

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

Public Meeting held June 16, 2022

Commissioners Present:

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

Consolidated Communications of Pennsylvania Company, LLC R-2022-3032076  
2022 Annual Price Stability Index / Service Price Index Filing and  
Supplement No. 230 to Tariff - Telephone PA P.U.C. No. 11;  
Supplement No. 125 to Tariff - Telephone PA P.U.C. No. 6;  
Supplement No. 142 to Tariff - Telephone PA P.U.C. No. 6

Consolidated Communications of Pennsylvania Company, LLC P-2021-3027005  
Second Amended Alternative Regulation and Network  
Modernization Plan

Office of Small Business Advocate v. C-2022-3032875  
Consolidated Communications of Pennsylvania Company, LLC

**ORDER**

**BY THE COMMISSION:**

**I. BACKGROUND**

Before us for disposition is Consolidated Communications of Pennsylvania Company, LLC's (Consolidated or Company) 2022 Price Stability Index (PSI) / Service Price Index (SPI) Report and accompanying Supplement No. 230 to Tariff - Telephone PA P.U.C. No. 11 (Consolidated legacy service territory), Supplement No. 125 to Tariff - Telephone - PA P.U.C. No. 6 (former Bentleyville Telephone Company service territory), and Supplement No. 142 to Tariff Telephone PA P.U.C. No. 6 (former Marianna & Scenery Hill Telephone Company service territory). The Company's annual PSI/SPI Report was filed 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 Second Amended Alternative Regulation and Network Modernization Plan (Chapter 30 Plan) that this Commission approved at Docket Number P-2021-3027005.<sup>1</sup>

---

<sup>1</sup>*Petition of Consolidated Communications of Pennsylvania, LLC to Amend its Chapter 30 Alternative Regulation Plan*, Docket No. P-2021-3027005 (Order entered August 26, 2021).

The Company possesses the statutory right under 66 Pa.C.S. § 3015(a)(1)(iii) and its approved Chapter 30 Plan to seek and obtain an automatic revenue and rate increase as contemplated by Chapter 30. Under the Company's Price Stability Plan (PSP), the PSI 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 PSI. The PSP also contains special provisions for protected services and addresses revenue neutral rate adjustments for noncompetitive services. The PSP set forth in the Company's Chapter 30 Plan is a complete substitution of the rate base/rate of return regulation. Further, the Company's Chapter 30 Plan acknowledges that nothing in its Chapter 30 Plan shall be construed to limit the requirement under 66 Pa.C.S. § 1301 that rates shall be just and reasonable.

By Order entered August 26, 2021, at Docket No. P-2021-3027005, this Commission granted Consolidated's *May 25 Letter Petition*<sup>2</sup> requesting approval of its Second Amended Chapter 30 Plan. Consolidated's Second Amended Chapter 30 Plan represented the consolidation of its Amended Chapter 30 Plan<sup>3</sup> with the respective Amended Chapter 30 Plans of Bentleyville Telephone Company<sup>4</sup> (BTC) and Marianna & Scenery Hill Telephone Company<sup>5</sup> (M&SH). This Second Amended Chapter 30 Plan was necessitated as a result of the merger and intra-company consolidation and transfer of 100% of the assets and control of BTC and M&SH into Consolidated.<sup>6</sup>

To fully effectuate the unification and consolidation of Consolidated, BTC, and M&SH into a single ILEC entity operating under a single Chapter 30 Plan required that certain PSP

---

<sup>2</sup> *Petition of Consolidated Communications of Pennsylvania, LLC to Amend its Chapter 30 Alternative Regulation Plan*, Docket No. P-2021-3027005 (*May 25 Letter Petition*).

<sup>3</sup> *Petition for Amended Alternative Regulation and Network Modernization Plan of North Pittsburgh Telephone Company*, Docket No. P-00981437F1000 (Order entered June 3, 2005).

<sup>4</sup> *Petition for Amended Alternative Regulation and Network Modernization Plan of Bentleyville Telephone Company*, Docket No. P-00981427F1000 (Order entered June 3, 2005).

