

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

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

In the Matter of S&T Telephone Cooperative)
Association's Filing Tariffs to Change Rates) Docket No. 18-S&TT-119-TAR
for its Service Connection Charge Changes.)

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 September 6, 2017, S&T Telephone Cooperative Association (S&T) filed an Application requesting Commission approval of tariff revisions to its General Exchange Tariff changing rates for service connection charges. Supplementing its Application, S&T included a copy of the following proposed tariff sheet:

- Section 3, 1st Revised Sheet 8

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...as the commission determines reasonable and appropriate.

K.S.A. 66-1,189, also requires that the Commission review rates and terms for jurisdictional telecommunications services to ensure that they are “just and reasonable”. In addition, the Commission must ensure that all classifications, rules, and regulations regarding the services provided 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 September 18, 2017, Staff submitted its Report and Recommendation dated September 12, 2017, providing its analysis and recommendation regarding S&T’s requested tariff revisions. According to Staff, S&T’s filing requests changes in rates for one-time service connection charges. The charge for a Service Order is being reduced from \$10.00 to \$5.00. The charge for a Line Connection is being reduced from \$10.00 to \$5.00, and the Reconnection charge is being reduced from \$20.00 to \$10.00. Based on activity of the prior year, S&T estimates an approximate reduction in revenue of \$270.00 per month noting, however, that this is only an estimate and will differ depending on actual customer activity going forward. Concluding, Staff determines that the subject rate reductions are in the public interest and has no objection to S&T’s filing. Staff recommends the Commission grant S&T’s Application and

¹ Report and Recommendation, footnote 1.

approve the proposed tariff revisions with an effective date of October 6, 2017, as requested by the company.²

4. The Commission adopts Staff's analysis and recommendation of September 12, 2017, as stated in its Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that S&T's Application is reasonable, in the public interest, and should be granted and the requested tariff revisions approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. S&T Telephone Cooperative Association's Application is hereby granted and the company's proposed tariff revisions are hereby approved and shall become effective October 6, 2017.

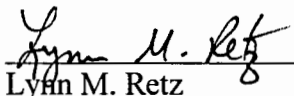
B. The parties have fifteen (15) days, plus three (3) days if service of this Order is by mail, from the date this Order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2016 Supp. 77-529.

C. The Commission retains jurisdiction over S&T Telephone Cooperative Association 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.

Apple, Chairman; Albrecht, Commissioner; Emler, Commissioner

Dated: SEP 21 2017


Lynn M. Retz
Secretary to the Commission

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Order Mailed Date

² Id., page 2.

SEP 22 2017

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

Sam Brownback, Governor

REPORT AND RECOMMENDATION UTILITIES DIVISION

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

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

DATE: September 12, 2017

RE: Docket No. 18-S&TT-119-TAR
In the Matter of S&T Telephone Cooperative Association's Filing Tariffs to Change Rates for its Service Connection Charge Changes.

EXECUTIVE SUMMARY:

On September 6, 2017, S&T Telephone Cooperative Association (S&T) filed a request to make tariff revisions to its service connection charges. Staff recommends Commission approval of this Application.

The Commission action date is **Friday, October 6, 2017.**

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.¹

ANALYSIS:

With this filing, S&T is changing rates for one-time service connection charges. The charge for a Service Order is being reduced from \$10 to \$5, the charge for a Line Connection is being reduced from \$10 to \$5, and the Reconnection charge is being reduced from \$20 to \$10. Based on activity last year, the Company estimates an approximate reduction in revenue of \$270 per month noting, however, that this is only an estimate and will be different dependent upon actual customer activity going forward.

RECOMMENDATION:

These rate reductions will be in the public interest and Staff has no objection to this filing. Staff recommends the Commission approve this Application with an effective date of October 6, 2017, as requested by the Company.

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."

CERTIFICATE OF SERVICE

18-S&TT-119-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 SEP 21 2017.

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/S/ DeeAnn Shupe

DeeAnn Shupe

Order Mailed Date

SEP 22 2017