

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

Before Commissioners:                     Dwight D. Keen, Chair  
  Shari Feist Albrecht  
  Susan K. Duffy

In the Matter of South Central Telephone                     )  
Association, Inc. Filing Tariff Revisions                     ) Docket No. 20-SCNT-195-TAR  
to Federal Lifeline Support.                                     )

**ORDER APPROVING TARIFF REVISIONS**

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and record, and being duly advised in the premises, the Commission finds and concludes as follows:

1.       On October 29, 2019, South Central Telephone Association, Inc. (South Central) filed a request to revise its General Exchange Tariff to change the credit amount for voice Federal Lifeline support that will be made effective on December 1, 2019, pursuant to the Federal Communications Commission's (FCC) Lifeline Modernization Order<sup>1</sup> and Commission Docket No. 16-GIMT-575-GIT. Because the monthly credit for voice Federal Lifeline support is reduced overtime at a declining rate and is currently scheduled to go to zero in most instances on December 1, 2021, South Central was asked to consider filing a generic tariff that would permit automatic adjustment of the credit going forward without the necessity of filing an annual credit adjustment. South Central agreed to this proposal as an effective way to implement the *2016 Lifeline Order* and filed a supplemental replacement tariff on November 12, 2019, for Section 3, 2nd Revised Sheet 1, effective, December 1, 2019, that eliminates a specific dollar amount for the credit, permitting an adjustment based on the maximum amount authorized by the FCC for qualifying

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<sup>1</sup> *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No 11-42, Third Report and Order, Further Report and Order, and Order on Reconsideration, Rel. April 27, 2016 ("*2016 Lifeline Order*").

service. The Kansas Lifeline credit amount is also eliminated and is to be replaced by reference to the maximum amount authorized by the Commission for qualifying service. The Kansas Lifeline credit is currently established at a constant monthly rate of \$7.77, but could be modified, if necessary, without triggering additional tariff revisions on a going forward basis.

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 shall furnish the commission copies of all rules and regulations and contracts between such telecommunications public utilities pertaining to any and all jurisdictional services to be rendered by such telecommunications public utilities.

The Commission derives its authority to review Local 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.

3. The Commission maintains authority to require telecommunications public utilities to maintain rates that are not unjust or unreasonably discriminatory.<sup>2</sup> Accordingly, the Commission conducts its investigation regarding the reasonableness of South Central's request to adjust its credit for Federal and Kansas Lifeline support.

4. On November 14, 2019, the Commission Staff (Staff) submitted a Report and Recommendation, advising the Commission to grant the tariff revisions proposed by South Central. Staff finds the tariff revisions to be reasonable in addressing the Federal and Kansas Lifeline credit and do not result in a material increase in overall revenue or South Central's rate of

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<sup>2</sup> K.S.A. 66-1,189.

return.<sup>3</sup> The Staff summarized certain requirements for eligibility for Lifeline support that were adopted by both the FCC and the Commission. The Staff also highlighted the minimum service standards identified in the *2016 Lifeline Order*, which place increased emphasis on providing support for broadband and decreased support for voice services. The change in emphasis for federal support is reflected in reduced monthly amounts for Federal Lifeline voice only service credits, which are currently projected to decline for most voice service on an annual basis through December 2021. The Staff further indicated that the change in federal support levels will not impact revenue received by carriers for the service provided, as the only adjustment that will occur is related to the Federal Lifeline credit, resulting in the customer making up the difference on charges for voice service and not causing an increase in total collections by the carrier.

5. The Commission adopts Staff's analysis and recommendations of November 14, 2019, as stated in the Report and Recommendation, which is attached hereto and made a part hereof by reference, and finds that the South Central request should be granted. In conjunction with the request, South Central has provided replacement tariff revisions to be placed in effect December 1, 2019, which the Commission authorizes with the issuance of this Order.

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

A. The South Central Telephone Association, Inc. request filed in this matter on October 29, 2019, is hereby granted with the effective tariff date occurring on December 1, 2019.

B. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529 (a) (1).<sup>4</sup>

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

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<sup>3</sup> See, Order, 04-GIMT-1080-GIT (September 28, 2004).

<sup>4</sup> K.S.A. 66-118b; K.S.A. 77-503 (c) and K.S.A. 77-531(b).