<sup>5</sup> *Petition for Amended Alternative Regulation and Network Modernization Plan of Marianna and Scenery Hill Telephone Company*, Docket No. P-00981434F1000 (Order entered June 3, 2005).

<sup>6</sup> *See Joint Application of Consolidated Communications Holdings, Inc., Consolidated Communications of Pennsylvania, LLC, Consolidated Communications Enterprise Services, Inc., Bentleyville Communications Corporation, Marianna & Scenery Hill Telephone Company, BE Mobile Communications, Incorporated, Marianna Tel, Inc., and FairPoint Business Services LLC for Approval of an Intra-Company Consolidation and Abandonment of Certain Related Services*, Docket Nos. A-2018-3006524, A-2018-3006525, A-2018-3006526, A-2018-3006527, A-2018-3006528, A-2018-3006529, and A-2018-3006530.

components from each individual company be combined in a logical, sound, and reasonable manner. The *May 25 Letter Petition, inter alia*, proposed methods by which BTC's, M&SH's, and Consolidated's respective banked revenues, PSI, and SPI would be combined into a single bank, PSI and SPI for the combined company starting with this 2022 PSI/SPI Report filing.

## II. COMPANY'S FILING

Pursuant to the Company's Chapter 30 Plan, Advance Notice was issued on April 14, 2022, informing the Commission of the forthcoming filing. On April 28, 2022, the Company filed its annual PSI/SPI Report.

To calculate the combined PSI and SPI factors, Consolidated utilized a weighted-average methodology using the intrastate noncompetitive revenues from each individual company's 2021 PSI/SPI Report as the weighing factor. The revenue-based weighing factor was then applied to each individual company's 2021 PSI and 2021 SPI to develop a single weighted average PSI and SPI for the combined company. This resulted in a newly-calculated combined PSI of 1.3514 and a newly-calculated combined SPI of 1.0879. For the banked revenues, each individual company's banked revenue amounts were added together, preserving the year in which they were earned to maintain the correct expiration intervals. The methods used by Consolidated to calculate the combined PSP components are consistent with the methods proposed in its *May 25 Letter Petition* which this Commission previously approved.

The Company calculated the change in 2020 and 2021 third-quarter GDP-PI that produced a 4.63% increase in the GDP-PI, which equates to a 4.63% increase in the PSI. When applied to the newly-calculated combined PSI of 1.3514, this produces a new PSI of 1.3662. Applying this change to current noncompetitive revenues of \$10,191,101 yields a 2022 maximum allowed noncompetitive revenue increase of \$471,628.

In its 2022 filing, the Company proposes to implement a total of \$302,770 in actual rate increases. The SPI indicates the cumulative price changes from current and prior years and tracks the actual total price changes for noncompetitive services. Applied to the newly-calculated combined SPI of 1.0879, the Company's proposed rate changes produce a new SPI of 1.1202.

As noted in more detail in the following table, in its 2022 filing, the Company proposes to increase residential access line rates by \$2.50 monthly in all its service territories and business access line rates by \$3.00 monthly in the Consolidated legacy service territory only. The Company's proposed rate increases will be implemented through Supplement No. 230 to Tariff - Telephone PA P.U.C. No. 11 (Consolidated legacy service territory), Supplement No. 125 to Tariff - Telephone - PA P.U.C. No. 6 (former Bentleyville Telephone Company service territory), and Supplement No. 142 to Tariff Telephone PA P.U.C. No. 6 (former Marianna & Scenery Hill Telephone Company service territory), which carry an effective date of August 5, 2022.

