

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

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

In the Matter of United Telephone                      )  
Companies of Kansas d/b/a CenturyLink                      )  
Filing Tariff Revisions to Increase Rates for                      )  
Non-Listed and Non-Published Directory                      )                      Docket No. 15-UTDT-525-TAR  
Listings Services, Late Payment, Directory                      )  
Assistance and Convenience Fee.                      )

**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 1, 2015, United Telephone Companies of Kansas, d/b/a CenturyLink (CenturyLink) filed an Application requesting Commission approval of tariff revisions to provide CenturyLink Price Cap Model Refresh adjustments for residential and business customers with modifications to the General Exchange Tariff.

2.        CenturyLink is a price-cap regulated carrier, having elected to have its rates regulated pursuant to price caps under K.S.A. 66-2005(b).

3.        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 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.

telecommunications public utilities...as the commission determines reasonable and appropriate.

The Commission derives its authority to review Local Exchange Carrier (LEC) 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 ensure that all classifications, rules, and regulations regarding the services provided are not unduly discriminatory or preferential.

4. Commission Staff (Staff) submitted a Report and Recommendation regarding the proposed tariff revisions on May 13, 2015, attached hereto and made a part hereof by reference.

5. Pursuant to K.S.A. 66-2005(h) and (g), the price caps for local services in Basket 1 and miscellaneous services in Basket 3 are to be adjusted annually. The annual refresh updates existing quantities and adjusts the Price Cap Index (PCI) for inflation and productivity factors. Based on these criteria, the difference between the Actual Price Index (API) and the PCI, or headroom, provides pricing flexibility to CenturyLink. The current price cap refresh was filed in Docket 14-UTDT-515-MIS. Per Docket 14-UTDT-515-MIS, changes in the annual refresh involve the general structure of the price cap formula. Staff's R&R provides a detailed explanation of the price cap formula.

6. Staff investigated CenturyLink's filing, and found that CenturyLink's pertinent revision to its General Exchange Tariff includes the following change:

- 3rd Revised Sheet 10 Section 4.13, Directory Listing Rates indicates the Residence and Business Rate for Non-Listed and Non-Published Service

- increases from \$5.00 to \$6.00;
- 3<sup>rd</sup> Revised Sheet 12 in Section 4.14, Directory Assistance Service indicates the Directory Assistance Service Charge per Directory Assistance Call has increased from \$2.99 to \$3.99;
- 3<sup>rd</sup> Revised Sheet 14 in Section 9.21, under the Payments heading increases the Late Payment Charge from 2.5% to 4%;
- And 3<sup>rd</sup> Revised Sheet 15 in Section 9.21, under the Payments heading increases the Convenience Fee Charge from \$4.00 to \$5.00.

Staff's analysis finds that this rate adjustment represents a projected yearly revenue impact for Basket 3 changes, as requested by CenturyLink, which keeps CenturyLink's tariff rates above the cost of providing the service. Staff finds the revised tariff rates just and reasonable.

7. The Commission adopts Staff's analysis and recommendation of May 13, 2015, as stated in its Report and Recommendation, and finds that CenturyLink's request is in the public interest, that its Application should be granted, and the proposed tariff revisions should be approved, with the same to become effective May 31, 2015.

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

A. United Telephone Companies of Kansas, d/b/a CenturyLink's Application, filed in this matter on May 1, 2015, is hereby granted and the proposed tariff revisions to its General Exchange Tariff are hereby approved and shall become effective May 31, 2015, 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. 2014 Supp. 77-529.

C. The Commission retains jurisdiction over CenturyLink 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.**

Albrecht, Chair; Emler, Commissioner.; Apple, Commissioner

Dated: MAY 21 2015

  
ORDER MAILED MAY 22 2015  
Amy L. Gilbert  
Secretary

MJD

**\*\*\*REDACTED VERSION\*\*\***  
**REPORT AND RECOMMENDATION**  
**UTILITIES DIVISION**

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

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

**DATE:** May 13, 2015

**SUBJECT:** Docket No. 15-UTDT-525-TAR

In the Matter of United Telephone Companies of Kansas d/b/a CenturyLink Filing Tariff Revisions to Increase Rates for Non-Listed and Non-Published Directory Listings Services, Late Payment, Directory Assistance and Convenience Fee.

**EXECUTIVE SUMMARY:**

United Telephone Companies of Kansas d/b/a CenturyLink (CenturyLink) filed an Application for approval of tariff revisions to provide CenturyLink Price Cap Model Refresh adjustments for residential and business customers with modifications to the General Exchange Tariff. Staff recommends approval of this filing.

**BACKGROUND:**

On May 1, 2015, Robyn Crichton, on behalf of CenturyLink, filed this Application with the Kansas Corporation Commission. The tariff revisions adjust the rates for Non-Listed and Non-Published Directory Listings, Late Payment, Directory Assistance, and Convenience Fees for CenturyLink residential and business customers under the General Exchange Tariff.

CenturyLink is the second largest Local Exchange Carrier (LEC) in Kansas. CenturyLink operates three separate service areas in Kansas: Eastern; Southeast; and United. CenturyLink is headquartered in Monroe, Louisiana, and the CEO and President is Glenn Post.

This filing requires Commission action on or before **May 22, 2015**.

## ANALYSIS:

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.

