

1. REPORT DATE: 00/00/00	:	:
2. BUREAU: FUS	:	:
3. SECTION(S):	:	4. PUBLIC MEETING DATE:
5. APPROVED BY:	:	00'00/00
DIRECTOR:	:	
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 02/01/06
8. DOCKET NO: R-00061290	:	9. EFFECTIVE DATE: 05/16/06

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: COMMONWEALTH TELEPHONE CO.

COMP/APP COUNTY:

UTILITY CODE: 310800

ALLEGATION OR SUBJECT

COMMONWEALTH TELPHONE COMPANY HAS FILED SUPPLEMENT NO 98 TO TARIFF TELEPHONE PA PUC NO 24, TO BECOME EFFECTIVE MAY 16, 2006, WHICH PROPOSES AN ANNUAL INCREASE IN ANNUALIZED REVENUE OF APPROXIMATELY \$4.1 MILLION OR 2.86% OF NON-COMPETITIVE SERVICE REVENUE, RESULTING IN AN INCREASE IN DIAL TONE LINE AND PBX MONTHLY RATES OF \$1.40 MONTHLY.

DOCKETED

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COMMONWEALTH
TELEPHONE COMPANY

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ORIGINAL

February 1, 2006

8-00061290

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FEB 1 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Mr. James McNulty, Secretary
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265

Re: Supplement No. 98 --Commonwealth Telephone Company Tariff PA PUC No. 24

Dear Secretary McNulty:

Pursuant to the provisions of its Alternative Regulation and Network Modernization Plan approved by the Pennsylvania Public Utility Commission at Docket No. P-00961024, and consistent with the rules and regulations contained in Title 52 (Pennsylvania Code), Commonwealth Telephone Company (CTCo) respectfully submits the above-referenced tariff supplement seeking Commission approval to make the following changes effective on 105 days' notice:

- An increase in annualized revenue of approximately \$4.1 million or 2.86% of non-competitive service revenue, resulting in an increase in dial tone line and PBX monthly rates of \$1.40 monthly.

The proposed changes are a result of an annual recalculation of CTCo's price cap form of regulation and the price cap formula, also submitted to the Commission on February 1, 2006.

CTCo respectfully requests Supplement No. 98 be approved to become effective May 16, 2006.

Please contact me at (570) 631-5366 with any questions or comments.

Sincerely,

Michael P. Sharry
Director Regulatory and
Public Affairs and Statutory Agent
for Commonwealth Telephone Company

55

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of Commonwealth Telephone Company's Supplement No. 98 to Tariff - Telephone PA PUC No. 24 filing upon the persons and in the manner indicated below.

Service by First Class Mail:

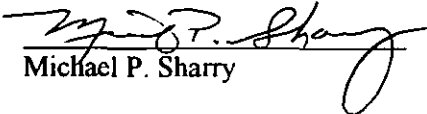
Philip McClelland, Esq.
Office of Consumer Advocate
555 Walnut St. -- 5th Floor
Forum Place
Harrisburg, PA 17101-1923

William Lloyd, Esq.
Office of Small Business Advocate
Suite 1102 - Commerce Bldg.
Harrisburg, PA 17101

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FEB 1 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU


Michael P. Sharry

DATED: February 1, 2006

EXECUTIVE OVERVIEW

COMMONWEALTH TELEPHONE COMPANY

Supplement No. 98 - PA PUC No. 24

SUBSTANCE

Commonwealth Telephone Company (CTCo) is proposing a rate change as a result of its Price Stability Index/Service Price Index filing submitted to the PUC by CTCo on February 1, 2006.

COMMENTS

In order to maintain the indexes at PUC-authorized levels, a rate modification is indicated. CTCo respectfully requests approval of the following proposed tariff changes:

Adjustment of Basic Local Service Rates --- This filing proposes an increase in existing local dial tone/PBX rates of \$1.40 monthly.

CTCo's approved Chapter 30 Plan requires that the PUC review the PSI/SPI filing, any accompanying tariff changes. This filing ensures that CTCo's Chapter 30 plan methodology has been properly followed; the result produces an annualized rate increase of approximately \$4.1 million.

It is respectfully requested that the proposed tariff supplements be approved by the PA PUC to become effective May 16, 2006.

COMMONWEALTH TELEPHONE COMPANY

COMMUNICATIONS DIVISION - GUIDELINES FOR TARIFF FILINGS

Supplement No. 98 - PA PUC No. 24

1. What is being proposed?

Commonwealth Telephone Company (CTCo) is proposing tariff changes as a result of its Price Stability Index/Service Price Index filing submitted to the PUC by CTCo on February 1, 2006.

In order to maintain the indexes at PUC-authorized levels, a rate modification is indicated. CTCo respectfully requests approval of the following proposed tariff change:

Adjustment of Basic Local Service Rates --- This filing proposes an increase in existing local dial tone/PBX rates of \$1.40 monthly.

2. Why is it proposed?

CTCo shall implement the proposed tariff change to remain in compliance with its approved Chapter 30 Plan, approved by the PA PUC at Docket No. P-00961024.

3. Why is it proposed at this time?

CTCo's approved Chapter 30 Plan requires that the PUC review the PSI/SPI filing, submitted on February 1, 2006, and any accompanying tariff changes. The filing of Supplement Nos. 98 ensures that this methodology is properly followed.

4. Why is it proposed this way?

Please see response to Question Number 1.

