

**MEMORANDUM  
UTILITIES DIVISION**

TO:           Chair                   Moline  
              Commissioner       Krehbiel  
              Commissioner       Moffet

FROM:       Hal Baumhardt

DATE:       September 15, 2006

DATE SUBMITTED TO LEGAL: 9/18/06

DATE SUBMITTED TO COMMISSIONERS: \_\_\_\_\_

RE:           Docket No. 06-RRLT-963-COC

In the Matter of the Joint Application of United Telephone Company of Kansas, Inc., United Telephone Company of Eastern Kansas, Inc. (United) and Rural Telephone Service Company, Inc. (RuralTel) for Permission of United to Cease Operating as a Telephone Public Utility in Twelve of its Kansas Exchanges, to Grant RuralTel a Certificate of Public Convenience for the Same Twelve Exchanges, and for Authority to Transfer Property, Plant and Equipment of United Located in the Twelve Exchanges to RuralTel and Complete all Matters Incident to the Transfer.

**BACKGROUND:**

On August 25, 2006 the Law Offices of James M. Caplinger, Chartered, on behalf of Rural Telephone Service Company, Inc. ("RuralTel"), filed this application. With this filing RuralTel is being made in compliance with the Commission's Order in Docket No. 06-RRLT-963-COC granted July 27, 2006. Part of the Order and Certificate is a Stipulation and Agreement entered into Rural Telephone Service Company, Inc. ("RuralTel"), the Citizens' Utility Ratepayer Board (CURB) and the Staff of the Corporation Commission of the State of Kansas that requires RuralTel to file revision to its General Exchange Tariff.

**ANALYSIS:**

Staff has reviewed this filing. RuralTel's pertinent revisions addressing its modified Stipulation and Agreement ("S&A") in its revised Local Exchange Tariff include the following changes. Additionally, RuralTel has taken this opportunity to reworked its entire tariff for better organization:

- Original Sheet 3 for Local Exchange Tariff, Section 1 - added the ten exchanges purchased from United as Service Area Rate Group 4
- Original Sheet 4 for Local Exchange Tariff, Section 1 - added corresponding Lifeline Credits for new and existing Rate Groups 1-4.

- Original Sheet 6 for Local Exchange Tariff, Section 1 – added newly purchased United exchanges service rates and charges as Rate Group 4
- Original Sheet 13 for Local Exchange Tariff, Section 3 – added custom calling/class services for United’s newly purchased exchanges.

When a service provider purchases an exchange, the new provider is likely to have different tariff rates than the previous incumbent local exchange carrier (ILEC). As ordered by the Commission, RuralTel shall file tariffs within 45 days after the Commission approval or at least 30 days prior to the first cutover of any of the ten exchanges, whichever occurs first.

Paragraph ten of the S&A defines the requirements in how RuralTel’s tariffs will apply so that customers are not impacted in a negative way. In Staff’s review of these S&A conditions Staff finds that RuralTel has sustained the Local Service rates once charged by United, sustained the Local Service rates charged by Nex-Tech for Osborne, and appended those as separate rate groups to RuralTel Service Tariff. In addition, RuralTel has maintained its own Local Exchange Tariff rates for all other services such as call waiting, three-way calling and all other charges applicable to installation, etc. Likewise, the three most popular vertical services have been integrated as Feature Packages A, B and C as offered to existing United customers, prior to the acquisition of United’s exchanges

Lastly, Staff finds that RuralTel has not increase its local rates for the existing customer base as a result of the acquisition of the ten United exchanges.

**RECOMMENDATION:**

Staff recommends the Commission grant these revisions to update RuralTel’s Local Exchange Tariff as agreed upon between parties in the Stipulation and Agreement to service RuralTel’s existing and expanded customer base. This application revises the above-mentioned Local Exchange Tariff pages and RuralTel’s tariff should be granted, and the applicable replacement pages shall become effective upon Commission approval.

cc: Don Low  
Bret Lawson

Susan Duffy  
Janet Buchanan

Pat Shurtz