Moreover, K.S.A. 66-1,190 requires every telecommunications 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 rates must also be "just and reasonable" pursuant to K.S.A. 66-1,189.

CenturyLink elected price cap regulation as a local exchange carrier per K.S.A. 66-2005(b). From July 1, 2006, to June 30, 2008, price cap local exchange carrier's exchange access lines continued to be price regulated. On and after July 1, 2008, price cap regulated local exchange carriers were provided flexibility in the pricing of their exchange access lines pursuant to K.S.A. 66-2005(q)(1)(F):

"up to and continuing until July 1, 2008, rates for the initial residential local exchange access line and up to four business local exchange access lines at one location shall remain subject to price cap regulation. On and after July 1, 2008, the local exchange carrier shall be authorized to adjust such rates without commission approval by not more than the percentage increase in the consumer price index for all urban consumers, as officially reported by the bureau of labor statistics of the United States department of labor, or its successor index, in any one year period and such rates shall not be adjusted below the price floor established in sub-section (k). Such rates shall not be affected by purchase of one or more of the following: Call management services, intraLATA long distance service or interLATA long distance service; and"

Pursuant to K.S.A. 66-2005(h) and (g), the price caps for local services in Basket 1 and miscellaneous services in Basket 3 are to be adjusted annually. The annual refresh updates existing quantities and adjusts the PCI for inflation and productivity factors. Based on these criteria, the difference between the API and the PCI, or headroom,

provides pricing flexibility to Century Link.<sup>1</sup> The current price cap refresh was filed in Docket 14-UTDT-515-MIS.

Per Docket 14-UTDT-515-MIS, changes in the annual refresh involve the general structure of the price cap formula, which were updated in 2013 in Docket 13-GIMT-473-MIS (Docket 473). The price cap formula is stated as:  $PCI=Y-X\pm Z$  where "Y" is the inflation factor, "X" is the productivity factor and "Z" is the Exogenous adjustment factor. Gross Domestic Product Price Index-Chain Weighted (GDPPI-CW) is used in the price cap formula as the basic inflation factor index for Basket 3. Each of the three components were determined in Docket 07-GIMT-782-MIS that extended the price cap formula for one year and in Docket 473 for a period of four (4) years and to be used for annual price cap filings made January 1 in each of the years 2014, 2015, 2016 and 2017 as follows:

1. The use of the current inflation factor (GDPPI-CW), or its official equivalent, will continue to be used in the price cap formula as the basic inflation factor for Basket 3.
2. The productivity factor for Basket 3 will be set at zero (0) percent.
3. The *Exogenous adjustment factor* remains unchanged and will be considered by the Commission on a case-by-case basis for reserved infrequent large dollar events.

The only changes in the annual price cap update are the adjustment of the PCI for the inflation and productivity factors. The 2014 calculation showed that the GDPPI-CW inflation factor increased 0.0138%.<sup>2</sup> The approved PCI in Docket 14-UTDT-515-MIS was \*\*\*[REDACTED]\*\*\*. Staff concurs these figures provide CenturyLink the pricing flexibility with adequate headroom available.

Staff has examined this filing. CenturyLink's pertinent revision to its General Exchange Tariff includes the following change:

- 3rd Revised Sheet 10 Section 4.13, Directory Listing Rates indicates the Residence and Business Rate for Non-Listed and Non-Published Service increases from \$5.00 to \$6.00;
- 3<sup>rd</sup> Revised Sheet 12 in Section 4.14, Directory Assistance Service indicates the Directory Assistance Service Charge per Directory Assistance Call has increased from \$2.99 to \$3.99;
- 3<sup>rd</sup> Revised Sheet 14 in Section 9.21, under the Payments heading increases the Late Payment Charge from 2.5% to 4%; and
- 3<sup>rd</sup> Revised Sheet 15 in Section 9.21, under the Payments heading increases the Convenience Fee Charge from \$4.00 to \$5.00.

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<sup>1</sup> See *In the Matter of United Telephone Companies of Kansas, d/b/a CenturyLink, Filing Basket 3 API Calculation Report for the 2014 Annual Price Cap Demand Update*, May 29, 2014, Docket 14-UTDT-515-MIS, Attachment 1.

<sup>2</sup> Id.

This rate adjustment represents a projected yearly revenue impact of \*\*\*\$[REDACTED]\*\*\* for the Basket 3 changes as requested per CenturyLink. Staff's analysis also finds that the tariff rates remain above the cost of providing the service and are just and reasonable.

**RECOMMENDATION:**

Staff has no concerns with this filing and finds it complies with K.S.A. 66-117, K.S.A. 66-1,190, and K.S.A. 66-2005(q)(1)(F), and the Annual Price Cap model refresh approved in the Order for Docket 14-UTDT-515-MIS. Staff recommends the Commission approve these tariff revisions to be effective May 31, 2015, as requested by CenturyLink.



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

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
MICHAEL DUENES, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 ***Hand Delivered***		
ROBYN CRICHTON, TARIFF ANALYST UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 600 NEW CENTURY PKWY NEW CENTURY, KS 66031		
JOHN R. IDOUX, DIRECTOR KANSAS GOVERNMENTAL AFFAIRS UNITED TELEPHONE CO. OF KANSAS D/B/A CENTURYLINK 600 NEW CENTURY PKWY NEW CENTURY, KS 66031		

ORDER MAILED **MAY 22 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.