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CHARLES E. THOMAS
(1913 - 1998)

July 10, 2006

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
2 North, Commonwealth Keystone Bldg.
P.O. Box 3265
Harrisburg, PA 17105-3265

ORIGINAL

Re: Docket No. R-00061375
Buffalo Valley Telephone Company Supplement No. 54 to Tariff PA PUC No. 7 and
Supplement No. 18 to Tariff PA PUC No. 8

Docket No. P-00981428F1000
2006 Annual Price Stability Index/Service Price Index Filing of Buffalo Valley
Telephone Company

Dear Secretary McNulty:

Enclosed herewith for filing on behalf of Buffalo Valley Telephone Company are an original and three (3) copies of its Petition for Reconsideration at the above-referenced dockets. A Certificate of Service is attached thereto.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By



Michael L. Swindler

DOCUMENT
FOLDER

Enclosures

cc: Certificate of Service (w/enclosure)
Leonard J. Beurer (w/enclosure)
Jeanne S. Price (w/enclosure)
John Rutkowski (w/enclosure)

Before The
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Buffalo Valley Telephone Company : R-00061375
Supplement No. 54 to Tariff PA PUC No. 7 :
and Supplement No. 8 to Tariff PA PUC No. 8 :
2006 Annual Price Stability Index/ Service :
Price Index Filing of Buffalo Valley Telephone : P-00981428F1000
Company :

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PETITION FOR RECONSIDERATION

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NOW COMES, Buffalo Valley Telephone Company ("BVTC"), by its attorneys, and petitions for reconsideration of the Pennsylvania Public Utility Commission ("Commission") Order entered June 23, 2006 ("June 23 Order"), at the above-referenced dockets. In support thereof, BVTC represents and petitions as follows:

I. INTRODUCTION

1. BVTC is a rural telephone company providing local exchange services in portions of Northumberland, Snyder, and Union Counties.
2. On June 20, 2000, BVTC implemented its Chapter 30 Plan pursuant to Commission Orders entered January 20, 2000 and March 30, 2000, at Docket No. P-00981428. The Plan included BVTC's commitment to deploy universal broadband availability by December 31, 2015. The regulatory quid pro quo for this commitment was the inclusion in the Plan of a Price Stability Mechanism ("PSM"). The PSM incorporated an Annual Price Stability Index/Service Price Index ("PSI/SPI") permitting BVTC to change rates on an

annual basis. The PSM was intended to provide BVTC with an opportunity to annually increase its revenues on an inflationary basis with a 2% inflation offset.

3. On February 25, 2005, BVTC filed an Amended Chapter 30 Plan pursuant to Act 183.¹ This Amended Chapter 30 Plan accelerated BVTC's 100% broadband availability commitment from December 31, 2015 to December 31, 2008. To provide BVTC with additional revenues to execute this accelerated commitment, the Amended Chapter 30 Plan retained the PSM but eliminated the 2% inflation offset therein consistent with the provisions of Act 183.

4. At the present time, BVTC is rapidly deploying the network facilities to achieve universal broadband availability for its service territory by December 31, 2008. Such capital expenditure will greatly enhance, provided funds are available, the robustness of BVTC's services. BVTC is incurring these expenditures while facing rising competition from wireless carriers and non-facilities based VoIP providers who continue to operate on a far less regulated basis than BVTC.

5. On May 3, 2006, BVTC filed its annual PSI/SPI Chapter 30 filing ("2006 Filing") under its PSM consistent with its right under its Chapter 30 Plan to annually increase/decrease revenues on the basis of changes in the Gross Domestic Product Price Index. The filing was prepared using the identical procedure previously employed in all of BVTC's prior annual PSI/SPI Chapter 30 filings (with the exception of the 2% offset).

¹See 66 Pa.C.S. §3011 et seq.

6. The rate changes in the 2006 Filing included increases in (i) switched access service charges through a \$0.97 increase in the Carrier Common Line ("CCL") charge and increases of \$0.002402 per Minute of Use ("MOU") for Tandem Switching ("TS") and \$0.000247 MOU for Local Switching ("LS"), (ii) a per line increase of \$0.30 for basic local services, PBX and Pay Telephone rates, and (iii) non-basic local service rates for Return Check Charge, Foreign Exchange Mileage charges, and charges for Business Private Line Services for non-mileage related services.