**BY THE COMMISSION IT IS SO ORDERED.**

Keen, Chair; Albrecht, Commissioner; Duffy, Commissioner

Dated: 11/26/2019



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Lynn M. Retz  
Executive Director

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**REPORT AND RECOMMENDATION  
UTILITIES DIVISION**

**TO:** Chair Dwight D. Keen  
Commissioner Shari Feist Albrecht  
Commissioner Susan K. Duffy

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

**DATE:** November 14, 2019

**RE:** Docket No. 20-SCNT-195-TAR  
In the Matter of South Central Telephone Association, Inc. Filing Tariff Revisions  
to Federal Lifeline Support

**EXECUTIVE SUMMARY:**

On October 29, 2019, South Central Telephone Association, Inc. (South Central) filed a request to make tariff revisions to a certain section of its General Exchange Tariff changing the verbiage for the Company's Lifeline offering. These changes are to reflect the modifications made by the Federal Communications Commission (FCC) in the Lifeline Modernization Order and the Kansas Corporation Commission's (the Commission or KCC) Order in 16-GIMT-575-GIT (16-575).

The Commission action date is **Thursday, November 28, 2019.**

**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.<sup>1</sup>

### **ANALYSIS:**

On April 27, 2016, the FCC released the *2016 Lifeline Order*<sup>2</sup> in which it determined it must modernize the federal Lifeline program so that it can play an essential role in helping low-income Americans that most need access to broadband services. The *2016 Lifeline Order* provided a requirement that minimum service standards adjust every year in December on a phased-in basis. The phase-in allows for increased emphasis on supporting broadband each year with a decreased emphasis on voice services. The minimum service standards to be effective December 1, 2019, are as follows:

- mobile voice packages require a minimum of 1,000 minutes;
- mobile broadband packages must include data usage of at least 8.75 GB per month and the speed requirement remains 3G mobile technology<sup>3</sup>;
- fixed broadband speed must be at least 20 Mbps downstream and 3 Mbps upstream, unless the Lifeline provider does not offer any generally available residential fixed broadband packages that meet the minimum service standard at the subscriber’s

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<sup>1</sup> 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.”

<sup>2</sup> *In the Matter of Lifeline and Link Up Reform and Modernization*, WC Docket No 11-42, Third Report and Order, Further Report and Order, and Order on Reconsideration, Rel. April 27, 2016 (“*2016 Lifeline Order*”).

<sup>3</sup> FCC Public Notice, WC docket No. 11-42, DA 19-704, Rel. July 25, 2019. See: <https://docs.fcc.gov/public/attachments/DA-19-704A1.pdf>.

residence. In such situations, the Lifeline provider may receive Lifeline support for the highest performing generally available residential fixed broadband service offering of at least 4 Mbps downstream and 1 Mbps upstream. Fixed broadband usage must be at least 1024 GB per month<sup>4</sup>;

- the voice Lifeline support which was previously \$9.25 drops to \$7.25 for the period of December 1, 2019, to November 30, 2021; and
- a voice and broadband Lifeline bundle **must** include a broadband offering that meets the applicable minimum service standard to be eligible for the full \$9.25 Lifeline benefit.

The Company's initial filing reduced the federal Lifeline credit for voice only service from \$9.25 to \$7.25; however, several entities have requested that the FCC delay implementation of the proposed credit reduction. The FCC has an open meeting scheduled for November 22, 2019, during which the FCC could delay or cease implementation of the scheduled reduction for voice only service. As this issue is in flux, Staff asked the Company to make a subsequent filing that would make the tariff language more generic, thus allowing for subsequent FCC adjustments without the need for additional tariff filings. The filing makes changes to Section 3 of the tariff, page 1. The change is as follows:

- Deletes the specific rates listed for the federal and state Lifeline credits. The tariff includes language that indicates the federal and state credits provided to qualifying customers will be the maximum authorized by the Federal Communications Commission and the Kansas Corporation Commission.

The change to the Federal Lifeline credit will increase the revenue paid by the consumer, but will not change the overall amount of revenue received by the Company. Therefore, the annual regulated revenue impact will be zero.

Staff has reviewed the filing and does not have any concerns.

### **RECOMMENDATION:**

Staff recommends the Commission approve the replacement tariff sheets provided by South Central. The changes that were provided in the new tariff sheets are not revenue affecting and are due to changes to the federal Lifeline program by the FCC. The changes made mirror the federal requirements and are, therefore, in the public interest. The Company requests an effective date of December 1, 2019.

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<sup>4</sup> FCC Public Notice, WC docket No. 11-42, DA 19-704, Rel. July 25, 2019. See: <https://docs.fcc.gov/public/attachments/DA-19-704A1.pdf>.

**CERTIFICATE OF SERVICE**

20-SCNT-195-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 11/26/2019.

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