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| PUC logo | COMMONWEALTH OF PENNSYLVANIA  PENNSYLVANIA PUBLIC UTILITY COMMISSION  P.O. BOX 3265, HARRISBURG, PA 17105-3265 | **IN REPLY PLEASE REFER TO OUR FILE** |

August 9, 2018

M-2018-2641242

**Re: Tax Cuts and Jobs Act of 2017**

To All Affected Pennsylvania Telecommunications Carriers:

The Commission’s March 2, 2018 Secretarial Letter directed Incumbent Local Exchange Companies (ILECs) to submit comments and respond to data requests to address whether their retail and wholesale rates should be adjusted to reflect the effects of the tax rate changes and reductions from the TCJA. Two key issues in the Commission’s March 2018 Secretarial Letter were the tax rate reductions’ potential qualifications as so-called “exogenous events” pursuant to the ILECs’ various Chapter 30 plans and the Commission’s maintenance of just and reasonable rates in light of those tax rate reductions.

In addition to the receipt of public comments and responses to these data requests filed in the Commission’s own inquiry, the Office of Consumer Advocate (OCA) filed formal complaints with the Commission against ten ILECs’ 2018 Chapter 30 Price Stability Mechanism filings alleging that their current retail rates for non-competitive services may be unjust and unreasonable because the filings did not account for the savings in tax expense from the TCJA as an exogenous event. *See* Attachment A (List of Complaint Dockets).

Since the issue of whether any TCJA tax savings should be accounted for under these ILECs’ Chapter 30 forms of alternative regulation is presently in litigation before OALJ, the Commission will temporarily stay its own inquiry undertaken in is March 2018 Secretarial Letter pending the parties’ full litigation and the Commission’s final adjudication of these ten complaints. In this fashion, the Commission will avoid any prejudgment of any issues that remain pending before it and will have the benefit of a fully developed evidentiary record, the parties’ briefs and the presiding ALJ’s recommended decision before any final decision is rendered.

That said, all issues, including whether the tax savings from the TCJA should be accounted for in the ILECs’ Interconnection Agreements and their relevant wholesale interconnection rates, remain under review at this docket.

Please direct any questions concerning this Secretarial Letter to Erin Laudenslager (elaudensla@pa.gov) and/or Colin W. Scott (colinscott@pa.gov).

**** Sincerely,

# Rosemary Chiavetta

Secretary

cc: Pennsylvania Office of Consumer Advocate

Pennsylvania Office of Small Business Advocate

Pennsylvania Telephone Association

Philip J. Wood, Verizon Pennsylvania LLC & Verizon North LLC

Carl Yastremski, Frontier Communications

ALJ Steven Haas

Parties of Record at Dockets Listed in Attachment A

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| **Case Name** | **Docket Numbers** | **OCA Complaint** |
| OCA v. Lackawaxen  Telecommunication Services, Inc. | C-2018-3001913  R-2018-3001199 | 16-May-18 |
| OCA v. Bentleyville  Communications Corporation | C-2018-3001916  R-2018-3001213 | 16-May-18 |
| OCA v. Hickory Telephone  Company | C-2018-3001917  R-2018-3001217 | 16-May-18 |
| OCA v. Marianna and Scenery  Hill Telephone Company | C-2018-3001912  R-2018-3001201 | 16-May-18 |
| OCA v. North-Eastern  Pennsylvania Telephone Company | C-2018-3001915  R-2018-3001197 | 16-May-18 |
| OCA v. Windstream Buffalo  Valley, Inc. | C-2018-3001865  R-2018-3001132 | 14-May-18 |
| OCA v. Windstream Conestoga, Inc. | C-2018-3001864  R-2018-3001135 | 14-May-18 |
| OCA v. Windstream D&E, Inc. | C-2018-3001870  R-2018-3001133 | 14-May-18 |
| OCA v. Windstream Pennsylvania, LLC | C-2018-3001871  R-2018-3001150 | 14-May-18 |
| OCA v. Consolidated Communications of Pennsylvania Company | C-2018-3001863  R-2018-3001104 | 11-May-18 |