

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

2025 Joint Price Stability Index/Service Price Index
Report Filing of Frontier Communications of
Breezewood, LLC; Canton, LLC; Lakewood, LLC;
Oswayo River, LLC; and Pennsylvania, LLC

R-2025-3052939

Petition for Streamlined Form of Regulation and
Network Modernization Plan of Frontier
Communications of Breezewood, LLC; Canton, LLC;
Lakewood, LLC; Oswayo River, LLC; and
Pennsylvania, LLC

P-00951005F1000

ORDER

BY THE COMMISSION:

I. BACKGROUND

Before us for disposition is the combined 2025 Price Stability Index (PSI), Service Price Index (SPI) Report, and associated revenue increases for Frontier Communications of Breezewood, LLC; Frontier Communications of Canton, LLC; Frontier Communications of Lakewood, LLC; Frontier Communications of Oswayo River, LLC; and Frontier Communications of Pennsylvania, LLC (collectively “Frontier” or “the Companies”). The Companies’ combined annual PSI/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 No. P-00951005F1000.¹

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 Companies' case, the inflation offset was reduced from 2.8% to 0%. Accordingly, annual Price Stability Plan (PSI or Plan) filings have the potential for substantial revenue and rate impacts on end-user consumers.

The Companies possess the statutory right under 66 Pa.C.S. § 3015(a)(1)(iii) and their approved Chapter 30 Plan to seek and obtain automatic revenue and rate increases as contemplated by Chapter 30. Under the Companies' 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 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.

The Companies² are local exchange carriers operating in various portions of the Commonwealth and serve primarily rural territory and a rural customer base. The

¹ See *Joint Petition of Frontier Communications of Breezewood, Inc.; Frontier Communications of Canton, Inc.; Frontier Communications of Pennsylvania, Inc.; Frontier Communication of Lakewood, Inc.; and Frontier Communication of Oswayo River, Inc. for a Streamlined Form of Regulation and Plan for Network Modernization*, Docket No. P-00951005F1000 (Order entered April 7, 2005).

² Frontier Communications of Breezewood, LLC (utility code 310400); Canton, LLC (utility code 310550); Lakewood, LLC (utility code 311750); Oswayo River, LLC (utility code 312600); and Pennsylvania, LLC (utility code 311250).

Companies serve customers in Bedford, Fulton, Bradford, Lycoming, Tioga, Schuylkill, McKean, Potter, Lancaster and Berks Counties. The Companies have operated under Chapter 30³ since 1997 and achieved 100% broadband deployment in 2008.

II. COMPANIES’ FILING

Pursuant to the provisions of the Companies’ Amended Joint Chapter 30 Plan, Advance Notice was issued January 10, 2025, informing the Commission of the forthcoming filing. On January 30, 2025, the Companies filed their annual combined PSI/SPI Report using the change in 2023 and 2024 third quarter GDP-PI that produced a 2.25% increase in the GDP-PI, which equates to a 2.25% increase in the PSI. When applied to the previous PSI of 156.125, this produces a new PSI of 159.638. Applying this change to the Companies’ current annual aggregate noncompetitive revenues of \$2,252,457.00 yields a maximum allowed revenue increase of \$50,680.28 for 2025.

The following table shows the breakdown of the aggregate revenue and 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.

Current Noncompetitive Revenues and Allowable Increases for all Frontier Companies			
Company	Annual Revenue	%ΔGDP-PI	Maximum Allowed Revenue Increase
Breezewood	\$239,032.00	2.25%	\$5,378.22
Pennsylvania	\$1,170,870.00	2.25%	\$26,344.58
Canton	\$483,732.00	2.25%	\$10,883.97
Lakewood	\$153,825.00	2.25%	\$3,461.06
Oswayo River	\$204,998.00	2.25%	\$4,612.46
Total	\$2,252,457.00		\$50,680.28

³ Act 67 of 1993, P.L. 456 (66 Pa.C.S. §§ 3001-3009) replaced by Act 183 of 2004, P.L. 1398 (66 Pa.C.S. §§ 3011-3019).