5. What are the estimated customer acceptance levels in the first year and following years, revenues, expenses, contributions, and effect on other products and services?

Residential and business dial tone line customers and business PBX customers are affected by the rate change proposed in this filing, which produces annualized revenue of approximately \$4.1 million.

(Continued)

COMMONWEALTH TELEPHONE COMPANY
COMMUNICATIONS DIVISION - GUIDELINES FOR TARIFF FILINGS

Supplement No. 98 - PA PUC No. 24

6. What is the cost/benefit support for the changed tariff rates?

CTCo's current PSI/SPI provides the support for the proposed tariff changes contained in this filing. In addition, Exhibit 2 details the calculations that result in the proposed monthly rate changes.

7. How will the change be introduced and the program implemented?

Notice of the proposed tariff change will be provided to customers via billing notice, with the proposed changes becoming effective May 16, 2006.

COMMONWEALTH TELEPHONE COMPANY

RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52

Supplement No. 98 - PA PUC No. 24

1. The specific reasons for each change.

Commonwealth Telephone Company (CTCo) is proposing the following tariff change as a result of its Price Stability Index/Service Price (PSI/SPI) Index filing submitted to the PUC by CTCo on February 1, 2006.

In order to maintain the indexes at PUC-authorized levels, a rate modification is indicated; (Exhibit 1 contains CTCo's current and proposed SPI

CTCo respectfully requests approval of the following proposed tariff change:

Adjustment of Basic Local Service Rates --- This filing proposes an increase in existing local dial tone/PBX rates of \$1.40 monthly.

2. The total number of customers served by the utility.

CTCo serves approximately 204,900 customers.

3. A calculation of the total customers, by tariff subdivision, whose bills would be affected by the change.

Residential and business dial-tone line and PBX trunks are affected by the rate change proposed in this filing and equate to 247,902 units; the breakdown of lines affected is also included in Exhibit 2.

4. The effect of the change on the utility's customers.

Please refer to Exhibit 2, which details the affect of the rate change by type of service rendered and applicable dial tone rate group based on the demand units for each type of service.

(Continued)

COMMONWEALTH TELEPHONE COMPANY

RESPONSES TO TITLE 52, CHAPTER 53, SECTION 53.52

Supplement No. 98 - PA PUC No. 24

5. The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.

Implementation of the proposed changes will keep CTC's price indexes consistent with the provisions contained in the Company's Chapter 30 Plan, approved by the PUC at Docket No. P-00961024. In this case, an annualized revenue increase of approximately \$ 4.1 million is proposed in this filing.

6. The effect of the change on the service rendered by the utility.

Approval of this tariff supplement will have no adverse impact on the service provided by CTC.

7. A list of factors considered by the utility in making this change.

CTC's approved Chapter 30 Plan requires that the PUC review the PSI/SPI filing, and any accompanying tariff changes. The filing of Supplement No. 98 ensures that this methodology is properly followed.

8. Studies undertaken to draft the proposed change.

CTC's PSI/SPI filing submitted to the Commission on February 1, 2006 supports the proposed tariff change contained in this filing.

9. Customer polls taken which indicate customer acceptance of the proposed change.

No polls were taken or are required to propose these changes.

10. Plans the utility has for introducing or implementing the service.

Communication of the proposed tariff changes is provided to customers via billing notices, with the proposed change becoming effective May 16, 2006.

11. FCC, FERC, or Commission orders or rulings applicable to the filing.

Commonwealth Telephone Company's PA PUC-approved Chapter 30 Plan, (Docket Number P-00961024), contains the parameters regarding the methodology involved in this filing.

EXHIBITS 1 & 2 ARE MARKED

PROPRIETARY

ORIGINAL

SUPPLEMENT NO. 98
TO
TARIFF TELEPHONE - PA P.U.C. NO. 24
COMMONWEALTH TELEPHONE COMPANY

DOCKETED

FEB 06 2006

RATES AND RULES
GOVERNING THE FURNISHING OF TELEPHONE SERVICE
IN
EXCHANGE AREAS OF ALL OF WYOMING COUNTY, AND PORTIONS
OF BERKS, BRADFORD, BUCKS, CARBON, CHESTER, COLUMBIA,
DAUPHIN, LACKAWANNA, LANCASTER, LEHIGH, LUZERNE,
LYCOMING, MONROE, NORTHAMPTON, SCHUYLKILL, SULLIVAN,
SUSQUEHANNA, TIOGA, AND YORK COUNTIES
IN THE STATE OF PENNSYLVANIA
AND AS SHOWN ON SHEETS 6 THROUGH 12
CONTAINED IN TELEPHONE - PA PUC NO. 23
AND AS SHOWN ON MAPS CONTAINED HEREIN

ISSUED: February 01, 2006

EFFECTIVE: May 16, 2006

by

MICHAEL P. SHARRY
DIRECTOR
REGULATORY AND PUBLIC AFFAIRS
COMMONWEALTH TELEPHONE COMPANY

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FEB 1 2006

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

NOTICE

THIS TARIFF MAKES (INCREASES) IN RATES
(I) INDICATES INCREASE

SEE SHEET 2

Commonwealth Telephone Company

Section 1
 Fifth Revised Sheet 2B
 Canceling Fourth Revised Sheet 2B

LOCAL MEASURED SERVICED (LMS)
 (continued)

B. REGULATIONS (cont.)

3. All calls to the Telephone Company Business Office, Repair Service, or Local Directory Assistance, and 911 Emergency Service will be exempt from usage charges.
4. Each call to a telephone number within the customer's local calling area is charged on a usage basis. Usage charges apply on customer dialed, station-to-station local calls and are charged to the calling party.
5. Customers have the option of retaining current flat rate telephone service or changing to LOCAL MEASURED SERVICE (LMS), either MEASURED SERVICE or METERED SERVICE.
6. All customer lines at a given location where LMS is provided must be arranged with LOCAL MEASURED SERVICE, either MEASURED SERVICE or METERED SERVICE and equipped for outward calling.

