



3. The Commission maintains authority to require telecommunications public utilities to maintain rates that are not unjust or unreasonably discriminatory.<sup>1</sup> Accordingly, the Commission conducts its investigation regarding the reasonableness of S&T's request to add a new service category.

4. On July 26, 2019, the Commission Staff (Staff) submitted a Report and Recommendation dated July 17, 2019, advising the Commission to grant the tariff revisions proposed by S&T. Staff finds the tariff revisions to be reasonable in addressing new consumer needs in a rapidly changing telecommunication environment and do not result in material increase in overall revenue or S&T's rate of return.<sup>2</sup> Staff notes the Virtual Phone Number Service allows a customer to establish a telephone number to forward calls to a designated group of telephone instruments. The monthly charge for the service is \$2.00 for each assigned telephone instrument.

5. The Commission adopts Staff's analysis and recommendations of July 24, 2019, as stated in the Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that the S&T request should be granted. In conjunction with the request, S&T has provided tariff revisions to be placed in effect by August 16, 2019, which the Commission authorizes with the issuance of this Order.

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

A. The S&T Telephone Cooperative Association request filed in this matter on July 17, 2019, is hereby granted with the effective tariff date occurring on August 16, 2019.

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).<sup>3</sup>

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<sup>1</sup> K.S.A. 66-1,189.

<sup>2</sup> See, Order, 04-GIMT-1080-GIT (September 28, 2004).

<sup>3</sup> K.S.A. 66-118b; K.S.A. 77-503 (c) and K.S.A. 77-531(b).

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

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

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 08/08/2019



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Lynn M. Retz  
Executive Director

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chair Dwight D. Keen  
Commissioner Shari Feist Albrecht  
Commissioner Susan K. Duffy

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

**DATE:** July 24, 2019

**RE:** Docket No. 20- S&TT-023-TAR  
In the Matter of S&T Telephone Cooperative Association's Filing Tariffs to Add  
New Service Offering.

**EXECUTIVE SUMMARY:**

On July 17, 2019, S&T Telephone Cooperative Association (S&T) 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 **Saturday, August 17, 2019.**

**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:**

With this filing, S&T is adding a new service offering. The new service is Virtual Phone Number Service which allows a customer to establish a telephone number that forwards calls to a customer designated group of telephone instruments. The monthly charge for the new service is \$2.00 per assigned telephone instrument.

The company estimates additional annual revenue of \$48.00 from this new service.

### **RECOMMENDATION:**

Telecommunications carriers must adapt to customer needs and the new service provides consumers with increased choices. Staff does not believe the increased revenue S&T may receive as a result of this filing is materially greater than its authorized cost recovery and rate of return would necessitate. Staff recommends the Commission approve this Application with an effective date of August 16, 2019, as requested by the Company.

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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.”

**CERTIFICATE OF SERVICE**

20-S&TT-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 08/08/2019.

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