<b>Consolidated Communications of Pennsylvania Company, LLC</b>			
<b>(Consolidated Legacy Service Territory)</b>			
<b><u>Service</u></b>	<b><u>Current Rate</u></b>	<b><u>Proposed Rate</u></b>	<b><u>Rate Increase</u></b>
Residential Access Line – Band A	\$21.64	\$24.14	\$2.50
Residential Access Line – Band B	\$23.24	\$25.74	\$2.50
Residential Access Line – Band C	\$24.79	\$27.29	\$2.50
Residential Access Line – Band D	\$26.34	\$28.84	\$2.50
Residential Access Line – Band E	\$27.89	\$30.39	\$2.50
Business Access Line & Pay Phone – Band A	\$12.84	\$15.84	\$3.00
Business Access Line & Pay Phone – Band B	\$17.14	\$20.14	\$3.00
Business Access Line & Pay Phone – Band C	\$21.44	\$24.44	\$3.00
Business Access Line & Pay Phone – Band D	\$25.74	\$28.74	\$3.00
Business Access Line & Pay Phone – Band E	\$30.04	\$33.04	\$3.00
<b>(Former BTC Service Territory)</b>			
<b><u>Service</u></b>	<b><u>Current Rate</u></b>	<b><u>Proposed Rate</u></b>	<b><u>Rate Increase</u></b>
Residential Access Line – Bentleyville	\$19.45	\$21.95	\$2.50
<b>(Former M&amp;SH Service Territory)</b>			
<b><u>Service</u></b>	<b><u>Current Rate</u></b>	<b><u>Proposed Rate</u></b>	<b><u>Rate Increase</u></b>
Residential Access Line – Marianna	\$21.50	\$24.00	\$2.50
Residential Access Line – Scenery Hill	\$21.50	\$24.00	\$2.50

Consistent with the Commission-approved Protective Order entered June 27, 2008, at Docket No. P-2008-2041508 and pursuant to 52 Pa. Code § 5.365, the Company has marked specific information in its PSI/SPI Report as proprietary.

On April 28, 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 Commission's Bureau of Investigation and Enforcement.

Under Consolidated's Chapter 30 Plan, any formal complaints filed against the Company's 2022 PSI filing were due within fifteen (15) days of the filing or on or before May 16, 2022. On June 9, 2022, the OSBA filed a formal complaint<sup>7</sup> against Consolidated's 2022 PSI filing. The OSBA contends, *inter alia*, that the materials filed by the Company in support of its proposed rate increases may be insufficient to justify the rate increases requested and that the Company's present and proposed rates, rules, and conditions of service may be unjust, unreasonable, unduly discriminatory, and otherwise contrary to law, particularly as they pertain to small business customers. The OSBA further contends that the proposed rate increases may be unjust, unreasonable, and unlawfully discriminatory in violation of, *inter alia*, Sections 1301 and 1304 of the Public Utility Code, 66 Pa.C.S. §§ 1301 and 1304, contrary to appropriate public policy and sound ratemaking considerations, and in violation of the Company's Chapter 30 Plan. The OSBA request that the Commission suspend and investigate Consolidated's 2022 PSI filing and reject any proposed new rates that are not found to be lawful, just, reasonable, and not unduly discriminatory against small business customers.<sup>8</sup>

### III. DISCUSSION

#### 1. Plan Provisions

Part 3.A.8 - 10 of the Company's Chapter 30 Plan states the following regarding its annual PSI/SPI filings:

On or before the anniversary date of the Plan (or the closest Commission working day thereafter) and annually thereafter, 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.... Any and all interventions or complaints shall be due within fifteen (15) days after the initial filing.... A Commission Order must be entered within sixty (60) days of the filing (or such other time as may be otherwise provided herein), otherwise the

---

<sup>7</sup> *Complaint, Public Statement and Verification on behalf of the Office of Small Business Advocate*, Docket Nos. C-2022-3032875 and R-2022-3032076

<sup>8</sup> *Id.*

tariff(s) shall become effective as filed.... Such rates shall be deemed Commission-made.

Further, part 3.A.7 of the Company's Chapter 30 plan contains the following provision regarding banking:

If the Company elects not to increase its rates by the full amount allowed under the terms of the Plan, including exogenous events in a given year, the Company may increase its rates in future years to reflect the full amount of the allowable increase previously deferred. The Company may bank increases for a period not to exceed four (4) consecutive years. The Company may not bank decreases, but may offset increases with decreases for banking purposes. The Company will not, however, attempt to recover any revenues foregone as a result of deferring the increase in prices.