Consistent with the Commission-approved Protective Order entered February 28, 2008, at Docket No. P-2008-2022866, and pursuant to 52 Pa. Code § 5.365, the Companies have marked specific information in their PSI/SPI Report as proprietary.

On January 10, 2025, the Companies filed updated banking reports to reflect the amounts deducted from each Company’s respective bank as a result of State Tax Adjustment Surcharge (STAS) recalculations.⁴ Each Company’s respective bank was reduced to account for the cumulative impact of its 2015 through 2024 STAS recalculations. The following table reflects the STAS recalculation amounts deducted from each Company’s respective bank.

Company	STAS Adjustment
Breezewood	\$4,763.00
Pennsylvania	\$47,229.00
Canton	\$3,529.00
Lakewood	\$809.00
Oswayo River	\$2,266.00

On January 30, 2025, Frontier served a copy of its combined PSI/SPI Report on the Office of Small Business Advocate (OSBA), the Office of Consumer Advocate (OCA), the Bureau of Technical Utility Services, and the Bureau of Investigation and Enforcement. No complaints were filed and no hearings were held.

Part 1.A.7 of the Companies’ Amended Joint 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) shall become effective as filed.”

In their 2025 filing, the Companies are implementing a total of \$83,372.00 in actual rate increases. The revenues for these rate increases are being drawn from each Company’s permissible annual revenue increase and/or banked past revenue increase

⁴ Companies’ Amended Joint Chapter 30 Plan page 33 Part 4.B.1.viii.

amounts. The Companies propose increases of \$10.06 to \$14.00 to the monthly rates for various business local exchange services.⁵ The tariff supplements implementing the rate increases carry an effective date of March 1, 2025. The proposed rate increases are detailed below by service and by Company.

Summary of Rate Changes for All Frontier Companies			
Service Description	Rates		Net Increase
	Existing	Proposed	
<u>Frontier Breezewood</u>			
Breezewood B-1	\$25.14	\$35.20	\$10.06
<u>Frontier Pennsylvania</u>			
Business			
Individual Measured Service Rate Groups 1-3	\$25.45	\$35.63	\$10.18
Key Station Trunk Measured Service Rate Groups 1-3	\$25.45	\$35.63	\$10.18
<u>Frontier Canton</u>			
Canton Business Access Line	\$31.60	\$44.24	\$12.64
Leroy Business Access Line	\$34.50	\$48.30	\$13.80
<u>Frontier Lakewood</u>			
B-1 Rate	\$28.36	\$28.36	\$11.34
<u>Frontier Oswayo River</u>			
B-1 Rate	\$35.00	\$49.00	\$14.00

The table below shows the breakdown of each Company’s actual revenue increase, current SPI and new SPI given these proposed revenue increases.

Actual Revenue Increases, Current SPIs and New SPIs for all Frontier Companies			
Company	Actual Revenue Increase	Current SPI	New SPI
Breezewood	\$8,568.00	110.070	114.033
Pennsylvania	\$47,886.00	112.167	116.766
Canton	\$15,955.00	108.374	111.951
Lakewood	\$3,403.00	110.217	112.642
Oswayo River	\$7,560.00	108.740	112.763
Combined:	\$83,372.00		

⁵ Companies’ Amended Joint Chapter 30 Plan page 15 Part 1.A.13.

Previously, the Companies’ aggregate cumulative banked amount totaled \$361,208.70. The addition of the 2025 revenue amounts combined with the deductions for the STAS recalculations, the retirement of the remaining 2021 revenue amounts, and the rate increases with the instant filing results in a remaining aggregate cumulative banked amount totaling \$265,679.97 to be carried forward for future use. We again note that each individual Company’s annual maximum allowed revenue increase amount may not be shared among the Companies and that the Companies’ Amended Chapter 30 Plan restricts the banking of any deferred rate increases for a period not to exceed four consecutive years. We note that the updated banking report filed on January 10, 2025, was inconsistent with the bank amount from 2024’s approved PSI.⁶ The banks have been adjusted in the below table to reflect this update.