7. The June 23 Order subject to this Petition is critical of the increases placed on BVTC's switched access charges. Nevertheless, the Order permitted the proposed rate changes to be implemented if adjusted for a change in BVTC's long-established PSI/SPI procedure. Specifically, the Commission directed that BVTC change the manner in which it calculated its base revenues for determining its annual revenue entitlement. Pursuant thereto, BVTC on June 27, 2006, filed the revised rates consistent with the June 23 Order.²

8. BVTC herein respectfully seeks reconsideration of the June 23 Order from the standpoint of the mandated change in its PSI/SPI procedure. BVTC also seeks reconsideration of the criticisms raised in the June 23 Order regarding increases in its switched access service charges.

²The revised filing actually reduced BVTC's annual Chapter 30 revenue entitlement by \$14,925.

II. RECONSIDERATION REQUEST

A. Standard of Review

9. The standard of review in connection with a petition seeking reconsideration of a final Commission order is set forth in Phillip Duick et al. v. Pennsylvania Gas and Water Co., 56 Pa. P.U.C. 553, 559 (1982), as follows:

A petition for reconsideration under the provisions of 66 Pa.C.S. §703(g), may properly raise any matters designed to convince the Commission that it should exercise its discretion under this code section to rescind or amend a prior order in whole or in part.

BVTC respectfully submits that the circumstances surrounding this Petition satisfy the Duick standard and warrant reconsideration of the June 23 Order.

B. PSI/SPI Calculation Should Be Reconsidered

10. At pages 4-5 of the June 23 Order, the Commission required BVTC to change the procedure it applied in its 2006 Filing to calculate the additional annual Chapter 30 revenue entitlement stating:

As an initial matter, we disagree with the 2005 annual revenues that Buffalo Valley used in its PSI/SPI calculation. Rather than using actual 2005 year-end revenues, Buffalo Valley calculated its eligible revenue increase amount using the revenue for the month of December 2005. Buffalo Valley then annualized the eligible increase by 12 to arrive at the annual rate increase for which it is seeking approval. As such, Buffalo Valley's calculated annualized 2005 annual revenues are 4% higher than its actual 2005 annual revenues, allowing the Company to increase rates more than it is actually entitled. (Footnote omitted.)

Accordingly, we find the Company's PSI/SPI calculations to be only partially consistent with the terms of the Company's Price Stability Plan formula approved in its Chapter 30 Plan at Docket No. P-00981428F1000. As such, we will require Buffalo Valley to amend its calculations in Attachments 2 to 4 to its filing based on the actual intrastate revenue for the 12 month period ending December 2005, and adjust the eligible rate increases in Company's Exhibit 1.

11. Contrary to the implication raised in the June 23 Order, there is not anywhere in the Chapter 30 Plan setting forth a specific requirement mandating the base revenue in the PSI/SPI formula to be actual revenue exclusive of known changes in rates and units of demand. BVTC's Amended Chapter 30 Plan (page 11) and its initial Chapter 30 Plan both provide only that the base revenue for calculation of its annual PSI/SPI revenue entitlement is "the sum of effective rates (and units of demand) which were realized during the previous twelve month period." On the basis of this provision, BVTC since 2002, with the approval of the Commission's Bureau of Fixed Utility Services, has calculated the base period revenues using December revenues each year and multiplying such revenues by 12. Under this methodology, the calculation results in a base revenue figure reflecting currently effective rates and existing units of demand consistent with BVTC's effective Chapter 30 Plan.

12. This methodology utilized by BVTC is consistent with its prior PSI/SPI filings. Each of its prior Chapter 30 filings were approved without any change in the methodology. Further, the methodology is consistent with the methodology employed by other Pennsylvania ILECs in their annual PSI/SPI filings.

13. At the time BVTC elected to amend its Chapter 30 Plan following the enactment of Act 183 and elected to accelerate its broadband commitment to provide universal broadband availability within its service territory by December 31, 2008, it did so with the belief that additional annual revenues under its PSM would, as in its prior PSI/SPI annual filings, be calculated using actual revenues for the month of December multiplied by 12. To now deny BVTC

a portion of its annual Chapter 30 revenue entitlement based upon an unsubstantiated revision to its PSM methodology and after BVTC committed substantial capital dollars to accelerate its network broadband commitment by seven years is not reasonable.

