

July 3, 2007

RECEIVED
2007 JUL -3 PM 4:05
SECRETARY'S BUREAU

VIA HAND DELIVERY

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

DOCUMENT
FOLDER

In re: The North-Eastern Pennsylvania Telephone Company
PSI/SPI Filing for Year 2007
Docket Nos. P-00072283 and P-00981435F1000

Dear Secretary McNulty:

Pursuant to the Order of the Pennsylvania Public Utility Commission entered June 25, 2007 at the above-referenced dockets, enclosed for filing on behalf of the North-Eastern Pennsylvania Telephone Company are an original and three (3) copies of the following:

- Revised Public Version of its 2007 PSI/SPI Report with Executive Overview and accompanying supporting Attachment 1, Attachment 2 and Attachment 3 (disaggregated revenue information has been redacted).

All parties have been served pursuant to the attached Certificate of Service. Should you have any questions, please do not hesitate to contact me.

Sincerely,

THOMAS, THOMAS, ARMSTRONG & NIESEN

By



Michael L. Swindler

Enclosures

cc: Certificate of Service
Steven Tourje
Tom Mendicino

070703 NEPTC McNulty Filing ltr & COS

ORIGINAL

DOCUMENT
FOLDER

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

The North-Eastern Pennsylvania :
Telephone Company Price Stability Index/ : Docket No. P-00981435F1000
Service Price Index Filing for Year 2007 :

THE NORTH-EASTERN PENNSYLVANIA TELEPHONE COMPANY
PRICE STABILITY INDEX/SERVICE PRICE INDEX
FILING

MAY 1, 2007

DOCKETED

JUL 05 2007

PUBLIC VERSION

(REVISED JULY 3, 2007)

The North-Eastern Pennsylvania Telephone Company
PSI/SPI Filing for the Year 2007

Docket No. P-00981435F1000

EXECUTIVE OVERVIEW (REVISED)

The North-Eastern Pennsylvania Telephone Company ("NEPTC" or "Company") files its annual Price Stability Index/Service Price Index (PSI/SPI) Report for Year 2007 pursuant to the Company's Amended Alternative Form of Regulation and Network Modernization Plan ("Chapter 30 Plan") and in compliance with Act 183-2004, 66 Pa.C.S. §§ 3011-3019 ("Act 183"). As a company that has amended its Network Modernization Plan pursuant to Section 3014(b)(1) of Act 183 on March 4, 2005, providing for 100% broadband availability by December 31, 2008, the inflation offset in the Company's PSI calculation is zero. The resulting GDP-PI percent change for 2007 is 3.45%, as shown in **Attachment 1**. The Company's intrastate revenues and the allowable revenue increase are set forth in **Attachment 2**, with disaggregated revenue information only in the Proprietary Version.

This filing is made pursuant to the Price Stability Mechanism (PSM) in the Company's approved Chapter 30 Plan, which sets forth the procedure for an annual PSI/SPI filing that reflects the change in the Gross Domestic Product – Price Index on a year-to-year basis. Rather than implement any rate increases at this time, NEPTC proposes to bank the total allowable increase as authorized under and in compliance with the Company's Chapter 30 Plan. The Company's banked revenue increases are set forth in **Attachment 3**.

NEPTC avers that its PSI/SPI filing for the year 2007 is in compliance with its Chapter 30 Plan and respectfully requests that it be approved by the Commission.

THE NORTH-EASTERN PENNSYLVANIA TELEPHONE COMPANY
PSI/SPI FILING FOR YEAR 2007
PSI/SPI CALCULATION

Date: May 17, 2007 (Revised)

Price Stability Index (PSI)	<u>2007</u>
1. Gross Domestic Product Price Index (GDP-PI) for the 3Q06 ¹	116.446
2. GDP-PI for 3Q05 ²	<u>112.567</u>
	3.879
3a. GDP-PI [(line 1 - line 2) divided by line 2]	0.0345
3b. GDP-PI Percent Change	3.45%
4. Less Productivity Offset ³	<u>0.00</u>
5. Change to PSI [line 3b - line 4]	3.45
6. Prior Year PSI	102.92
7. New PSI [line 6 x (1+ line 3a)]	106.47
 Service Price Index (SPI)	
1. Prior Year SPI	100.00
2. Estimated Revenue Weight ⁴	1.00
3. New SPI [line 1 x line 2]	100.00

¹Source: U.S. Department of Commerce, Bureau of Economic Analysis for the quarter ending not more than eight months prior to the advance notice date of the annual PSM filing and the corresponding quarter of the previous year. (See <http://www.bea.gov/national/nipaweb/TableView/asp> (Table 1.4.4)).