C. MEASURED SERVICE

1. Basic monthly line rates apply in addition to measured usage charges for residence and business one-party service or PBX trunk in the exchange where the service is available.
2. Rates for MEASURED SERVICE:

a. LMS Basic Monthly Line Rates

<u>Exchange</u>	<u>One-Party</u>	<u>PBX Trunk</u>
Dallas		
Residence	\$9.29 (I)	-
Business	\$12.71	\$18.36 (I)
Lewisberry		
Residence	\$9.29 (I)	-
Business	\$12.71	\$18.36 (I)

b. MEASURED SERVICE Usage Rates

The initial period for each call reflects the first four minutes of a completed call.

<u>Charge Per Call*</u>	<u>Initial Period</u>	<u>Each Additional Minute</u>
Calls within Exchange	\$.04	\$.005
Local Rate Step 1 (1 to 10 Miles)	.05	.01
Local Rate Step 2 (11 to 16 Miles)	.06	.015

*50% discount from these rates shall apply every day of the week from 10:00 p.m. to 8:00 a.m.

(I) Indicates Increase

Issued: February 01, 2006

Effective: May 16, 2006

Commonwealth Telephone Company

Section 1
 Fifth Revised Sheet 2C
 Canceling Fourth Revised Sheet 2C

LOCAL MEASURED SERVICED (LMS)
 (continued)

D. METERED SERVICE

1. Basic monthly line rates apply in addition to metered usage charges for residence and business one-party service or PBX Trunk in the exchange where the service is available.

2. Rates for METERED SERVICE

a. Basic Monthly Line Rates

<u>Exchange</u>	<u>One-Party</u>	<u>PBX Trunk</u>
Dallas		
Residence	\$9.29 (I)	-
Business	\$12.71	\$18.36 (I)
Lewisberry		
Residence	\$9.29 (I)	-
Business	\$12.71	\$18.36 (I)

b. METERED SERVICE Usage Rates

The METERED SERVICE Usage Rate is charged each time the customer establishes a local call per the schedule below.

Charge Per Call*

\$.07

*50% discount from this rate every day of the week from 10:00 p.m. to 8:00 a.m.

(I) Indicates Increase

Issued: February 01, 2006

Effective: May 16, 2006

Commonwealth Telephone Company

Section 1
 Thirty Sixth Revised Sheet 3
 Canceling Thirty Fifth Revised Sheet 3

LOCAL EXCHANGE SERVICE
 (continued)

<u>CLASS OF SERVICE</u>	<u>RATE GROUPS</u>			
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
<u>Business</u>				
PBX Trunk	\$21.52(I)	\$22.52(I)	\$25.52(I)	\$29.52(I)
One-Party	15.78(I)	16.28(I)	17.78(I)	20.03(I)
<u>Residence</u>				
One-Party	13.03(I)	13.28(I)	13.53(I)	13.78(I)
each add'l	9.78(I)	10.03(I)	10.28(I)	10.53(I)
<u>Local Calling Area</u>				
Minimum	0	10,801	20,001	60,001
	to	to	to	to
Maximum	10,800	20,000	60,000	100,000
Benton	Atglen	Conyngam-	Bangor	
Brooklyn	Blossburg	Drums	Belvidere	
Dushore	Covington	New Albany	Ferndale	
Eagles Mere	Elizabeth-	Noxen	Muhlen-	
Estella	ville	Nuremberg	burg	
Gratz	Huntington	Orangeville	Nuangola	
Hallstead	Mills	Rome	Pen Argyl	
Laporte	Laceyville	Towanda	Pocono	
Lawrenceville	LeRaysville	Tremont	Lake	
Lawsville	Lykens	Troy	Portland	
Liberty	Mansfield	Ulster	Saylors-	
Muncy Valley	Mehoopany	Wapwallopen	burg	
Ringtown	Middlebury		Shick-	
Rush	Center		shinny	
St. Joseph	Millersburg			
Susquehanna	Montrose			
Valley View	Morris			
Warren Center	Nicholson			
	Springville			
	Tioga			
	Tower City			
	Tunkhannock			
	Uhlerstown			
	Wellsboro			
	Wyalusing			

(I) Indicates Increase

Issued: February 01, 2006

Effective: May 16, 2006

Commonwealth Telephone Company

Section 1
 Fortieth Revised Sheet 4
 Canceling Thirty Ninth Revised Sheet 4

LOCAL EXCHANGE SERVICE
 (continued)

<u>CLASS OF SERVICE</u>	<u>RATE GROUPS</u>	
	<u>5</u>	<u>6</u>
<u>Business</u>		
PBX Trunk	\$32.52 (I)	\$37.52 (I)
One-Party	21.03 (I)	23.28 (I)
<u>Residence</u>		
One-Party	14.28 (I)	14.78 (I)
each add'l	11.03 (I)	11.53 (I)
<u>Local Calling Area</u>		
Minimum	100,001	180,001
	to	to
Maximum	180,000	260,000

