

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

Before Commissioners: Susan K. Duffy, Chair
Dwight D. Keen
Andrew J. French

In the Matter of the Application of Southern)
Kansas Telephone Filing Tariff Revisions to) Docket No. 21-SNKT-023-TAR
Discount Bundles Changes)

ORDER APPROVING TARIFF REVISIONS

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records and being duly advised in the premises, the Commission makes the following findings:

1. On July 14, 2020, Southern Kansas Telephone Company (SNKT)¹ filed an Application to revise its General Exchange Tariff by reducing the rate for Rate Group 1² for the Double Bundle 6.0 Mbps from \$79.90 per month to \$75.00 per month and creating a new business bundled called Cloud Business Phone at a rate of \$39.95 per month for both Rate Groups. Cloud Business Phone consists of a business access line, cloud business phone features, and 1,000 minutes of domestic long distance. SNKT requested an effective date of August 14, 2020, for the revisions.

2. On July 22, 2020, SNKT filed additional tariff pages clarifying the 17 custom calling features included in the Cloud Business Phone bundle.

3. K.S.A. § 66-1,190 requires telecommunications public utilities doing business in Kansas 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, and

¹SNKT is a rate-of-return regulated carrier based on its election under K.S.A. § 66-2005(b).

²Rate Group 1 includes all exchanges served by SNKT except Clearwater.

shall furnish the commission copies of all rules and regulations and contracts between such telecommunications public utilities pertaining to any and all jurisdictional services to be rendered by such telecommunications public utilities.”

4. K.S.A. § 66-1,189 requires telecommunications public utilities to establish “just and reasonable” rates for all jurisdictional products and services rendered.

5. K.S.A. § 66-117(d) 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.

6. In Docket No. 04-GIMT-1080-GIT, the Commission stated that proposed tariff revisions made by rate-of-return regulated telecommunications carriers will not prompt an audit unless information indicates the carrier is or will be receiving “materially greater revenue than its authorized cost recovery and rate of return would necessitate...” *See* Order Dismissing Docket, p. 5, Docket No. 04-GIMT-1080-GIT (Sept. 28, 2004).

7. Commission Staff (Staff) submitted a Report and Recommendation regarding the proposed tariff revisions on July 23, 2020, attached hereto as Exhibit A and made a part hereof by reference. Staff noted that the anticipated revenue increase from the tariff revisions was \$10,000. Staff did not believe the increased revenue would be materially greater than the company’s currently authorized cost recovery and rate of return would necessitate. Staff noted that telecommunications providers are encouraged to develop and market bundled offerings to be responsive to new technologies and customer needs. Staff found the filing to be in the public interest and recommended approval.

8. The Commission finds Staff's findings and recommendation to be reasonable and hereby adopts the same.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. SNKT's proposed tariff revisions filed July 14, 2020, and July 22, 2020, are approved, effective August 14, 2020.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).³

BY THE COMMISSION IT IS SO ORDERED.

Duffy, Chair; Keen, Commissioner; French, Commissioner

Dated: 07/30/2020



Lynn M. Retz
Executive Director

MRN

³K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

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Susan K. Duffy, Chair
Dwight D. Keen, Commissioner
Andrew J. French, Commissioner

Laura Kelly, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Susan K. Duffy
Commissioner Dwight D. Keen
Commissioner Andrew J. French

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

DATE: July 23, 2020

SUBJECT: Docket No. 21-SNKT-023-TAR
In the Matter of the Application of Southern Kansas Telephone Filing
Tariff Revisions to Discount Bundles Changes.

EXECUTIVE SUMMARY:

On July 14, 2020, Southern Kansas Telephone (Southern Kansas) filed a request to make tariff revisions in its General Exchange Tariff regarding options for payment of bills.

The Commission action date is Thursday, **August 13, 2020**.

BACKGROUND:

The 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 shall 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.¹

ANALYSIS:

This filing reduces the rate for Rate Group 1 for the Double Bundle 6.0 Mbps from \$79.90 per month to \$75.00 per month. This bundle includes a residential access line, 6.0 Mbps of Internet service, 100 minutes of domestic long distance, voice mail, maintenance, and 7 custom calling features. Rate Group 1 includes all exchanges served by the Company with the exclusion of Clearwater.

The filing also includes a new business bundle, Cloud Business Phone, at a rate of \$39.95 per month for both Rate Groups. The new bundle consists of a business access line, cloud business phone features, and 1,000 minutes of domestic long distance. Staff requested additional information resulting in the filing of a supplemental tariff page describing the 17 custom calling features included in the Cloud Business Phone bundle.

The Company anticipates demand for the new offering to generate \$10,000 of increased yearly revenue.

RECOMMENDATION:

Staff has reviewed the filing and does not believe the increased revenue the Company may receive as a result of this filing is materially greater than its authorized cost recovery and rate of return

¹ 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 company 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.”

would necessitate. Telecommunications providers are encouraged to develop and market bundled offerings to be responsive to new technologies and customer needs. Staff finds this filing to be in the public interest by offering another option for the customer's communications needs. Staff recommends approval of this filing with an effective date of August 14, 2020, as requested by the Company.

CERTIFICATE OF SERVICE

21-SNKT-023-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 07/30/2020.

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