14. The Chapter 30 PSM for the most part has been the only means for BVTC to grow the necessary revenues in today's competitive marketplace to accomplish the statute's stated goal of universal broadband by 2008. It must be recognized that BVTC, a regulated utility, is capitalized in part through debt capital. Also, in recent years as CLEC and intermodal competition has entered its service territory, it has faced access line losses and its revenues have been relatively flat. Despite these mounting competitive pressures, BVTC still must enhance and maintain its network to meet its Chapter 30 commitment and carrier-of-last-resort responsibilities. In addition, BVTC must achieve the earnings necessary to satisfy existing debt covenants. Under these circumstances, BVTC respectfully believes it is prejudicial to suddenly change its *PSI/SPI procedure to produce lower revenues after it has committed to accelerate its broadband commitment.*

15. BVTC also respectfully submits that there is no justification for changing the established procedure and calculating its annual revenue entitlement using a 12-month revenue figure that does not fully reflect on a 12-month basis currently effective rates and existing units of demand. The end result of the employment of actual revenues over a prior 12-month period disregarding known changes in rates and units of demand does not fully reflect the impact in changes in the Gross Domestic Product Price Index for a full 12-

month period. Being more specific, BVTC changed its local residential and business one-party rates on August 1, 2005 of the base period. Thus, only 5 months of this rate change were reflected in the actual revenues for the 12-month period ended December 31, 2005. Only through the methodology employed by BVTC will the full 12-month impact of the Gross Domestic Product Price Index on this change be reflected in the annual Chapter 30 revenue entitlement. Likewise, if BVTC in any year decreases its rates during the base period, a full 12-months of the lower rates would not be reflected in the calculation of the annual Chapter 30 revenue entitlement under the methodology mandated in the June 23 Order. BVTC also submits that its Chapter 30 procedure should be no different than the procedure approved in its prior filings and approved for other rural ILECs in Pennsylvania. To BVTC's knowledge, the Commission has not required other ILECs to adopt this new procedural interpretation.

16. Accordingly, BVTC believes, for the reasons discussed above, that there are sufficient grounds for reconsideration of the June 23 Order and grounds for changing the PSI/SPI calculation back to the methodology previously employed, approved, and reflected in the 2006 Filing.

C. Criticisms of Switched Access Charge Increases Should Be Reconsidered

17. The June 23 Order challenges BVTC's decision to increase access charges in lieu of further increasing local exchange rates or banking the increases.³ The Order opines that the switched access charge increases

³See June 23 Order at 5-13.

"contradict the policy of implementing switched access service reform" and "undermine the promotion of competitive markets by increasing the gap between access service rates and costs."⁴ Filing. BVTC believes that the criticisms raised in the June 23 Order to its proposed switched access charges are not justified and should also be reconsidered for the reasons discussed below.

1. BVTC Has Significantly Reduced Its Switched Access Charges Pursuant to Commission Policy

18. In the June 23 Order, the Commission stated "that the proposed increase in access service rates as a vehicle to recover PSI revenues may contradict the policy of implementing switched access services reform."⁵ This statement is shortsighted and overlooks the substantial progress made by BVTC in reforming its switched access charges. The charges proposed in the 2006 Filing, even after the minor increase therein, compare very favorably to BVTC's industry peers. Moreover, no IXC or other carrier opposed the rates contained in the 2006 Filing. In fact, BVTC has been a pioneer, commencing with the Global Order,⁶ in implementing its switched access service charge reform, as evidenced by reductions in its CCL rate as shown below:

<u>CCL Rate</u>	
Global	\$7.00
Pre-2006 PSI	\$4.20
2006 PSI	\$5.17

⁴Id. at 11.

⁵Id.

⁶Joint Petition of Nextlink Pennsylvania, Inc., et al., 196 PUR 4th 172 (1999).

Further, BVTC's TS and LS rates implemented pursuant to the June 23 Order, which are the identical rates proposed in the 2006 Filing, mirror its interstate rates consistent with the policy of this Commission as expressed on page 8 of the June 23 Order.⁷ The mirroring of the intrastate and interstate access charges is necessary for the purpose of avoiding regulatory arbitrage.

