

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

Public Meeting held May 12, 2022

Commissioners Present:

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

TDS Telecom/Mahanoy & Mahantango Telephone Company 2022 Price Index / Service Price Index and Banking Report Filing	R-2022-3030875
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TDS Telecom/Sugar Valley Telephone Company 2022 Price Index / Service Price Index and Banking Report Filing	R-2022-3030876
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Petition for Streamlined Form of Regulation and Network Modernization Plan of TDS Telecom/Mahanoy & Mahantango Telephone Company and TDS Telecom/Sugar Valley Telephone Company	P-00961115F1000 P-00961116F1000
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ORDER

BY THE COMMISSION:

I. Background

Before us for disposition is the TDS Telecom/Mahanoy & Mahantango Telephone Company (TDS M&M) and TDS Telecom/Sugar Valley Telephone Company (TDS Sugar Valley) (collectively “the Companies”) combined 2022 Price Index (PI) and Service Price Index (SPI) Report. The Companies’ combined annual PI/SPI Report 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 Companies’ Amended Joint Streamlined Regulation and Network Modernization Plan

(Chapter 30 Plan) that this Commission approved at Docket Nos. P-00961115F1000 and P-00961116F1000.¹

The Companies possess the statutory right under 66 Pa.C.S. § 3015(a)(1)(iii) and their approved Chapter 30 Plan to seek an annual revenue and rate increase as contemplated by Chapter 30. Under the Companies' Price Stability Plan (PSP), the PI calculates the allowable change in noncompetitive rates based, in part, on the annual change in the Gross Domestic Product Price Index (GDP-PI). The SPI tracks the prior rate changes for noncompetitive services related to the PI. The PSP also addresses revenue neutral rate rebalancing/restructuring. The PSP set forth in the Companies' Chapter 30 Plan is a complete substitution of the rate base/rate of return regulation. Further, the Companies' Chapter 30 Plan acknowledges that nothing in their Plan shall be construed to limit the requirement under 66 Pa.C.S. § 1301 that rates shall be just and reasonable.

II. Companies' Filing

Pursuant to the Companies' Chapter 30 Plan, Advance Notice was issued on February 14, 2022, informing the Commission of the forthcoming filing. On March 1, 2022, the Companies filed their annual combined PI/SPI Report using the change in 2020 and 2021 third quarter GDP-PI that produced a 4.76% increase in the GDP-PI, which equates to a 4.76% increase in the PI. When applied to the previous PI of 140.11, this produces a new PI of 146.78. Applying this change to the Companies' current annual aggregate noncompetitive revenues of \$908,391 yields a maximum allowed revenue increase of \$43,239.

The following table shows the breakdown of the aggregate noncompetitive revenues and 2022 maximum allowed increase amounts by Company. It should be noted that each individual Company's annual noncompetitive revenues and maximum allowed revenue increase amount may not be shared among the Companies.

¹ See *Petition for Amended Alternative Regulation and Network Modernization Plan of Mahanoy & Mahantango Telephone Company and Sugar Valley Telephone Company*, Docket Nos. P-00961115F1000 and P-00961116F1000 (Order entered June 3, 2005).

Current Noncompetitive Revenues and Allowable Increases for each TDS Company			
Company	Current Annual Revenues	%ΔGDP-PI	Maximum Allowed Revenue Increase
Mahanoy & Mahantango	\$694,556	4.76%	\$33,061
Sugar Valley	\$213,825	4.76%	\$10,178
Total:	\$960,473		\$43,239

Consistent with the Commission-approved Protective Order entered March 31, 2008, at Docket Nos. P-2008-2028290 and P-2008-2028336 and pursuant to 52 Pa. Code § 5.365, the Companies have marked specific information in their filing as proprietary.

On August 20, 2021, the Companies filed updated banking reports to reflect any necessary adjustments to each Company’s respective bank as a result of State Tax Adjustment Surcharge (STAS) recalculations. Secretarial Letters were previously issued permitting the Companies’ STAS recalculations to go into effect.² For TDS Sugar Valley, no adjustment to its bank was necessary as the STAS recalculation resulted in a positive number. For TDS M&M, the STAS recalculation amount of negative \$4,296 was drawn from the Company’s 2017 banked revenue amount.

On March 1, 2022, the Companies served a copy of their combined PI/SPI Report on the Office of Small Business Advocate (OSBA), the Office of Consumer Advocate (OCA), and the Bureau of Investigation and Enforcement. No comments were filed and no hearings were held.