²Source: U.S. Department of Commerce, Bureau of Economic Analysis. As reported in the Company's PSI/SPI Report For Year 2006.

³Under Act 183 of 2004, Section 3014(b)(1)(ii), the Company filed an Amended Network Modernization Plan to commit to accelerate 100% broadband availability by December 31, 2008. In making this election, the productivity (inflation) offset shall be zero per Section 3015(a)(1)(i) of the Act.

⁴Proposed total intrastate revenue divided by current total intrastate revenue.

**THE NORTH-EASTERN PENNSYLVANIA TELEPHONE COMPANY
PSI/SPI FILING FOR YEAR 2007
TOTAL INTRASTATE REVENUES**

Date: May 1, 2007

INTRASTATE REVENUE	2006 Intrastate Revenue	Percent To Total	Proposed Intrastate Revenue Adjustment	2006 Intrastate Revenue Adjusted
Basic Area Revenue	[REDACTED]	[REDACTED]	-	[REDACTED]
Local Private Line Revenue	[REDACTED]	[REDACTED]	-	[REDACTED]
Other Local Exchange Revenue	[REDACTED]	[REDACTED]	-	[REDACTED]
Network Access Revenue	[REDACTED]	[REDACTED]	-	[REDACTED]
Long Distance Revenue	[REDACTED]	[REDACTED]	-	[REDACTED]
TOTAL INTRASTATE OPERATING REVENUES	\$5,970,046	100.00		\$5,970,046

ALLOWABLE DJJUSTMENT

2006 Intrastate Revenues	5,970,046
GDP-PI % Change	<u>0.0345</u>
Allowable Revenue Adjustment	\$ 205,967

ADJUSTMENT ALLOCATION

Total Allowable Adjustment	\$ 205,967
Proposed Revenue Adjustment	0.00
Remaining Allowable Revenue Adjustment	205,967
Proposed Banked Amount	\$ 205,967

**THE NORTH-EASTERN PENNSYLVANIA TELEPHONE COMPANY
PSI/SPI FILING FOR YEAR 2007
PRICE STABILITY INDEX BANK STATUS REPORT**

<u>PSI/SPI FILING</u>	<u>EXPIRATION</u>	<u>BANKED ANNUAL REVENUE</u>
2006	Use by 2010	\$179,052
2007	Use by 2011	<u>\$205,967</u>
TOTAL BANKED REVENUE		\$385,019

AFFIDAVIT

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF SUSQUEHANNA :

THOMAS A. MENDICINO, being duly sworn according to law, deposes and says that he is Vice President of The North-Eastern Pennsylvania Telephone Company and that in this capacity he is authorized to and does make this Affidavit for The North-Eastern Pennsylvania Telephone Company, and that the facts set forth in the Price Stability Index/Service Price Index Report for Year 2007 are true and correct to the best of his knowledge, information and belief.

Thomas A. Mendicino

Thomas A. Mendicino

Sworn to and subscribed before me this 26 day of April, 2007.

John Walter Dombroski

Notary Public
(SEAL)

My Commission Expires:



COMMONWEALTH OF PENNSYLVANIA

Notarial Seal
John Walter Dombroski, Notary Public
Forest City Boro, Susquehanna County
My Commission Expires May 27, 2007

Member, Pennsylvania Association of Notaries

RECEIVED

JUL 3 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Before the
PENNSYLVANIA PUBLIC UTILITY COMMISSION

The North-Eastern Pennsylvania Telephone : Docket Nos. P-00072283 and
Company PSI/SPI Filing for Year 2007 : P-00981435F1000
:

CERTIFICATE OF SERVICE

I hereby certify that I have this 3rd day of July, 2007, served a true and correct copy of the foregoing PSI/SPI Filing for the Year 2007 (Revised Public Version) on behalf of The North-Eastern Pennsylvania Telephone Company, upon the persons and in the manner listed below:

HAND DELIVERY

Robert Eckenrod, Prosecutor
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
P. O. Box 3265
Harrisburg, PA 17105-3265

Joel H. Cheskis, Esquire
Assistant Consumer Advocate
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101-1923

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

RECEIVED

JUL 3 2007

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

FIRST CLASS MAIL, POSTAGE PREPAID

Robert Barber, Esquire
AT&T
3033 Chain Bridge Road
Oakton, VA 22185

Unswid

Michael L. Swindler
PA Attorney I.D. No. 43319