

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

Before Commissioners: Pat Apple, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the Matter of Wamego Telecommunications)
Filing Tariff Revisions to Bundle Services Pricing.) Docket No. 17-WTCT-490-TAR

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 examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On May 4, 2017, Wamego Telecommunications Company, Inc. (Wamego) filed an Application requesting Commission approval of tariff revisions to its General Exchange Tariff. Supplementing its Application, Wamego included as an attachment a copy of the proposed revised tariff sheet. Wamego anticipates an effective date for the tariff revisions of June 3, 2017.

2. K.S.A. 66-1,190 requires that telecommunications public utilities doing business in Kansas 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, and...[t]he 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...as the commission determines reasonable and appropriate.

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

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.

Pursuant to K.S.A. 66-1,189, the Commission must review rates and terms for jurisdictional telecommunications services to ensure they are “just and reasonable” and 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 Commission 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

3. On May 18, 2017, the Commission Staff (Staff) submitted its Report and Recommendation dated May 15, 2017, in response to Wamego’s Application. Staff states that Wamego’s requested tariff revision styled, Section 4, 3rd Revised Sheet 12, includes the following revisions:

- Changing the rate on two bundles; one offering an access line and increasing the internet speed and the second increasing the rate for a bundle with an access line and video availability.

According to the company, the access line rate increase was approved by the Commission on February 2, 2017, in Docket No. 17-WTCT-285-TAR. Wamego anticipates additional annual regulated revenue impact of \$1,740. The access lines are regulated services; however, the internet and video portions of the bundles are not regulated. Staff states that it has reviewed Wamego’s filing and determines that the revenue the company may gain as a result of this filing does not significantly impact the cost recovery and rate of return the Commission considers. Wamego does receive Kansas Universal Service Fund support. Staff notes that Wamego’s last

¹ Report and Recommendation, footnote 1.

tariff filing that occurred in February, 2017, involved numerous one-time and feature changes. Concluding, Staff recommends Commission approval of Wamego's replacement tariff sheet stating that Bundles provide additional opportunities for customers to purchase the products they desire. Inasmuch as these bundles provide selections for access to popular service offerings, Staff determines they are in the public interest.²

4. The Commission adopts Staff's analysis and recommendation of May 15, 2017, as stated in its Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that Wamego's Application should be granted and that the requested tariff revisions are in the public interest and should be approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. Wamego Telecommunications Company, Inc.'s Application filed on May 4, 2017, is hereby granted and the proposed tariff revisions are hereby approved and shall become effective June 3, 2017, as requested by the company.

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. 2016 Supp. 77-529(a)(1).

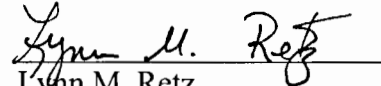
C. The Commission retains jurisdiction over Wamego Telecommunications Company, Inc. and the subject matter of this docket for the purpose of entering such further order, or orders, as it deems necessary.

² Id., pages 2 and 3.

BY THE COMMISSION IT IS SO ORDERED.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: MAY 23 2017


Lynn M. Retz
Secretary to the Commission

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Order Mailed Date

MAY 24 2017

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chairman Pat Apple
Commissioner Shari Feist Albrecht
Commissioner Jay Scott Emler

FROM: Paula Artzer, Senior Telecommunications Analyst
Christine Aarnes, Chief of Telecommunications
Jeff McClanahan, Director of Utilities

DATE: May 15, 2017

SUBJECT: Docket No. 17-WTCT-490-TAR
In the Matter of Wamego Telecommunications Filing Tariff Revisions to Bundle
Services Pricing

EXECUTIVE SUMMARY:

On May 4, 2017, Wamego Telecommunications Company, Inc. (Wamego) filed a request to make tariff revisions to a certain section of its General Exchange Tariff changing rates on two of the bundled offerings.

The Commission action date is Monday, June 5, 2017.

ANALYSIS:

The Kansas Corporation Commission (KCC or Commission) derives its authority to review General 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.¹

This filing makes changes to Sections 4 of the tariff. Per the Company, the changes are to reflect increases in the access line rate and programming increases. The access line rate increase was approved by the Commission on February 2, 2017, in Docket No. 17-WTCT-285-TAR. The changes are as listed:

- Changing the rate on two bundles; one offering an access line and increasing the internet speed and the second increasing the rate for a bundle with an access line and video availability.

The Company indicated an anticipated additional annual regulated revenue impact of \$1740. The access lines are regulated services, but the internet and the video portions of the bundles are not regulated.

Staff has reviewed the filing. The revenue the Company may gain as a result of this filing does not significantly impact the cost recovery and rate of return the Commission considers. Wamego does receive KUSF support. The Company’s last tariff filing was in February of 2017 for numerous one time and feature changes.

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.”

RECOMMENDATION:

Staff recommends the Commission approve the replacement tariff sheet provided by Wamego. Bundles provide additional opportunities for customers to purchase the products they desire, and these bundles provide selections for access to popular service offerings, therefore, they are in the public interest. The Company requests the tariff become effective June 3, 2017.

CERTIFICATE OF SERVICE

17-WTCT-490-TAR

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail/hand delivered on MAY 23 2017.

TOM MAURER, DIRECTOR
TELECOM SUPPORT SERVICES (TSS)
2800 SW WINDERMERE DRIVE
TOPEKA, KS 66614-4895
Fax: 785-862-2003
tmaurer@tssks.com

OTTO NEWTON, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604
Fax: 785-271-3167
o.newton@kcc.ks.gov
Hand Delivered

JEFF WICK, PRESIDENT/GENERAL MANAGER
WAMEGO TELECOMMUNICATIONS COMPANY, INC.
1009 LINCOLN
PO BOX 25
WAMEGO, KS 66547-0025
Fax: 785-456-9903
jwick@wtcks.com

/s/ DeeAnn Shupe

DeeAnn Shupe

Order Mailed Date

MAY 24 2017