III. Discussion

The Companies’ annual PI/SPI Report must conform to Chapter 30 and the Companies’ Commission-approved Chapter 30 Plan. Our review of the calculations submitted by the Companies indicates that they are accurate and procedurally consistent with Chapter 30 and the terms of the Companies’ Commission-approved Chapter 30 Plan at Docket Nos. P-00961115F1000 and P-00961116F1000.

Part 1.A.8 of the Companies’ Chapter 30 Plan states that in the event of rate changes, “A Commission Order must be entered within thirty (30) days of the filing, otherwise the tariff(s)

² See Docket Nos. R-2021-3028036 (M&M) and R-2021-3028037 (Sugar Valley).

shall become effective as filed.”³ In their 2022 filing, the Companies did not file for any rate increases. Pursuant to the Companies’ Chapter 30 Plan, the \$43,239 increase authorized under the PSP will be added to the Companies’ cumulative banked revenues.

Further, part 1.A.9 of the Companies’ Chapter 30 Plan states, “... the Companies will be allowed to defer any increases ... for a period not to exceed four years.”⁴ Accordingly, the Companies retired all remaining 2017 banked revenue amounts in their 2022 filing.

Combined, the Companies now have an aggregate cumulative banked revenue amount totaling \$94,643 to be carried forward for future use. It should be noted that each individual Company’s banked revenue amounts may not be shared among the Companies. In accordance with the Companies’ Chapter 30 Plan, deferred rate increases shall accrue no interest. The table below shows the breakdown of these banked amounts by Company.⁵

Banking Summary for each TDS Company					
Company	2021 Banked	2020 Banked	2019 Banked	2018 Banked	Total Banked
Mahanoy & Mahantango	\$33,061	\$7,536	\$13,412	\$18,180	\$72,189
Sugar Valley	\$10,178	\$2,357	\$4,235	\$5,684	\$22,454
Total:	\$43,239	\$9,893	\$17,647	\$23,864	\$94,643

Because the Companies did not file for any rate changes, neither Company’s SPI changed in their 2022 filing. The SPI for TDS M&M remains at 101.98 and the SPI for TDS Sugar Valley remains at 102.69.

IV. Conclusion

Our review of the Companies’ 2022 PI/SPI Report indicates the PI/SPI calculations and the banked revenue calculations are procedurally consistent with the terms of their Commission-approved Amended Chapter 30 Plan. Accordingly, we shall accept the PI/SPI

³ See Amended Final Streamlined Regulation Plan of TDS TELECOM/Mahanoy & Mahantango Telephone Company and TDS TELECOM/Sugar Valley Telephone Company, Docket Nos. P-00961115F1000 and P-00961116F1000, at 6 (Revised June 30, 2005).

⁴ *Id.*

⁵ The Companies’ banked amounts are labeled with the year the revenues from which each banked amount is derived were earned, rather than the year of the annual PI/SPI filing (i.e., the amounts shown under “2021 Banked” are from the Companies’ 2022 PI/SPI filing).

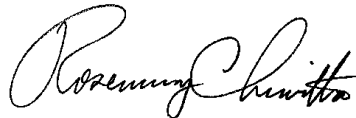
Report, subject to the results of the final adjudication of the outstanding OCA formal complaints pending before our Office of the Administrative Law Judge;⁶ **THEREFORE,**

IT IS ORDERED:

1. That the TDS Telecom/Mahanoy & Mahantango Telephone Company and TDS Telecom/Sugar Valley Telephone Company combined 2022 PI/SPI Report is accepted as being procedurally consistent with their Commission-approved Amended Chapter 30 Plan.

2. That a copy of this Order be served on TDS Telecom/Mahanoy & Mahantango Telephone Company, TDS Telecom/Sugar Valley Telephone Company, the Office of Consumer Advocate, the Office of Small Business Advocate, and the Bureau of Investigation and Enforcement.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 12, 2022

ORDER ENTERED: May 12, 2022

⁶ The OCA did not file a complaint against the Companies' 2022 PI/SPI filing on the basis of the 2017 Tax Cuts and Jobs Act (TCJA). However, since OCA complaints remain pending against the Companies' 2019 PI/SPI filing 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. TDS Telecom/Mahanoy & Mahantango Telephone Company*, Docket Nos. R-2019-3007949 and C-2019-3008487; and *Office of Consumer Advocate v. TDS Telecom/Sugar Valley Telephone Company*, Docket Nos. R-2019-3007948 and C-2019-3008478.