

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

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

In the Matter of S&A Telephone Filing)
Tariff Revisions to New Bundled Service) Docket No. 15-S&AT-529-TAR
Voice/Data Plan 30 Meg.)

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 May 6, 2015, S&A Telephone Company, Inc. (S&A) filed a request to make tariff revisions to its bundled service packages in its General Exchange Tariff.
2. K.S.A. 66-117(d) gives the Commission authority to review local exchange carrier tariffs by providing, in part, that “no change shall be made in any rate, toll, charge, classification or schedule of charges or joint rates . . . of any such public utility or common carrier, without the consent of the commission.”
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.” Moreover, the Commission has “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.”

4. K.S.A. 66-1,189 requires the Commission to review rates and terms for jurisdictional telecommunications services to ensure that they are “just and reasonable” and also to ensure that all classifications, rules and regulations regarding the services are not unduly discriminatory or preferential.

5. In Docket No. 04-GIMT-1080-GIT, the Commission determined that telecommunications provider rate changes would not be audited for their justness and reasonableness unless such changes resulted in the provider receiving “materially greater revenue” than its rate-of-return would necessitate.

6. Commission Staff (Staff) submitted a Report and Recommendation regarding the proposed tariff revisions on May 11, 2015, attached hereto and made a part hereof by reference. Staff investigated S&A’s proposed new bundled service voice/data plan including an access line, custom calling features, discounted deregulated voice mail and 30 Megabit high speed Internet services. Staff found that S&A is not discounting its regulated services and that S&A’s increase in revenue will likely be for non-regulated services. Staff does not believe the increased revenue S&A may receive as a result of this filing is “materially greater” than its authorized cost recovery and rate-of-return would necessitate. Thus, Staff had no concerns with this filing and recommended the tariff revisions be approved by the Commission, effective June 5, 2015, as requested by S&A.

7. 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. S&A Telephone Company, Inc.'s tariff revisions are approved, effective June 5, 2015.

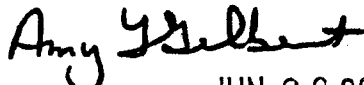
B. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 77-529(a)(1).

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

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: JUN 02 2015


ORDER MAILED JUN 03 2015
Amy L. Gilbert
Secretary

MJD

Utilities Division
1500 SW Arrowhead Road
Topeka, KS 66604-4027



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Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

Sam Brownback, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Shari Feist Albrecht, Chair
Jay Scott Emler, Commissioner
Pat Apple, Commissioner

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

DATE: May 11, 2015

RE: Docket No. 15-S&AT-529-TAR
In the Matter of S&A Telephone Filing Tariff Revisions to New Bundled
Service Voice/Data Plan 30 Meg.

EXECUTIVE SUMMARY:

On May 6, 2015, S&A Telephone Company, Inc. (S&A) 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 **Friday, June 5, 2015.**

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 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

ANALYSIS:

This filing introduces a new bundled service voice/data plan including an access line, certain custom calling features, discounted deregulated voice mail, and 30 Megabit high speed Internet services. This bundle will be available at a price of \$109 monthly for residential customers and \$112 monthly for business customers.

S&A states it is unknown at this time how many customers will subscribe to the new bundle. S&A is not discounting the regulated services and it estimates additional revenue from non-regulated services to be \$300 in the first year.

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 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."

RECOMMENDATION:

Although jurisdictional services are included in the bundle, the increase in revenue will likely be for non-regulated services. Thus, Staff 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 would necessitate.

Staff recommends the Commission approve this Application to be effective on June 5, 2015, as requested by the Company.

IN RE: DOCKET NO. 15-S&AT-529-TAR

DATE JUN 02 2015

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

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
MARTY KLUH, MANAGER REGULATORY AFFAIRS JSI 7852 WALKER DRIVE SUITE 200 GREENBELT, MD 20770		
MICHAEL DUENES, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 ***Hand Delivered***		
JANET BATHURST, MANAGER S&A TELEPHONE COMPANY, INC. 413 MAIN ST PO BOX 68 ALLEN, KS 66833		

ORDER MAILED JUN 03 2015

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.