Center-	Coopersburg
Moreland	Harding
Clarks Summit	Lewisberry
Dallas	
Dalton	
Factoryville	
Gap	
Harveys Lake	
Hensel	
Kirkwood	
Lake Winola	
Leesport	
Quarryville	
Rawlinsville	
Sweet Valley	
Trucksville	

(I) Indicates Increase

Issued: February 01, 2006

Effective: May 16, 2006



OFFICE OF CONSUMER ADVOCATE

555 Walnut Street, 5th Floor, Forum Place
Harrisburg, Pennsylvania 17101-1923
(717) 783-5048
800-684-6560 (in PA only)

IRWINA. POPOWSKY
Consumer Advocate

FAX (717) 783-7152
consumer@paoca.org

February 21, 2006

James J. McNulty, Secretary
PA Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

ORIGINAL

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Re: Commonwealth Telephone Company, Interim
SPI/DCI and PSI/SPI/DCI Reports
Docket No. P-00961024
Commonwealth Telephone Company,
Proposed Supplement No. 98 to Tariff Pa.
PUC No. 24
Docket No. R-00061290

Dear Secretary McNulty:

Enclosed please find for filing an original and three (3) copies of the Office of Consumer Advocate's Notice of Intervention and Public Statement in the above-captioned proceedings.

Copies have been served upon all parties of record as shown on the attached Certificate of Service.

Sincerely,

Barrett C. Sheridan
Assistant Consumer Advocate

Enclosures

cc: All parties of record
Hon. Veronica Smith/ALJ
Office of Special Assistants

*87642

SECRETARY'S BUREAU
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

COMMONWEALTH TELEPHONE	:	
COMPANY, INTERIM SPI/DCI AND	:	P-00961024
PSI/SPI/DCI REPORTS	:	
COMMONWEALTH TELEPHONE	:	
COMPANY, PROPOSED SUPPLEMENT	:	R-00061290
NO. 98 TO TARIFF PA PUC NO. 24	:	

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NOTICE OF INTERVENTION

Pursuant to 52 Pa. Code Sections 5.71-74, the Office of Consumer Advocate hereby gives Notice of Intervention in the above-captioned proceedings. A copy of all correspondence and notices, documents, orders or other communications with respect to the above-captioned proceedings should be addressed to the following:

Barrett C. Sheridan
 Assistant Consumer Advocate
 Office of Consumer Advocate
 555 Walnut Street 5th Floor, Forum Place
 Harrisburg, PA 17101-1923

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FOLDER

DOCKETED
FEB 28 2006

Respectfully submitted,



Barrett C. Sheridan
 Assistant Consumer Advocate
 Pa. Bar I.D. 61138

DATED: February 21, 2006
 00087639.wpd

PUBLIC STATEMENT OF THE CONSUMER ADVOCATE
ISSUED IN ACCORDANCE WITH SECTION 904-(e) OF ACT OF APRIL 9, 1929
(P.L. 177, NO. 175), KNOWN AS "THE ADMINISTRATIVE CODE OF 1929",
AS AMENDED BY ACT 161 OF 1976 (APPROVED JULY 9, 1976)

Act 161 of the Pennsylvania General Assembly, 71 P.S. § 309-2, as enacted July 9, 1976, authorizes the Consumer Advocate to represent the interests of consumers before the Pennsylvania Public Utility Commission (PUC or Commission). In accordance with Act 161, and for the following reasons, the Consumer Advocate determined to file a Notice of Intervention in the matter of Commonwealth Telephone Company's (CTCo's or Company's) Annual Price Stability Index/Service Price Index/Deferred Change Index (PSI/SPI/DCI) and related proposed rate increase.

CTCo provides local exchange, intrastate toll, and access services to approximately 204,9000 customers in Berks, Bradford, Bucks, Carbon, Chester, Columbia, Dauphin, Lackawanna, Lancaster, Lehigh, Luzerne, Lycoming, Monroe, Northampton, Schuylkill, Sullivan, Susquehanna, Tioga, Wyoming, and York counties.

In the PSI/SPI/DCI Index reports, CTCo has calculated the amount of change in rates which may be permitted under the Company's alternative plan of regulation or Chapter 30 Plan. The Company's filing reviews current prices and units of demand for all non-competitive services, a broad category which includes basic local service to residential consumers, as well as optional telephone services such as call waiting, intra-state toll service, and even fees for telephone pole attachments. The Company's calculation of its price cap formula indicates that an increase in rates for non-competitive services is allowed and would produce an additional \$4.1 million in revenues. The Company has proposed through Tariff Supplement No. 98 to increase

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FEB 28 2006

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dial tone line rates for residential and other consumers by \$1.40 per month. OCA is concerned that all of the rate increases from all services are concentrated upon protected local services.

The Office of Consumer Advocate has intervened in these related proceedings to assure that the Company has properly applied its price cap formula. To the extent that some change in revenues and rates is indicated by the price cap formula, OCA is concerned that the resulting rates must be just and reasonable and properly imposed across all non-competitive services, consistent with Chapter 13 and 30 of the Public Utility Code. The OCA will fully participate in the Commission's review of the Company's petition.

ORIGINAL

CERTIFICATE OF SERVICE

Re: Commonwealth Telephone Company, Interim SPI/DCI and PSI/SPI/DCI Reports
Docket No. P-00961024
Commonwealth Telephone Company, Proposed Supplement No. 98 to Tariff PA PUC
No. 24
Docket No. R-00061290

I hereby certify that I have this day served a true copy of the foregoing document, Office of Consumer Advocate's Notice of Intervention and Public Statement, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below:

Dated this 21st day of February, 2006.

