

**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

Ironton Telephone Company  
2022 Annual Price Stability Index / Service Price Index  
Report Filing

R-2022-3030447

Ironton Telephone Company  
Amended Alternative Regulation and Network  
Modernization Plan

P-00971182F1000

**ORDER**

**BY THE COMMISSION:**

**I. Background**

Before us for disposition is the Ironton Telephone Company (Ironton or 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 (Chapter 30 Plan) that this Commission approved at Docket No. P-00971182F1000.<sup>1</sup>

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%.

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<sup>1</sup> See *Petition for Amended Alternative Regulation and Network Modernization Plan of Ironton Telephone Company*, Docket No. P-00971182F1000 (Order entered May 5, 2005).

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 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 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 Company's Amended Chapter 30 Plan, Advance Notice was issued on January 15, 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 third quarter GDP-PI, which equates to a 4.628% increase in the PSI. When applied to the previous PSI of 135.773, this produces a new PSI of 142.057. Applying this change to current noncompetitive revenues of \$783,571 yields a maximum allowed noncompetitive revenue increase of \$36,264.

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 rate changes in the instant filing, the Company's SPI was increased as part of its 2021 annual State Tax Adjustment Surcharge (STAS) filing.<sup>2</sup> In that filing, the Company offset its STAS by rolling the negative STAS amount into basic rates while making an equal offsetting increase to its SPI-related revenues. When applied to its old SPI of 106.296, the offsetting increase produced a new SPI of 106.338. Because the increase in the SPI offset the negative STAS roll-in, the end result is revenue neutral. Our review of the Company's STAS calculations

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<sup>2</sup> See Docket No. R-2021-3028027.

indicates they are accurate and consistent with the methodology previously approved by this Commission.<sup>3</sup>

Consistent with the Commission-approved Protective Order entered March 3, 2008, at Docket No. P-2008-2022872, and pursuant to 52 Pa. Code § 5.365, the Company has marked specific information in its filing as proprietary.

On February 1, 2022, Ironton 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 Ironton's Approved Amended Chapter 30 plan states the following:

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 proposed tariff(s) accompanying the . . . shall become effective within 30 days of filing . . . A Commission Order must be entered within thirty (30) days of the filing . . . otherwise the tariff(s) shall become effective as filed. Such rates shall be deemed Commission-made.

Further, part 1.A.4 of the Ironton's Approved Amended Chapter 30 Plan contains the following provision 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 interest at a rate set forth in 66 Pa.C.S. § 1308. Deferred increases shall carry no interest.

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<sup>3</sup> See *Petition of Ironton Telephone Company regarding offsetting STAS through the Service Price Index*, Docket No. P-2014-2407033 (Order entered April 23, 2014).

## 2. PSI/SPI Calculations

The Company's annual PSI/SPI Report filings under Chapter 30 must conform to its Commission-approved Amended Chapter 30 Plan. Our review of the calculations submitted by Ironton indicates that they are procedurally consistent with the terms of the Company's approved Chapter 30 Plan at Docket No. P-00971182F1000.

## 3. Banked Revenues

The banking methods Ironton uses in its 2022 filing are also procedurally consistent with its Amended Chapter 30 Plan. The Company will bank the entire \$36,264 available in its current filing for future use. Pursuant to the provisions of its Amended Chapter 30 Plan, the Company must retire its remaining 2018 banked amount of \$18,150 in the instant filing.

Previously, the Company's cumulative bank was \$64,465. The addition of the 2022 banked amount and the retirement of the 2018 banked amount results in a new cumulative bank of \$82,579. We note that in accordance with the Company's Chapter 30 Plan, deferred rate increases shall accrue no interest.

Prior Cumulative Bank (2018, 2019, 2020, 2021)	\$ 64,465
Less Retired 2018 Banked Amount	\$ (18,150)
Plus 2022 Banked Amount	\$ 36,264
New Cumulative Bank (2019, 2020, 2021, 2022)	<u>\$ 82,579</u>

## IV. Conclusion

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

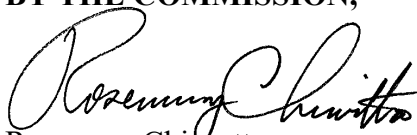
to the final adjudication of the outstanding OCA formal complaints pending before our Office of the Administrative Law Judge;<sup>4</sup> **THEREFORE,**

**IT IS ORDERED:**

1. That Ironton Telephone Company's 2022 PSI/SPI Report filed on February 1, 2021, is accepted as being procedurally consistent with its Commission-approved Amended Streamlined Regulation and Network Modernization Chapter 30 Plan.

2. That a copy of this Order be served on Ironton Telephone Company, 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

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<sup>4</sup> 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. Ironton Telephone Company*, Docket Nos. R-2020-3016018 and C-2020-3018500; *Office of Consumer Advocate v. Ironton Telephone Company*, Docket Nos. R-2019-3007261 and C-2019-3007887.