## 2. PSI/SPI Calculations

The Company's annual 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 Consolidated indicates that they are procedurally consistent with the terms of the Company's Price Stability Plan formula approved in its Chapter 30 Plan.

## 3. Banked Revenues

The banking methods the Company uses in its 2022 PSI/SPI Report are also procedurally consistent with its Chapter 30 Plan. The Company will bank the entire \$471,628 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 revenue amount of \$43,335 in the instant filing.

The Company's banked revenue was reduced by \$10,384 as part of the Company's 2021 State Tax Adjustment Surcharge (STAS) filing.<sup>9</sup>

Previously, the Company's combined cumulative banked revenues totaled \$760,365. After the reduction for the 2021 STAS recalculation, the reduction for the proposed rate increases, the reduction for the retirement of the remaining 2018 banked revenue amount, and the addition of the 2022 banked revenue amount, the Company has a new cumulative banked revenue amount of \$875,503. We note that in accordance with the Company's Chapter 30 Plan,

---

<sup>9</sup> See Docket No. R-2021-3029852.

deferred increases shall carry no interest. The following table shows the breakdown of the Company's cumulative bank:

<b>Consolidated Communications of Pennsylvania Company, LLC Banking Summary</b>	
Banked annual revenue increase from 2019 PSI/SPI Report	\$ 42,752
Banked annual revenue increase from 2020 PSI/SPI Report	\$ 227,068
Banked annual revenue increase from 2021 PSI/SPI Report	\$ 134,055
Banked annual revenue increase from 2022 PSI/SPI Report	\$ 471,628
<b>Total:</b>	<b>\$ 875,503</b>

#### **IV. CONCLUSION**

Our review of the Company's 2022 PSI/SPI Report indicates the PSI/SPI calculations, the banked revenue calculations, and the proposed rate increases are procedurally consistent with the terms of its Chapter 30 Plan. We shall accept the PSI/SPI Report and permit the requested revenue and individual service rate element increases to go into effect subject to refund pending the results of the OSBA formal complaint adjudication and final adjudication of the outstanding OCA formal complaints pending before our Office of the Administrative Law Judge<sup>10</sup> and further disposition by the Commission; **THEREFORE,**

#### **IT IS ORDERED:**

1. That Consolidated Communications of Pennsylvania Company, LLC's 2022 PSI/SPI Report is accepted as being procedurally consistent with its Commission-approved Amended Chapter 30 Plan.
2. That the cases be assigned to the Office of Administrative Law Judge for adjudication of the formal complaint of the Office of Small Business Advocate.
3. That Consolidated Communications of Pennsylvania Company, LLC's Supplement No. 230 to Tariff - Telephone PA P.U.C. No. 11 (Consolidated Communications of Pennsylvania Company, LLC legacy service territory), Supplement No. 125 to Tariff -


---

<sup>10</sup> See *Office of Consumer Advocate v. Consolidated Communications of Pennsylvania Company, LLC*, Docket Nos. C-2019-3009897 and R-2019-3009241; *Office of Consumer Advocate v. Consolidated Communications of Pennsylvania Company, LLC*, Docket Nos. C-2018-3001863 and R-2018-3001104.

Telephone - PA P.U.C. No. 6 (former Bentleyville Telephone Company service territory), and Supplement No. 142 to Tariff Telephone PA P.U.C. No. 6 (former Marianna & Scenery Hill Telephone Company service territory) shall be permitted to go into effect on August 5, 2022 and remain in effect during the pendency of the Office of Small Business Advocate formal complaint adjudication and be subject to refund pending the findings of the Office of Administrative Law Judge and further Orders of the Commission as necessary.

4. That a copy of this Order be served on Consolidated Communications of Pennsylvania Company, LLC, 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,**

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is fluid and cursive, with the first letter of each word being significantly larger and more stylized.

Rosemary Chiavetta  
Secretary

(SEAL)

ORDER ADOPTED: June 16, 2022

ORDER ENTERED: June 16, 2022