SERVICE BY INTER-OFFICE MAIL

Johnnie E. Simms, Esq.
Office of Trial Staff
Pa. Public Utility Commission
Commonwealth Keystone Bldg.
400 North Street
Harrisburg, PA 17120

SERVICE BY FIRST CLASS MAIL, POSTAGE PREPAID

Norman James Kennard, Esq.
Hawke McKeon Sniscak & Kennard, LLP
100 North Tenth Street
Harrisburg, PA 17101

Michelle Painter, Esq.
Verizon
22001 Loudoun County Parkway
E2-3-507
Ashburn, VA 20147

Robert Barber, Esq.
AT&T Communications
1120 20th St., NW
Suite 1000
Washington, DC 20036

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Michael P. Sharry
Commonwealth Telephone Co.
100 CTE Drive
Dallas, PA 18612-9774



Philip F. McClelland
Senior Assistant Consumer Advocate
Barrett C. Sheridan
Assistant Consumer Advocate
Counsel for
Office of Consumer Advocate
555 Walnut Street 5th Floor, Forum Place
Harrisburg, PA 17101-1923
(717) 783-5048
*87645



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Office of Administrative Law Judge
P.O. BOX 3265, HARRISBURG, PA 17105-3265
April 18, 2006

IN REPLY PLEASE
REFER TO OUR FILE

In Re: R-00061290

(SEE ATTACHED LIST)

Commonwealth Telephone Company

Filing of Supplement No. 98 to Tariff Telephone PA PUC No. 24, to Become Effective May 16, 2006, Which Proposes an Annual Increase in Annualized Revenue of Approximately \$4.1 Million or 2.86% of Non-Competitive Service Revenue, Resulting in an Increase in Dial Tone Line and PBX Monthly Rates of \$1.40 Monthly.

NOTICE

This is to inform you that an Initial Pre-Hearing Conference on the above-captioned case will be held as follows:

Type: Initial Pre-Hearing Conference

Date: Thursday, May 18, 2006

Time: 10:00 a.m.

Location: Hearing Room 2
Plaza Level
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Presiding: Administrative Law Judge Susan D. Colwell
PO Box 3265
Harrisburg, PA 17105-3265
Phone: 717.783.5452
Fax: 717.787.0481

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DOCKETED
MAY 01 2006

If you are a person with a disability, and you wish to attend the prehearing, we may be able to make arrangements for your special needs. Please call the scheduling office at the Public Utility Commission at least (2) two business days prior to your hearing:

- Scheduling Office: 717.787.1399
- AT&T Relay Service number for persons who are deaf or hearing-impaired: 1.800.654.5988

pc: Judge Colwell
June Perry - LA, Keystone 3NW
Cyndi Page - BPL, Keystone 3NE
FUS, Keystone 3W
Cherie Pyle, Scheduling Officer
Beth Plantz
Docket Section
Calendar File

ORIGINAL

Hawke

McKeon

Sniscak &

Kennard LLP

ATTORNEYS AT LAW

William T. Hawke
Kevin J. McKeon
Thomas J. Sniscak
Norman James Kennard
Lillian Smith Harris
Scott T. Wyland
Todd S. Stewart

Craig R. Burgraff
Steven D. Snyder
Janet L. Miller
Steven K. Haas
William E. Lehman
Rikardo J. Hull
Katherine E. Lovette

100 North Tenth Street, Harrisburg, PA 17101 Phone: 717.236.1300 Fax: 717.236.4841 www.hmsk-law.com

April 21, 2006

VIA HAND DELIVERY

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street – Filing Room
P.O. Box 3265
Harrisburg, PA 17105-3265

DOCUMENT
FOLDER

RECEIVED
2006 APR 21 AM 10:01
PA PUC
SECRETARY'S BUREAU

Re: Commonwealth Telephone Company Supplement No. 98 to Commonwealth Telephone Company Tariff Pa. PUC No. 24, Docket No. R-00061209; 2006 Annual Price Stability Index/Service Price Index Filing and Deferred Index Report of Commonwealth Telephone Company, Docket No. P-00961024F100, and Office of Small Business Advocate v. Commonwealth Telephone Company, R-00061290C001; **OSBA COMPLAINT**

Dear Secretary McNulty:

It is the position of Commonwealth Telephone Company ("CTCo" or "Company") that the above-captioned Office of Small Business Advocate ("OSBA") Complaint must be disposed of by May 16, 2006 or be dismissed as moot. CTCo's Chapter 30 Plan requires rate approval to be finalized within 105 days of the filing. Moreover, the review of the rate proposals made annually under the price cap mechanism is limited to a review of the calculations required under formula and consideration of whether or not the rates are "just and reasonable."

On February 1, 2006, CTCo filed its Annual PSI/SPI/DCI Report with the Commission and Tariff Supplement No. 98 to Telephone Tariff Pa. PUC No. 24 with an effective date of May 16, 2006. A copy of both the Report and the tariff supplement were served upon the OSBA, as well as the other statutory parties. Advance Notice was issued on January 17, 2006, informing the Commission and parties, including the OSBA, of the forthcoming rate change.