Banking Summary for All Frontier Companies					
Company	2025 Banked	2024 Banked	2023 Banked	2022 Banked	Total Banked
Breezewood	\$5,378.21	\$7,873.81	\$17,738.76	\$0.00	\$30,990.78
Pennsylvania	\$26,343.20	\$38,571.55	\$58,003.83	\$0.00	\$122,918.58
Canton	\$10,879.72	\$14,274.43	\$32,140.61	\$2,171.45	\$59,466.21
Lakewood	\$3,452.46	\$5,235.12	\$11,901.41	\$4,471.11	\$25,060.10
Oswayo River	\$4,612.44	\$6,645.32	\$15,402.81	\$583.73	\$27,244.30
Combined:	\$50,666.03	\$72,600.23	\$135,187.42	\$7,226.29	\$265,679.97

III. DISCUSSION

The Companies’ annual PSI/SPI Report must conform to Chapter 30 and the Companies’ Commission-approved Amended Joint Chapter 30 Plan. Our review of the calculations submitted by Frontier indicates that they are accurate and procedurally consistent with Chapter 30 and the terms of the Companies’ approved Amended Joint Chapter 30 Plan at Docket No. P-00951005F1000.

⁶ Docket Number R-2024-3045520.

Further, part 1.A.4 of the Companies’ Chapter 30 Plan contains the following provision regarding banking: “In lieu of filing tariff changes to align the SPI with the new PSI in its February 1st filings, the Companies may defer rate changes and bank the amounts corresponding to the difference between the PSI and SPI, for a period not to exceed four (4) consecutive years...” Accordingly, the Companies had to retire any remaining banked amounts from their 2021 filing. The following table shows the retired banked amounts by Company.

Company	2021 Amount Retired
Breezewood	\$0
Pennsylvania	\$0
Canton	\$2,076.36
Lakewood	\$1,452.39
Oswayo River	\$696.01
Total	\$4,224.76

IV. CONCLUSION

Our review of the Companies’ combined 2025 PSI/SPI Report indicates the PSI/SPI calculations, the banked revenue calculations, and proposed rate increases, as modified herein, are procedurally consistent and in conformance with the terms of the Companies’ Commission-approved Amended Joint Chapter 30 Plan. Accordingly, we shall accept the Companies 2025 PSI/SPI Report as being procedurally consistent with the terms of their Commission-approved Amended Joint Chapter 30 Plan;

THEREFORE,

IT IS ORDERED:

1. That the Companies’ combined 2025 PSI/SPI Report, filed on January 30, 2025, as modified herein, is accepted as being procedurally consistent with their Commission-approved Amended Joint Chapter 30 Plan.

2. Frontier Communications of Breezewood, LLC's Supplement No. 146 to Tariff Telephone PA P.U.C. No. 5 shall be permitted to go into effect on March 1, 2025.

3. Frontier Communications of Canton, LLC's Supplement No. 139 to Tariff Telephone PA P.U.C. No. 3 shall be permitted to go into effect on March 1, 2025.

4. Frontier Communications of Lakewood, LLC's Supplement No. 141 to Tariff Telephone PA P.U.C. No. 5 shall be permitted to go into effect on March 1, 2025.

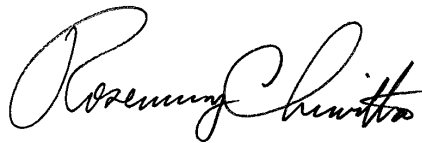
5. Frontier Communications of Oswayo River, LLC's Supplement No. 146 to Tariff Telephone PA P.U.C. No. 5 shall be permitted to go into effect on March 1, 2025.

6. Frontier Communications of Pennsylvania, LLC's Supplement No. 153 to Tariff Telephone PA P.U.C. No. 14 shall be permitted to go into effect on March 1, 2025.

7. That a copy of this Order be served on the Companies, the Office of Consumer Advocate, the Office of Small Business Advocate and the Bureau of Investigation and Enforcement.

8. That the case be marked closed.

BY THE COMMISSION,



Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: February 27, 2025

ORDER ENTERED: February 27, 2025