The subtle access rate charge revisions proposed in BVTC's 2006 Filing do not contradict Commission policy. Despite the Commission's narrow focus on these increases, the actual trend of BVTC's access rates over the longer term is consistent with the Commission's reform policy.

19. As shown, BVTC has actually made substantial progress in recent years in achieving switched access service charge reform. In fact, BVTC's CCL rate is substantially below that of most other rural ILECs in Pennsylvania. In carrying-out this access charge reform, BVTC has transferred the revenue burden to its local exchange rates. As shown below, its R-1 and B-1 local exchange rates have significantly increased:

R-1 Rate

Pre-Global	\$ 7.00
Global	\$ 7.04
Pre-2006 Filing	\$14.20
2006 Filing	\$14.50

B-1 Rate

Pre-Global	\$14.00
Global	\$14.00
Pre-2006 Filing	\$17.80
2006 Filing	\$18.10

⁷ The June 23 Order at 12 makes note of the TS rate being increased 624%. This reference could lead to a misleading conclusion since BVTC has no tandem and the rate, therefore, is not applicable. BVTC's LS rate, which is an applicable rate, was only increased by 2.36% in the 2006 Filing for the purpose of mirroring the interstate rate.

In light of the increases already being borne by local customers in BVTC's efforts to implement switched access service rate reform, BVTC does not believe the June 23 Order⁸ is justified in concluding BVTC should have placed more of the 2006 PSI revenue entitlement on its local exchange customers.

2. The June 23 Order Overlooks the Impact of Intermodal Competition

20. In concluding that the increases in switched access charges adversely impact the promotion of competitive markets,⁹ the June 23 Order appears to erroneously evaluate competition solely from the standpoint of CLEC competition. BVTC believes that the Commission has overlooked the existence of intermodal competition and the impact it is having and will have in the days ahead.

21. As broadband is reaching the home of every resident of Pennsylvania, intermodal competition for telephone service is rapidly becoming a major competitive factor. In other words, the availability of a broadband connection creates opportunities for cable companies to provide telecommunications services through a cable modem and also for non-facilities based (or applications based) VoIP providers to offer telecommunications services over the broadband connection provided by the incumbent local exchange carrier. Sometimes overlooked, this intermodal competition is different from competition between wireline local exchange providers, such as exists when a CLEC enters an ILEC's territory. Because of regulatory parity between CLECs

⁸June 23 Order at 5.

⁹Id.

and ILECs, the impact of a wireline competitor is more predictable and creates competition based on services offered and service quality.

22. Intermodal competition, on the other hand, offers consumers slightly different products at sometimes dramatically different prices. Cable providers, using their video infrastructure that they constructed over the past several decades, are expanding to offer telephone and internet services. Telecommunications and other companies offer internet-based phone services that enable customers to call worldwide at significantly reduced prices. IP-based telephone services cost less than traditional wireline service and are feature rich with innovations. In addition, wireless networks evolved beyond expectations to where consumers are replacing their traditional wireline service with cell phones and other wireless communication devices. Surprisingly, consumers appear to be less concerned with reliability than price, especially for non-primary lines.

23. Cell phones and high-speed internet services offered by multiple providers enable mobility and include additional services such as e-mail, instant messaging, and VoIP services that increase consumers' telecommunications options. Businesses are combining voice and data communications onto a single (IP-based) platform and providers are beginning to offer residential customers these economies of scale. Each month, customers switch from their incumbent local exchange service providers to intermodal competitors to realize savings. In short, intermodal competition has proliferated into today's telecommunications marketplace, dramatically changing the landscape for traditional wireline providers by offering differentiated telecommunications and enhanced products with a pricing scheme that is unrelated to network costs.

24. Intermodal competitors are for the most part unregulated and can underprice ILEC competitors because they do not face the costs associated with some or all of the following: carrier-of-last resort obligations, taxes, universal service, access charges and other fees imposed on incumbent carriers such as the LNP and 911 surcharges, obligations to provide TRS and other services to the disabled, and obligations to assist law enforcement and obligations to meet the Commission's quality of service and customer service regulations.

25. This intermodal competition has resulted in BVTC losing over 2,150 access lines over the last three years and the revenues associated with such lines.¹⁰ In recognition of intermodal competition, forecasters are now projecting that ILECs stand the possibility of losing over 70% of their access lines by 2013. The June 23 Order fails to recognize that the majority of this intermodal competition is not impacted by switched access charge reform or further reductions in access charges and that the Commission should not be pursuing ongoing switched access charge reform to promote CLEC competition in the rural service territories.

