

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

Public Meeting held June 4, 2026

Commissioners Present:

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

The North-Eastern Pennsylvania Telephone Company
2026 Annual Price Stability Index/Service Price Index
Filing

R-2026-3061807

The North-Eastern Pennsylvania Telephone Company
Amended Alternative Regulation and Network
Modernization Plan

P-00981435F1000

ORDER

BY THE COMMISSION:

I. BACKGROUND

Before us for disposition is The North-Eastern Pennsylvania Telephone Company's ("North-Eastern" or "Company") 2026 Annual Price Stability Index (PSI)/Service Price Index (SPI) Report. 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-00981435F1000.¹

As a result of the passage of Act 183 of 2004, jurisdictional telephone companies that had already filed Chapter 30 Plans with the Commission were entitled to significantly lower inflation offset values within their respective price cap formulas in

¹ *Petition for Amended Alternative Regulation and Network Modernization Plan of The North-Eastern Pennsylvania Telephone Company*, Docket No. P-00981435F1000 (Orders entered June 23, 2005, and June 23, 2014).

exchange for a commitment to accelerated broadband deployment. The inflation offsets previously ranging from 2% to 2.93% in these original Chapter 30 Plans were reduced to either 0% or 0.5%, depending on each company's filed Amended Chapter 30 Plan. In the Company's case, the inflation offset was reduced from 2% to 0%. 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 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 SPI tracks the prior changes for noncompetitive services related to PSI. The PSP set forth in the Company's Amended Chapter 30 Plan also contains special provisions for protected services and addresses revenue neutral rate adjustments to the rates for noncompetitive services. The PSP 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 its Amended Chapter 30 Plan, the Company gave the Commission Advance Notice on April 15, 2026, about its forthcoming PSI/SPI filing. On May 1, 2026, the Company filed its annual PSI/SPI Report using the change in 2024 and 2025 third-quarter GDP-PI, which equates to a 2.977% increase in the PSI. When applied to the previous PSI of 158.95, this produces a new PSI of 163.68. Applying this change to current non-competitive revenues of \$1,883,908 yields a maximum allowed non-competitive revenue increase of \$56,084.

The SPI indicates the cumulative price changes from current and prior years and tracks the actual total price changes for noncompetitive services. The SPI was increased from 104.02 to 104.28 as part of the Company's 2025 State Tax Adjustment Surcharge

filing.² Because the Company is not proposing rate changes in the instant filing, the Company's SPI remains at 104.28.

Consistent with the Commission-approved Protective Order entered June 30, 2008, at P-2008-2041534 and pursuant to 52 Pa. Code § 5.365, the Company has marked specific information in its filing as proprietary.

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 protests were filed and no hearings were held.

III. DISCUSSION

1. Plan Provisions

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

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 sixty (60) days of the filing... otherwise [any] tariff(s) shall become effective as filed... Such rates shall be deemed Commission-made.

Further, Part 3.A.7 of the Company's Amended Chapter 30 Plan states the following 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 increases 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 See Docket No. R-2025-3057043.

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 North-Eastern indicates that they are procedurally consistent with the terms of the Company's PSP formula approved in its Amended Chapter 30 Plan at Docket No. P-000981435F1000.

3. Banked Revenues

The banking methods North-Eastern uses in its 2026 filing are also procedurally consistent with its Amended Chapter 30 Plan. The Company will bank the entire \$56,084 available in its current filing for future use. Additionally, the Company is retiring the \$109,958 authorized to it under its 2022 PSI/SPI filing in accordance with the banking terms of its Amended Chapter 30 Plan.

Previously, the Company's cumulative bank was \$374,428. After retiring the 2022 banked amount and adding the 2026 banked amount, the Company has a new cumulative bank of \$320,554, which will be carried forward. We note that in accordance with North-Eastern's Amended Chapter 30 Plan, deferred increases shall carry no interest. The following table shows a breakdown of the Company's cumulative bank:

The North-Eastern Pennsylvania Telephone Company Banking Summary	
Banked annual revenue from 2026 PSI/SPI Report	\$ 56,084
Banked annual revenue from 2025 PSI/SPI Report	\$ 44,060
Banked annual revenue from 2024 PSI/SPI Report	\$ 65,403
Banked annual revenue from 2023 PSI/SPI Report	\$ 155,007
Cumulative Banked Revenue:	\$ 320,554

IV. CONCLUSION

Our review of the Company's 2026 PSI/SPI Report indicates the PSI/SPI and banked revenue calculations are procedurally consistent with the terms of its Amended Chapter 30 Plan. Accordingly, we shall accept the Company's 2026 PSI/SPI Report as

being procedurally consistent with the terms of its Commission-approved Amended Chapter 30 Plan; **THEREFORE,**

IT IS ORDERED:

1. That The North-Eastern Pennsylvania Telephone Company's 2026 PSI/SPI Report is accepted as being procedurally consistent with its Commission-approved Amended Chapter 30 Plan.

2. That a copy of this Order be served on The North-Eastern Pennsylvania Telephone Company, the Office of Consumer Advocate, Office of Small Business Advocate, and the Bureau of Investigation and Enforcement.

3. That this case be market closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: June 4, 2026

ORDER ENTERED: June 4, 2026