The February 1, 2006 filing is very straight forward. The Annual PSI/SPI/DCI Report set forth the calculations under the Company's Price Stability Mechanism ("PSM") demonstrating that an overall 2.86% increase was allowed under the price cap formula for noncompetitive revenues. CTCO proposed, therefore, to increase local service rates by \$4,133,338 and to establish a remaining banked revenue increase of \$80,667.

On February 17, 2006, the OSBA filed a Complaint which consisted of the following summarized allegations:

- The material submitted in support of the filing "may be insufficient to justify the rate increase requested . . ." Complaint at ¶ 6.
- "Commonwealth's proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers." Complaint at ¶ 6.
- "The proposed rate increases for Commonwealth's business customers may be unjust, unreasonable, and a violation of 66 Pa.C.S. §§1301 and 3015(g)." Complaint at ¶ 7.
- The OSBA further complained: that the redaction of proprietary information gave it "an insufficient basis upon which to determine the accuracy of the calculations;" that no other services, except local exchange service, were proposed to be increased; that cost data was not included in the filing; that stimulation/suppression of demand was not considered; that the demand data used by the company was not identified; and that little information is provided as to the relevance of "pole rental revenue." Complaint at ¶ 7 a-f.

Subsequent to the filing of the Complaint, these tariff increases have been found by Commission Order entered April 20, 2006 to be in compliance with the Company's Chapter 30 Plan, as well as "just and reasonable:"

Our review of the calculations submitted by Commonwealth indicates that they are accurate and consistent with the terms of the Company's Price Stability Plan formula approved in its Chapter 30 Plan at Docket No. P-00961024F1000. In addition, we are of the opinion that the proposed rate increases appear to be reasonable and in conformance with the Company's Chapter 30 Plan. Therefore, we shall approve Commonwealth's 2006 PLAN calculation and proposed rate increases subject to findings of the Office of Administrative Law Judge ("ALJ") regarding the complaint filed by OSBA and subject to refund.¹

¹ Order entered April 20, 2006 at 3 (Emphasis added).

With respect to the banked amount, the Commission likewise found it proper: "Our review of the calculations submitted by Commonwealth indicates that they are consistent with the terms of the Company's PLAN formula approved in its Chapter 30 Plan."²

On February 24, 2006, upon confirmation by OSBA of the terms of a protective agreement, CTCO provided all proprietary documents to the OSBA. Moreover, CTCO participated in an informal discovery session with the OSBA on March 7, 2006 and formally answered OSBA interrogatories on March 17, 2006, which thoroughly covered the topics raised in the OSBA complaint. Further, CTCO has discussed the filing with the OSBA in numerous telephone conversations, seeking to determine the exact nature of the OSBA's complaint beyond the general averments contained in the Complaint.

CTCO's Chapter 30 Plan, as it applies in this proceeding,³ contains the following pertinent provisions:

The PSP set forth in the Plan is in complete substitution of rate base/rate of return regulation and is the exclusive basis upon which the Company's rates and services are regulated upon approval of this Plan. All tariff filings for noncompetitive services are subject to review under the terms of this Plan.

Nothing in this Plan shall be construed to limit the requirement of 66 Pa.C.S. § 1301 that rates shall be just and reasonable. The annual rate change limitations set forth in CTCO's Plan and any other Commission-approved annual rate change limitation shall remain applicable and shall be deemed just and reasonable under §1301.⁴

The timeframes for Commission consideration and the effectiveness of tariffs are as follows:

7. On February 1st of each year (or the closest Commission working day to such date), beginning in 1997, the Company shall file with the Commission a PSI and SPI Report. The Company shall include in such filing the new DCI corresponding to the new PSI and SPI, as well as the Banking Report as specified in Part 3.A., Paragraph 6. Each such annual filing may be accompanied by tariffs to implement any required or authorized SPI.

8. The proposed tariff rates will become effective within 105 days of filing.
The Commission shall review the tariff rate change proposals to determine

² *Id.* at 4 (Emphasis added).

³ CTCO's Plan was amended in compliance with Commission order entered on February 10, 2006 to provide for a lesser period of consideration (from 105 days down to 60 days). *Petition for Alternative Regulation and Network Modernization Plan of Commonwealth Telephone Company*, Docket No. P-00961024F1000, Opinion and Order entered February 10, 2006. Given that the Plan was amended after the filing of the 2006 PSI/SPI/DCI Report and the proposed tariff, CTCO is following the 105 day timeframe, rather than the newer 60 day period.

⁴ *Id.* at 17-18 (Emphasis added).

whether they are designed to produce revenues such that the SPI does not exceed the maximum level allowed pursuant to Part 3.A., Paragraph 4, and that all banked amounts, including any accrued interest, are appropriately retired pursuant to Part 3.A., Paragraph 6. If the Commission determines that the Company's rate proposals do not comply with this criteria, then the Commission may order CTCO to modify them to produce an SPI value which will do so. **If the Company's proposals comply with this criteria, then the Commission shall approve them.**

9. The Company shall provide fifteen (15) days' advance notice of filing to the Commission, which shall generally describe the anticipated filing. A minimum of ten (10) days shall be reserved to permit comments or complaints of parties and twenty (20) days shall be reserved for Commission review of recommended decisions, if any, in this process. **A Commission Order must be entered within one hundred and five (105) days of the filing, otherwise the tariff(s) shall become effective as filed.** This procedure, as specified in this paragraph, is hereinafter referred to as the "120 day procedure."⁵

