

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

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

In the Matter of the Application of KanOkla)
Telephone Association, Inc. Filing Tariff) Docket No. 16-KOKT-469-TAR
Revisions to Change DA Pricing)

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 records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On April 19, 2016, KanOkla Telephone Association, Inc. (KanOkla) filed a request to make tariff revisions to its bundled service packages in its General Exchange Tariff. KanOkla anticipates Commission action on this request by May 19, 2016 for implementation of the requested tariff revisions.

2. The Commission Staff (Staff), in its Report and Recommendation incorporated herein and made a part of this Order, states that the Commission derives its authority to review Local Exchange Carrier tariffs from K.S.A. 66-117(d), which reads 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.

K.S.A. 66-1,190 provides in part 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...the 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...

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 April 26, 2016, Staff filed its Report and Recommendation recommending the Commission grant KanOkla’s Application and approves of the requested tariff revisions. According to Staff, KanOkla’s filing increases the rate for Directory Assistance calls from \$.50 per call with a maximum of 2 numbers requested in each call to \$1.00 per call with an additional \$.30 charge if the customer requests assistance in completing the call. This change is due to the Company changing providers of Directory Assistance.

4. KanOkla estimates additional annual revenue of \$300 based on the previous 12 month call volume. Staff stated it had no objection to this filing as it does not believe the increased revenue KanOkla may receive as a result of this filing is materially greater than its authorized cost recovery and rate of return would necessitate. Concluding, Staff recommends that the Commission approve this application.

5. The Commission adopts Staff’s analysis and recommendation of April 26, 2016, as stated in its Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that KanOkla’s Application should be granted and the requested tariff revisions approved.

¹ Report and Recommendation, pages 1-2 and footnote 2.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. KanOkla Telephone Association, Inc.'s tariff revisions are hereby approved.

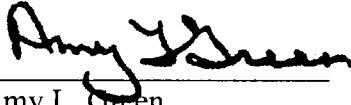
B. The parties have fifteen (15) days, plus three (3) days if service of this Order is by mail, from the date this Order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2015 Supp. 77-529.

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

BY THE COMMISSION IT IS SO ORDERED.

Emler, Chair; Albrecht, Commissioner; Apple, Commissioner

Dated: MAY 10 2016



Amy L. Green
Secretary to the Commission

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**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

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

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

DATE: April 26, 2016

RE: Docket No. 16-KOKT-469-TAR
In the Matter of KanOkla Telephone Association, Inc. Filing Tariff
Revisions to Changes DA Pricing.

EXECUTIVE SUMMARY:

On April 19, 2016, KanOkla Telephone Association, Inc. (KanOkla) 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 **Thursday, May 19, 2016.**

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 increases the rate for Directory Assistance calls from \$.50 per call with a maximum of 2 numbers requested in each call to \$1.00 per call with an additional \$.30 charge if the customer requests assistance in completing the call. This change is due to the Company changing providers of Directory Assistance.

KanOkla estimates additional annual revenue of \$300 based on the previous 12 month call volume.

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:

Staff does not believe the increased revenue KanOkla 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.

CERTIFICATE OF SERVICE

16-KOKT-469-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 11 2016**.

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/S/ DeeAnn Shupe

DeeAnn Shupe

Order Mailed Date

MAY 11 2016