Chairman Sievers  
Commissioner Wright  
Commissioner Albrecht

From: Jesse Borjon, Director   
Public Affairs and Consumer Protection

Date: April 18, 2013

Re: Public Comment Period  
Docket No. 13-MKNT-519-TAR

No comments were received by the Public Affairs and Consumer Protection office during the public in the Matter of the Application MoKan Dial, Inc. Pursuant to K.S.A. 66-2077(b) to Increase its Local Rates. The public comment period ended April 17, 2013.

Please contact me if you have any questions.

Cc: Patti Petersen-Klein  
Otto Newton  
Kelly Mabon  
Gail Alderson

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
JAMES M. CAPLINGER, JR., ATTORNEY JAMES M. CAPLINGER, CHARTERED 823 SW 10TH AVE TOPEKA, KS 66612-1618		
COLLEEN R. HARRELL JAMES M. CAPLINGER, CHARTERED 823 SW 10TH AVE TOPEKA, KS 66612-1618		
OTTO NEWTON, LITIGATION COUNSEL 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604 ***Hand Delivered***		

ORDER MAILED **MAY 20 2013**

The Docket Room hereby certified that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.