Once approved by the Commission, all Chapter 30 Plans are deemed under law to be in compliance with Act 183: "Upon approval of a local exchange telecommunications company of network modernization plan amendments pursuant to section 3014(e), the local exchange telecommunications company's alternative form of regulation plan shall be deemed amended consistent with this section."⁶

Thereafter, changes must be made cooperatively by the mutual assent of both Commission and the local exchange telecommunications company: "Except for changes to existing alternative form of regulation and network modernization plans as authorized by this chapter, no change to any alternative form of regulation or network modernization plan may be made without the express agreement of both the commission and the local exchange telecommunications company."⁷

Furthermore, the terms of a Plan supersede any contradictory legal authority:

The terms of a local exchange telecommunication company's alternative form of regulation and network modernization plans shall govern the regulation of the local exchange telecommunications company and, consistent with provisions of this chapter, shall supersede any conflicting provisions of this title or other laws of the Commonwealth . . .⁸

⁵ *Id.* at 27-28 (Emphasis added).

⁶ 66 Pa. C.S. §3015(h).

⁷ 66 Pa. C.S. §3013(b).

⁸ 66 Pa. C.S. §3019(h).

That CTCo's Plan requires final Commission determination within 105 days of filing cannot reasonably be disputed.⁹ The sixty day suspension and seven month suspension periods prescribed in § 1308 were collapsed into a 120 day procedure. In disposition of the controversy involving the Company's original proposal to limit the timeframe for consideration and the establishment of final rates, the Commission established 105 days after the filing as providing "sufficient time . . . to enable the parties to develop an evidentiary record concerning any Section 1308 Tariff filing . . .," finding that:

Section 1308 permits the Commission to conclude an investigation of a tariff filing within a shorter timeframe than the maximum time period prescribed in the statute. We agree with CTC that an abbreviated hearing and evidentiary process will conserve scarce resources for network deployment. . . . We will replace CTC's 75-day procedure with a 120-day procedure which provides for an abbreviated hearing and evidentiary process."¹⁰

When CTCo filed its compliance Plan, the Commission directed that certain changes be made in response to suggestions made by the Office of Trial Staff ("OTS"): "[a]ccordingly, we direct CTC to modify its Final Plan regarding the 120 day procedure to provide for a process which uses the 105 days after a tariff filing for record development and Commission decision as envisioned by the OTS response."¹¹

Since approval of the Company's final Plan, the Commission has never failed to enter a final order establishing final, effective, and non-refundable rates within the 120 day period. In the 1997 litigated OCA Complaint against a CTCo "rate rebalancing" submission the 120 day rule was followed.¹² The tariff supplements were suspended "for a period no longer than the 105 days from the date of CTCo's rebalancing filing, or until December 4, 1997, as authorized by Section 1308 of the Pennsylvania Public Utility Code and CTCo's Chapter 30 Plan."¹³ The Commission entered an order in the matter by December 4, 1997.¹⁴

In conclusion, it is clear that, in order to meet the requirements of CTCo's Chapter 30 Plan in the matter of the OSBA's complaint, the Commission must act to establish final rates on or before May 16, 2006. **Therefore, CTCo respectfully requests that hearings on the Office of Small Business Advocate Complaint be scheduled immediately.**

⁹ CTCo's Plan is very different from Verizon's as to ratemaking procedures. Therefore, the fact that Verizon's 2006 price change was considered within sixty days and granted subject to refund may be consistent with Verizon's plan, but is no precedent for the proper treatment of a CTCo rate change. *Verizon Pennsylvania, Inc. 2006 Price Change Opportunity Filing*; Docket Nos. R-00051228 and P-00930715F1000; *Office of Small Business Advocate v. Verizon Pennsylvania, Inc.*; Docket No. R-00051228C0001; and *Office of Consumer Advocate v. Verizon Pennsylvania, Inc.*; Docket No. R-00051228C000236, Order adopted March 2, 2006, 36 Pa.B. 1719.

¹⁰ *Petition of Commonwealth Telephone Company for an Alternative Regulation and Network Modernization Plan*, Docket No. P-00961024, Opinion and Order entered January 17, 1997 at 133-134.

¹¹ *Id.* Opinion and Order entered June 16, 1997 at 14. Rate rebalancing filings also follow the 120 day rule.

¹² *Pennsylvania Public Utility Commission and Office of Consumer Advocate v. Commonwealth Telephone Company*, Docket Nos. R-00974128 and R-00974218C001 filed on August 21, 1997.

¹³ *Id.*, Opinion and Order entered August 28, 1997.

¹⁴ *Id.*, Final Opinion and Order entered December 4, 1997.

The case is ready for hearing and resolution. There is no outstanding discovery with the Office of Small Business Advocate and, as indicated previously, CTCo has cooperated with the OSBA through both formal and informal discovery, as well as contacted OSBA numerous times to discuss the exact nature of its complaint. During these discussions, CTCo previously has advised the OSBA that its complaint must be concluded consistent with the 120 day rule.

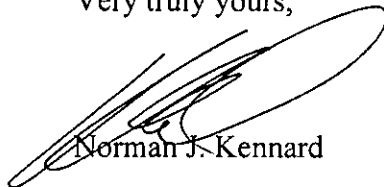
Indeed, there may be no need for evidentiary hearings. The OSBA has never advised CTCo of any factual dispute with respect to the filing. The OSBA's position as articulated thus far appears to be a dispute with the price cap formula contained in CTCo's Plan and as approved by the Commission. There does not seem to be a dispute over how the formula functions or whether CTCo has accurately followed the formula, but only over whether it should be changed.

