

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held April 14, 2022

Commissioners Present:

Gladys Brown Dutrieuille, Chairman
John F. Coleman, Jr., Vice Chairman
Ralph V. Yanora

Citizens Telephone Company of Kecksburg
2022 Annual Price Stability Index / Service Price Index
Report Filing

R-2022-3030448

Citizens Telephone Company of Kecksburg Amended
Alternative Regulation and Network Modernization

P-00971229F1000

ORDER

BY THE COMMISSION:

I. BACKGROUND

Before us for disposition is the Citizens Telephone Company of Kecksburg's (Company) 2022 annual Price Stability Index / Service Price Index Report Filing. The Company's filing was made under the provisions of Act 183 of 2004, P.L. 1398 (66 Pa.C.S. §§ 3011-3019) (Chapter 30) and pursuant to the Company's Amended Alternative Regulation and Network Modernization Plan (Amended Chapter 30 Plan) that this Commission approved at Docket No. P-00971229F1000.¹

As a result of the passage of Act 183 of 2004, 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 the Company's case, the inflation offset was reduced from 2% to 0%.

¹ See *Petition for Amended Alternative Regulation and Network Modernization Plan of Citizens Telephone Company of Kecksburg*, Docket No. P-00971229F1000 (Orders entered May 5, 2005, and April 23, 2014).

Accordingly, annual Price Stability Plan (PSP or Plan) filings have the potential for substantial revenue and rate impacts on end-user consumers.

Under the Company's PSP, the Price Stability Index (PSI) calculates the allowable change (increase or decrease) in rates for noncompetitive services based, in part, on the Gross Domestic Product Price Index (GDP-PI). The Service Price Index (SPI) tracks the prior changes for noncompetitive services related to PSI. The PSP also contains special provisions for protected services and addresses revenue neutral rate adjustments to the rates for noncompetitive services. The PSP set forth in the Company's Amended Chapter 30 Plan is a complete substitution of 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. Further, the Company's Amended Chapter 30 Plan acknowledges that nothing in its Plan shall be construed to limit the requirement under 66 Pa.C.S. § 1301 that rates shall be just and reasonable.

II. COMPANY'S FILING

Pursuant to the Amended Chapter 30 Plan, Advance Notice was issued on January 18, 2022, informing the Commission of the forthcoming filing. On February 1, 2022, the Company filed its annual PSI/SPI Report using the change in 2020 and 2021 3rd quarter GDP-PI that produced a 4.628% increase in the GDP-PI, which equates to a 4.628% increase in the PSI. When applied to the previous PSI of 135.7739, this produces a new PSI of 142.0575. Applying this change to current noncompetitive revenues of \$674,423 yields a maximum allowed noncompetitive revenue increase of \$31,212.

The SPI indicates the cumulative price changes from current and prior years and tracks the actual total price changes for noncompetitive services. Although the Company did not propose any rate changes in the instant filing, the Company's SPI was increased as part of its 2021 annual State Tax Adjustment Surcharge (STAS) filing.² In that filing, the Company offset its STAS by rolling the negative STAS amount into basic rates and making an equal offsetting increase to its SPI-related revenues. When applied to its old SPI of 109.32554, the offsetting

² See Docket No. R-2021-3028025.

increase produced a new SPI of 109.33384. Because the increase in the SPI offset the negative STAS roll-in, the end result is revenue neutral. Our review of the Company's SPI calculations indicates they are accurate and consistent with the methodology previously approved by this Commission.³

Consistent with the Commission approved Protective Order entered February 29, 2008, at P-2008-2022859 and pursuant to 52 Pa. Code § 5.423, the Company has marked specific information in its filing as proprietary.

On February 1, 2022, the Company served a copy of its PSI/SPI Report on the Office of Small Business Advocate (OSBA), the Office of Consumer Advocate (OCA), and the Bureau of Investigation and Enforcement. No complaints were filed and no hearings were held.