26. Making matters even more challenging, being unregulated, these intermodal competitors can make rate changes as they please and without any regulatory review, serve whatever segment of the market they so elect, bear no Chapter 30 network commitments or no carrier-of-last-resort obligations. Further,

¹⁰BVTC is also facing the consequences of major losses in interstate revenues arising from the FCC's approval of NECA's changes in average schedule formulas. BVTC estimates that the impact of the new formulas and the transition plan on network access revenues will be an approximate \$9,000 reduction for the six-month period beginning July 1, 2006, a reduction of \$48,000 during fiscal year 2007, a reduction of \$84,000 during fiscal year 2008, and an annual reduction of \$141,000 thereafter. Faced with these revenue reductions, BVTC must have the opportunity to grow revenues consistent with the parameters of its Amended Chapter 30 Plan.

the VoIP competitors relying on ILEC networks are not even compelled to pay access charges for the use of such networks. In reality, these circumstances adversely impact BVTC by creating a very uneven regulatory playing field. In light of these circumstances, BVTC respectfully disagrees with the opinion expressed in the June 23 Order that the minor increases to switched access charges in its 2006 Filing are impeding competition and switched access service reform. This opinion overlooks the reality that BVTC has taken great strides to maintain an overall downward trend in access rates despite the challenges borne by its unregulated competitors.

27. Line loss due to intense price competition from intermodal competitors inversely increases ILEC reliance on universal service, which directly contradicts Chapter 30's intent for the incumbents to fund ubiquitous advanced services. Chapter 30 requires that BVTC expedite broadband deployment and incur related expenses. At the same time, intermodal competition is curbing the prices that BVTC may charge for local telephone service and resulting in BVTC losing access lines. The Chapter 30 legislation provides a means for BVTC to recover some of the costs associated with upgrading its network to provide ubiquitous broadband, however, the Commission has criticized BVTC's lawful attempt to inure to the incentives included in Chapter 30 and denounces BVTC for responding effectively to the marketplace in making lawful rate adjustments to its switched access. If BVTC were to further raise its local rates, it would incur greater access line loss and hence revenue losses that would feed a greater dependence on universal service support. Heavier reliance on universal service support undermines Chapter 30's goal of creating incentives for the carriers

themselves to fund network upgrades necessary to ensure that all Americans have access to advanced services and impacts funding availability for all carriers serving high-cost areas.

The Commission correctly recognized this in the June 23 Order:

Increases in local rates that produce the kind of access services line losses the Company wants to avoid could contravene the Commission's legal obligation to preserve universal service in Pennsylvania and unnecessarily increase funding demands on PaUSF in advance of any national intercarrier compensation reform.

June 23 Order at 12 (emphasis added).

28. Consistent with a primary goal of Act 183, BVTC has committed to providing 100% broadband availability to its service territory by December 31, 2008. BVTC made this commitment with the belief that its Chapter 30 Plan with the elimination of the 2% inflation offset would provide it with the opportunity to obtain the revenues necessary to carry-out this broadband commitment. However, as stated, intermodal competition is drastically impeding BVTC's ability to obtain revenues necessary to carry-out its public obligations and its accelerated broadband commitment.

29. BVTC's monthly R-1 rate prior to the 2006 Filing was \$14.20. After careful consideration, BVTC concluded that more than a \$0.30 monthly increase therein would only accelerate further access line losses and result in further revenue erosion.

30. The switched access charge increases proposed in the BVTC 2006 Filing are the only realistic option for BVTC to collect the additional revenues due to it under its Chapter 30 PSM formula. The switched access increases will in no

way impede competition, particularly the competition BVTC is facing and will continue to face from wireless, cable, and VoIP competitors.

31. With the ongoing losses in access lines due to the competitive forces in the marketplace and the aforesaid revenue losses resulting from changes in the average schedule formulas as described *supra* n. 8, BVTC respectfully submits that at this time, minor increases in its switched access charges are the only way for it to achieve the revenues necessary to offset the ongoing costs of providing public service including the rising costs associated with its *accelerated Chapter 30 network modernization program*. Further, increasing local rates and/or banking are not viable options in today's competitive business environment.

