

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: June 13, 2006	2. BUREAU AGENDA NO. JUN-2006-FUS-0469*
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Telecommunications	5. PUBLIC MEETING DATE: June 22, 2006
6. APPROVED BY: Director: R. Rosenthal 3-5242 Mgr/Spvr: J. Tuzinski 3-6175 Legal Review: A. Arnold 7-8032	
7. PERSONS IN CHARGE: R. Staver/ M. Drace 3-4454	9. EFFECTIVE DATE OF FILING: June 30, 2006
8. DOCKET NO(s): R-00061484 P-00981431F1000	

DOCUMENT
FOLDER

10. (a) **CAPTION** (abbreviate if more than 4 lines)
(b) Short summary of history & facts, documents & briefs
(c) Recommendation

(a) **Hickory Telephone Company**
Price Stability Index / Service Price Index Filing

(b) On May 1, 2006, Hickory Telephone Company filed its 2006 Annual Price Stability Index / Service Price Index filing along with Supplement No. 124 to Telephone PA P.U.C. No. 6 to become effective June 30, 2006.

(c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

DOCKETED
SEP 07 2006

11. **MOTION BY:** Commissioner Chm. Holland

SECONDED: Commissioner Cawley

Commissioner Shane - Yes
Commissioner Pizzingrilli - Yes
Commissioner Fitzpatrick - Yes

CONTENT OF MOTION: Staff recommendation adopted.



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

June 22, 2006

R-00061484
P-00981431F1000

MICHAEL L SWINDLER ESQUIRE
THOMAS THOMAS ARMSTRONG & NIESEN
212 LOCUST ST SUITE 500
HARRISBURG PA 17108-9500

DOCUMENT
FOLDER

Hickory Telephone Company
Supplement No.124 to Hickory Telephone Company
Tariff PA PUC No. 6

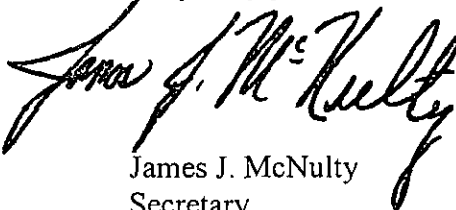
2006 Annual Price Stability Index/Service Price
Index Filing and Deferred Index Report of Hickory Telephone Company

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on June 22, 2006 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,



James J. McNulty
Secretary

MMB
encls
cert. mail

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Doclet Number: R-00061484

0001

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SERVICE LIST

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held June 22, 2006

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Bill Shane
Kim Pizzingrilli
Terrance J. Fitzpatrick

Hickory Telephone Company
Supplement No. 124 to Hickory Telephone Company
Tariff PA PUC No. 6

R-00061484

2006 Annual Price Stability Index / Service Price
Index Filing and Deferred Index Report of Hickory
Telephone Company

P-00981431F1000

ORDER

BY THE COMMISSION:

BACKGROUND

Before us for disposition are Hickory Telephone Company's ("Hickory" or "Company") initial 2006 Annual Price Stability Index / Service Price Index Filing and its associated revenue increases. Hickory's filing was made under the provisions of the new Chapter 30 law, Act 183 of 2004, P.L. 1398 (66 Pa. C.S. §§ 3011-3019) ("Act 183") and

pursuant to the Company's Alternative Regulation and Network Modernization Plan ("Chapter 30 Plan") that this Commission approved at Docket No. P-00981431F1000.¹

As a result of the passage of Act 183, companies with Chapter 30 Plans are entitled to significantly lower inflation offset values within their respective price cap formulas in exchange for a commitment to accelerated broadband deployment. Inflation offsets previously ranging from 2% to 2.93% were reduced to either 0% or 0.5%, depending on each company's Chapter 30 Plan. In Hickory's case, the inflation offset was reduced from 2% to 0%. Accordingly, annual Price Stability Plan ("Plan") filings have the potential for substantial revenue and rate impacts on end-user consumers.

Under the Company's Plan, the allowable change (increase or decrease) in rates for noncompetitive services is based on the annual change in the Gross Domestic Product Price Index ("GDP-PI"). The Plan also contains special provisions for protected services and addresses revenue neutral adjustments to the rates of noncompetitive services. The Plan set forth in Hickory's Chapter 30 Plan is a complete substitution of the rate base/rate of return regulation. Noncompetitive services are defined as regulated services or business activities that have not been determined or declared to be competitive.

COMPANY FILING

Pursuant to the Plan, Advance Notice was issued on April 14, 2006, informing the Commission of the forthcoming rate change. On May 1, 2006, Hickory filed its annual Plan filing using the change in 2004 and 2005 third quarter GDP-PI (Gross Domestic Product – Price Index) of 2.92% that produced an overall 2.92% increase allowable for noncompetitive revenues.

¹ *Petition for Amended Alternative Regulation and Network Modernization Plan of Hickory Telephone Company*, Docket No. P-00981431F1000 (Order entered June 3, 2005).

Hickory proposes to implement its Plan with the following rate changes:

Rate Name	Current Rate	Proposed Rate
Service Order Charge – Residential	22.50	30.00
Service Order Charge – Business	32.50	35.00
Access Line (Network Access Charge)	12.50	20.00
Premise Visit	30.00	40.00
Return Check Charge	18.00	25.00
Private Number (Non-Published) Service Charge	22.50	30.00
Off Premise Mileage	2.65	3.65
On Premise Mileage	1.15	2.00
Remote Call Forwarding	18.00	25.00
Distinctive Ringing	1.15	2.00
Speed Call 8	3.00	1.50
Speed Call 30	4.50	2.50
R-1 Basic Local Service	16.00	16.45
B-1 Basic Local Service	20.75	21.20
LifeLine	7.75	8.20

The proposed tariff revisions to Tariff Telephone Pa. P.U.C. No. 124, which reflect these changes, were filed to become effective June 30, 2006.

DISCUSSION

1. Plan Calculations and Rate Increases

Hickory's current 2006 Plan proposes to increase revenues by 2.48%. The annual Plan submissions under Chapter 30 laws must conform to the Company's Commission-approved Amended Chapter 30 Plan. Our review of the calculations submitted by Hickory 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-00981431F1000. 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 Hickory's 2006 Plan calculation and proposed rate increases.

2. Banked Revenues

Hickory's current 2006 Plan banks the remaining allowable revenue increase. According to its Chapter 30 Plan, "If the Company elects not to increase its rates by the full amount allowed under the terms of the Plan, including exogenous events in a given year, the Company may increase its rates in future years to reflect the full amount of the allowable increases previously deferred. The Company may bank increases for a period not to exceed four (4) consecutive years."² **THEREFORE,**

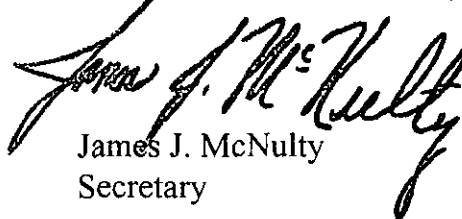
IT IS ORDERED:

1. That Hickory Telephone Company's 2006 Plan filed on May 1, 2006, is in compliance with its Commission-approved Amended Chapter 30 Plan.

² Hickory Telephone Co. Chapter 30 Plan, Part 3 – Price Stability Plans for Non-Competitive Services, Section A. (A) 7.

2. That the tariffed rate increases proposed by Hickory Telephone Company be permitted to go into effect as filed.

BY THE COMMISSION,



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: June 22, 2006

ORDER ENTERED: JUN 22 2006