III. DISCUSSION

1. Amended Chapter 30 Plan Provisions

Part 1.A.5-7 of the Company's Approved Amended Chapter 30 plan states the following regarding its annual PSI/SPI filings:

On February 1st of each year (or the closest Commission working day to such date). ... the Company shall file with the Commission a PSI and SPI Report. Each such annual filing may be accompanied by tariffs to implement any required or authorized rate changes... The Company shall provide fifteen (15) days advance notice of filing to the Commission, which shall generally describe the anticipated filing... A Commission Order must be entered within thirty (30) days of the filing or the nearest Commission Public Meeting, whichever is longer... otherwise the tariff(s) shall become effective as filed. Such rates shall be deemed Commission-made.

Further, Part 1.A.4 of the Company's Approved Amended Chapter 30 Plan states the following regarding banking:

Increases/decreases resulting from the PSI Calculation may be banked for a period not to exceed four (4) consecutive years. Deferred decreases shall carry

³ See *Petition of Citizens Telephone Company of Kecksburg Re Offsetting STAS Through the Service Price Index*, Docket No. P-2014-2407041 (Order entered April 23, 2014).

interest at a rate set forth in 66 Pa.C.S. § 1308. Deferred increases shall carry no interest.

2. PSI/SPI Calculations

The annual Citizens Telephone Company of Kecksburg PSI/SPI filing submissions under Chapter 30 laws must conform to its Commission-approved Amended Chapter 30 Plan. Our review of the calculations submitted by Citizens Telephone Company of Kecksburg indicates that they are procedurally consistent with the terms of the Company's Price Stability Plan formula approved in its Chapter 30 Plan at Docket No. P-00971229F1000.

3. Banked Revenues

The banking methods Citizens Telephone Company of Kecksburg uses in its 2022 filing are also procedurally consistent with its Amended Chapter 30 Plan. The Company will bank the entire \$31,212 available in its current filing for future use. Pursuant to the provisions of its Chapter 30 Plan, the Company must retire the remaining 2018 banked amount of \$15,604 in the instant filing.

Previously, the Company's cumulative bank was \$54,982. The addition of the 2022 banked amount combined with the retirement of the 2018 banked amount results in a new cumulative bank of \$70,590. We note that in accordance with Citizens Telephone Company of Kecksburg's Chapter 30 Plan, deferred increases shall carry no interest.

Citizens Telephone Company of Kecksburg Banking Summary	
Banked annual revenue increase from 2019 PSI/SPI Report	\$ 18,760
Banked annual revenue increase from 2020 PSI/SPI Report	\$ 12,954
Banked annual revenue increase from 2021 PSI/SPI Report	\$ 7,664
Banked annual revenue increase from 2022 PSI/SPI Report	\$ 31,212
Total	\$ 70,590

IV. CONCLUSION

Our review of the Company's 2022 PSI/SPI Report indicates the PSI/SPI calculations and the banked revenue calculations are procedurally consistent with the terms of its Commission-approved Amended Chapter 30 Plan. We shall accept the PSI/SPI Report, subject to the final


adjudication of the outstanding OCA formal complaints pending before our Office of the Administrative Law Judge and further disposition by the Commission⁴ **THEREFORE,**

IT IS ORDERED:

1. That Citizens Telephone Company of Kecksburg's 2022 PSI/SPI Report filed on February 1, 2022, is accepted as being procedurally consistent with its Commission-approved Amended Chapter 30 Plan.

2. That a copy of this Order be served on Citizens Telephone Company of Kecksburg, the Office of Consumer Advocate, the Office of Small Business Advocate, the Bureau of Investigation and Enforcement, and the Office of Administrative Law Judge.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: April 14, 2022

ORDER ENTERED: April 14, 2022

⁴ The OCA did not file a complaint against the Company's 2022 PSI/SPI filing on the basis of the 2017 Tax Cuts and Jobs Act (TCJA). However, since OCA complaints remain pending against the Company's 2020 and 2019 PSI/SPI filings on that basis, and the effects of the TCJA will transcend our action today, we are approving this 2022 filing as procedurally consistent only, subject to final resolution of the OCA's pending complaints. *See Office of Consumer Advocate v. Citizens Telephone Company of Kecksburg*, Docket Nos. R-2020-3016016 and C-2020-3018508; *Office of Consumer Advocate v. Citizens Telephone Company of Kecksburg*, Docket Nos. R-2019-3007258 and C-2019-3007888.