3. The Switched Access Charge Increases Do Not Violate Any Commission Order

32. The June 23 Order¹¹ questions whether any increase in switched access charges at this time may contravene prior Commission orders including its stay of Docket No. I-00040105. BVTC respectfully submits that no prior order of this Commission precludes BVTC from making upward changes in its switched access charges particularly following the decreases made by BVTC therein following the Global proceeding. In fact, Act 183 recently reaffirmed the application of BVTC's Chapter 30 Plan and its right thereunder to change its switched access charges.

¹¹June 23 Order at 6-11.

33. Moreover, BVTC's Chapter 30 plan is not inconsistent with this Commission's stay of its Phase II access charge investigation.¹² The FCC noted that the changing competitive environment has raised a number of regulatory issues for the FCC to resolve.¹³ The FCC recognized that even if there were economic or technical differences among the different types of services that warranted different termination rates, the increased use of alternative services makes it difficult to sustain current regulatory distinctions.¹⁴ "As the demand for these new services and offerings continues to grow, so will the challenges associated with determining the appropriate intercarrier compensation."¹⁵ BVTC certainly should not be punished for making lawful changes to its access rates in recognition of the same dynamic changes in the industry that the FCC is striving to reconcile itself by considering many possible solutions.

34. Furthermore, the FCC is taking significant steps to rationalize the universal service program to account for new providers that rely on the public switched network to deliver voice communications. Most recently, the FCC concluded that VoIP providers that rely on the public switched network are "providers of interstate telecommunications" for purposes of contributing to

¹²Joint Procedural Stipulation regarding Access Charge Investigation per Global Order of September 30, 1999, Order entered July 15, 2003, Docket Nos. M-00021596 et al.

¹³Developing a Unified Intercarrier Compensation Regime, CC Docket No. 01-92, Further Notice of Proposed Rulemaking at ¶ 20 (FCC 05-33, rel. March 3, 2005).

¹⁴Id. at ¶ 22.

¹⁵Id.

universal service.¹⁶ The FCC is carefully considering the impact of intermodal competition in both the ongoing universal service and intercarrier compensation proceedings to make necessary adjustments to ensure that networks are maintained. BVTC's lawful adjustments to its switched access rates at this time do not contravene this Commission's or the FCC's efforts to ensure rational compensation to maintain networks that will be broadband capable by 2008.

III. CONCLUSION

35. Based upon the reasons described herein, BVTC respectfully requests reconsideration of the June 23 Order and that its 2006 Filing be approved as filed inclusive of the methodology employed in calculating the base revenues and the changes proposed in its intrastate switched access charges. This approval will result in BVTC's intrastate switched access charges being in parity with its interstate access charges and its CCL charge remaining below the level authorized in the Global Order.

¹⁶Universal Service Contribution Methodology, WC Docket Nos. 06-122, 04-36, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Report and Order and Notice of Proposed Rulemaking (FCC 06-94, rel. June 27, 2006)

WHEREFORE, Buffalo Valley Telephone Company respectfully prays that reconsideration of the June 23, 2006 Order be granted consistent with this Petition.

Respectfully submitted.

THOMAS, THOMAS, ARMSTRONG & NIESEN



Regina L. Matz
PA Attorney ID No. 42498
Michael L. Swindler
PA Attorney ID No. 43319
Holly Rachel Smith
PA Attorney ID No. 202006

Attorneys for
Buffalo Valley Telephone Company

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(717) 255-7600

Dated: July 10, 2006

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Buffalo Valley Telephone Company Supplement : R-00061375
No. 54 to Tariff PA PUC No. 7 and Supplement :
No. 18 to Tariff PA PUC No. 8 :
:
:
2006 Annual Price Stability Index/ Service Price :
Index Filing of Buffalo Valley Telephone : P-00981428F1000
Company :

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CERTIFICATE OF SERVICE

I hereby certify that I have this 10th day of July, 2006, served a true and correct copy of the foregoing Petition for Reconsideration, upon the persons listed below by first class mail, postage prepaid:

Office of Trial Staff
2 West, Commonwealth Keystone Bldg.
P.O. Box 3265
Harrisburg, PA 17105-3265

Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Robert C. Barber, Esquire
AT&T Communications of PA, Inc.
Room 3-D
3033 Chain Bridge Road
Oakton, VA 22185



Michael L. Swindler

COMMONWEALTH OF PENNSYLVANIA

DATE: July 11, 2006

SUBJECT: R-00061375
P-00981428F1000

TO: Office of Special Assistants

FROM: James J. McNulty, Secretary *KB*

Buffalo Valley Telephone Company

Attached is a copy of a Petition for Reconsideration, filed by Buffalo Valley Telephone Company in connection with the above docketed proceeding.