If this is the case, CTCo is willing to discuss fact and issue stipulation with OSBA and submit briefs on the legal question which the OSBA seeks to address. As noted above, a change in the Plan is not permitted without the agreement of the Company and, thus, is not a matter for litigation and judicial disposition by the Commission.

In any event, CTCo is ready to proceed immediately and is willing to adopt a schedule that permits Commission resolution of the OSBA's Complaint by May 16, 2006.

Thank you for your attention to this matter. Should you or any member of the Commission Staff have any questions or comments, please do not hesitate to contact me at your convenience.

Very truly yours,



Norman J. Kennard

NJK/ajt

cc: Honorable Veronica A. Smith, Chief Administrative Law Judge (Via hand delivery)
Hon Susan D. Colwell, Administrative Law Judge (Via hand delivery)
Steven C. Gray, Esquire, OSBA (Via hand delivery)



OFFICE OF SMALL BUSINESS ADVOCATE
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101

ORIGINAL

William R. Lloyd, Jr.
Small Business Advocate

(717) 783-2525
(717) 783-2831 (FAX)

April 24, 2006

HAND DELIVERED

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

DOCUMENT
FOLDER

2006 APR 25 PM 3:55
PA PUC
SECRETARY'S BUREAU

RECEIVED

Re: Commonwealth Telephone Company Supplement No. 98 to Commonwealth Telephone Company Tariff Pa. PUC No. 24, Docket No. R-00061290; 2006 Annual Price Stability Index/Service Price Index Filing and Deferred Index Report of Commonwealth Telephone Company, Docket No. P-00961024F100, and Office of Small Business Advocate v. Commonwealth Telephone Company, R-00061290C001

Dear Secretary McNulty:

On February 1, 2006, Commonwealth Telephone Company submitted a Price Stability Index ("PSI"), Service Price Index ("SPI"), and Deferred Change Index ("DCI") filing pursuant to the Company's Price Stability Mechanism, which is set forth in Commonwealth Telephone's Amended Network Modernization Plan.

On February 17, 2006, the Office of Small Business Advocate ("OSBA") filed a Complaint against Commonwealth's PSI/SPI/DCI filing.

Pursuant to 52 Pa. Code § 5.24(a), the OSBA formally notifies the Pennsylvania Public Utility Commission that the OSBA Complaint in this matter has been satisfied, and that the OSBA Complaint is withdrawn.

If you have any questions, please feel free to contact me.

Sincerely,

William R. Lloyd, Jr.
Small Business Advocate

cc: Parties of Record
ALJ Susan Colwell
Allen G. Buckalew

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :
v. : Docket No. R-00061290
Commonwealth Telephone Company :

Certificate of Service

I certify that I am serving two copies of the Withdrawal of Complaint letter, on behalf of the Office of Small Business Advocate by first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Susan Colwell
Administrative Law Judge
Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-1191
(717) 787-0481 (fax)
scolwell@state.pa.us
(Hand delivered)

Michael P. Sharry
Commonwealth Telephone Company
100 CTE Drive
Dallas, PA 18612-9774
(570) 631-2700

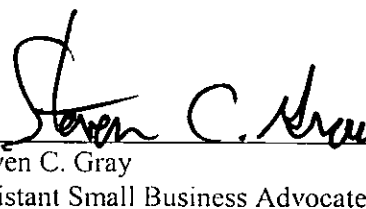
Johnnie E. Simms, Esquire
Office of Trial Staff
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Michelle Billand Painter
MCI WorldCom, Inc.
22001 Loudoun County Parkway
E2-3-507
Ashburn, VA 20147


Steven C. Gray
Assistant Small Business Advocate

PA PUC
SECRETARY'S BUREAU

2006 APR 25 PM 3:55

RECEIVED

Dated: April 24, 2006

COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

DATE: May 15, 2006
SUBJECT: R-00061290
Commonwealth Telephone Company
TO: Wanda Zeiders
Docket Management
FROM: Cherie Pyle, ALJ Support Staff
Office of Administrative Law Judge

DOCUMENT
FOLDER

On April 26, 2006, a Certificate of Satisfaction was filed in the above-captioned proceeding. If no objection is filed to this certificate within 10 days of service, this proceeding will be closed.

All parties should be notified that the case is closed and a copy of that notification placed in the document folder.

Attachment

pc: ALJ Susan D. Colwell
Beth Plantz
Case File

DOCKETED
MAY 17 2006



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
Office of Administrative Law Judge
P.O. BOX 3265, HARRISBURG, PA 17105-3265
May 15, 2006

IN REPLY PLEASE
REFER TO OUR FILE

In Re: R-00061290

(SEE LETTER DATED 4/18/06)

Commonwealth Telephone Company
Cancellation Notice

DOCUMENT
FOLDER

This is to inform you of the following cancellation:

Type: Initial Pre-Hearing Conference
Date: Thursday, May 18, 2006
Time: 10:00 a.m.
Presiding: Administrative Law Judge Susan D. Colwell

Please mark your records accordingly.

pc: Judge Colwell
June Perry - LA, Keystone 3NW
Cyndi Page - BPL, Keystone 3NE
FUS, Keystone 3W
Cherie Pyle, Scheduling Officer
Beth Plantz
Docket Section
Calendar File

DOCKETED
MAY 16 2006

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2006 MAY 16 AM 10:30
PA P.U.C.
SECRETARY'S BUREAU