This matter is assigned to your Office for appropriate action.

Attachment

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

William R. Lloyd, Jr.
Small Business Advocate

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

November 20, 2006

HAND DELIVERED

ORIGINAL

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

**Re: 2006 Annual Price Stability Index/Service Price Index Filing of
Buffalo Valley Telephone Company
Docket Nos. P-00981428F1000 and R-00061375**

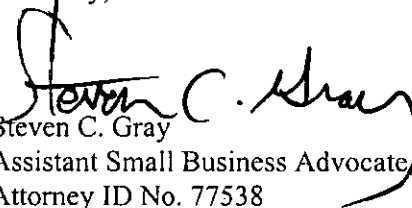
Dear Secretary McNulty:

I am delivering for filing today the original plus three copies of the Notice of Intervention, Public Statement, and Notice of Appearance of the Office of Small Business Advocate in the above captioned matter.

Two copies have been served today on all known parties in this proceeding. A Certificate of Service to that effect is enclosed.

If you have any questions, please do not hesitate to contact me.

Sincerely,


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

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Enclosures

cc: Hon. Veronica Smith
Chief Administrative Law Judge

Parties of Record

Allen G. Buckalew

SECRETARY'S BUREAU
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

2006 Annual Price Stability Index/Service Price : Docket No. P-00981428F1000
Index Filing of Buffalo Valley Telephone Company : Docket No. R-00061375

**NOTICE OF INTERVENTION
OF THE OFFICE OF SMALL BUSINESS ADVOCATE**

The Office of Small Business Advocate ("OSBA") files this Notice of Intervention with respect to the 2006 Annual Price Stability Index/Service Price Index Filing of Buffalo Valley Telephone Company. In support of this Notice of Intervention, the OSBA avers as follows:

1. The OSBA is an agency of the Commonwealth of Pennsylvania authorized by the Small Business Advocate Act (Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50) to represent the interest of small business consumers as a party in proceedings before the Commission.

2. Representing the OSBA in this proceeding is:

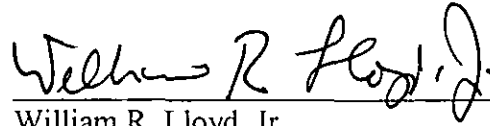
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(717) 783-2525
(717) 783-2831 (fax)
sgray@state.pa.us

**DOCUMENT
FOLDER**

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2006 NOV 20 PM 3:48

Respectfully submitted,

A handwritten signature in black ink, reading "William R. Lloyd, Jr.", written over a horizontal line.

William R. Lloyd, Jr.
Small Business Advocate
Attorney I.D. No. 16452

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101
(717) 783-2525

Date: November 20, 2006

**PUBLIC STATEMENT OF
SMALL BUSINESS ADVOCATE
CONCERNING THE INTEREST
OF SMALL BUSINESS CONSUMERS
TO BE PROTECTED BY THE FILING OF
A NOTICE OF INTERVENTION
IN THE 2006 ANNUAL PRICE STABILITY INDEX PRICE CHANGE
SERVICE PRICE INDEX FILING OF
BUFFALO VALLEY TELEPHONE COMPANY
DOCKET NOS. P-00981428F1000 AND R-00061375**

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SECRETARY'S BUREAU

The Small Business Advocate is authorized and directed to represent the interests of small business consumers of utility services in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 – 399.50 (“the Act”). The Act further provides that the Small Business Advocate issue publicly a written statement stating concisely the specific interest of small business consumers to be protected by the initiation of or intervention in any proceeding involving those interests before the Public Utility Commission (“Commission”) or any other agency or court. This public statement relates to the filing today by the Small Business Advocate of a Notice of Intervention in the 2006 Annual Price Stability Index/Service Price Index Filing (“PSI Filing”) of Buffalo Valley Telephone Company (“Buffalo Valley”).

The Small Business Advocate has filed a Notice of Intervention in the PSI Filing to protect the interests of Buffalo Valley’s small business customers. A thorough inquiry by the Commission into all elements of the PSI Filing must be conducted to ensure that the resulting rates are lawful, just, reasonable, and nondiscriminatory.

The Small Business Advocate will participate in proceedings before the Commission to investigate the reasonableness of the PSI Filing. The Small Business Advocate will ask the Commission to deny any proposed rate increase or other changes in Buffalo Valley’s present tariffs that apply to small business customers that are not proven

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to be lawful, just, reasonable and non-discriminatory to all of its customer classes, and to order corresponding refunds.

Dated: November 20, 2006

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2006 Annual Price Stability Index/Service Price : Docket Nos. P-00981428F1000,
Index Filing of Buffalo Valley Telephone : R-00061375
Company :

NOTICE OF APPEARANCE

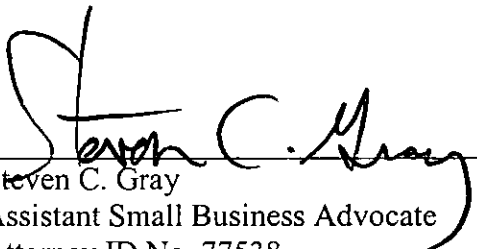
The Office of Small Business Advocate, pursuant to 52 Pa. Code § 1.24, hereby enters the appearance of Steven C. Gray, in the above-captioned proceedings.

Documents in this proceeding should now be served on the following:

Steven C. Gray, Esquire
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, Pennsylvania 17101
(717) 783-2525
(717) 783-2831
sgray@state.pa.us

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SECRETARY'S BUREAU

in the above-captioned proceeding.


Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Office of Small Business Advocate
300 North Second Street -- Suite 1102
Harrisburg, PA 17101
(717) 783-2525
(717) 783-2831 (fax)

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Dated: November 20, 2006

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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

2006 Annual Price Stability Index/Service Price :
Index Filing of Buffalo Valley Telephone : Docket Nos. P-00981428F1000,
Company : R-00061375

CERTIFICATE OF SERVICE

I certify that I am serving two copies each of the Notice of Intervention, Public Statement, and Notice of Appearance, on behalf of the Office of Small Business Advocate, by e-mail and first class mail (unless otherwise noted) upon the persons addressed below:

Hon. Veronica Smith
Chief Administrative Law Judge
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-1191
(717) 787-0481 (fax)
Verosmith@state.pa.us
(E-mail and Hand Delivery)

Johnnie E. Simms, Esquire
Office of Trial Staff
Pa. Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
(717) 787-1976
(717) 772-2677 (fax)
Josimms@state.pa.us
(E-mail and Hand Delivery)

Irwin A. Popowsky, Esquire
Office of Consumer Advocate
555 Walnut Street - Fifth Floor
Harrisburg, PA 17101-1921
(717) 783-5048
(717) 783-7152 (fax)
spopowsky@paoca.org
(E-mail and Hand Delivery)

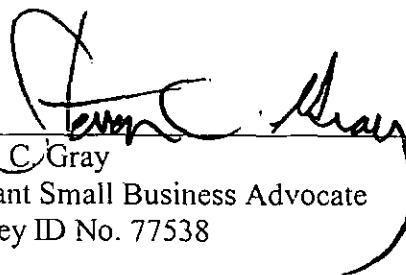
Suzan DeBusk Paiva, Esquire
Verizon Communications Inc.
1717 Arch Street - 32nd Floor
Philadelphia, PA 19103
(215) 963-6506
(215) 563-2658 (fax)
suzan.d.paiva@verizon.com

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Mark Keffer, Esquire
AT&T Communications of PA
Suite 1000
1120 20th Street, N.W.
Washington, DC 20036
(First class mail only)

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Robert C. Barber, Esquire
AT&T Communications of PA, Inc.
Room 3-D
3033 Chain Bridge Road
Oakton, VA 22185
(First class mail only)

A handwritten signature in black ink, appearing to read "Steven C. Gray", written over a horizontal line.

Steven C. Gray
Assistant Small Business Advocate
Attorney ID No. 77538

Date: November 20, 2006