



Control Number: 43706



Item Number: 6

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TARIFF CONTROL NO. 43706

**NOTICE OF SOUTHWEST TEXAS
TELEPHONE COMPANY FOR
APPROVAL OF A MINOR RATE
CHANGE, PURSUANT TO PUC SUBST.
R. §26.171 AND PURA CHAPTER 53,
SUBCHAPTER G**

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PUBLIC UTILITY COMMISSION

OF TEXAS

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**COMMISSION STAFF'S COMMENTS
REGARDING THE APPLICATION AND NOTICE**

NOW COMES Staff of the Public Utility Commission of Texas (Commission Staff or Staff), representing the public interest, to submit these comments regarding the Application and Notice.

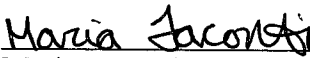
On November 4, 2014, Southwest Texas Telephone Company (Southwest Texas or Applicant) filed an application to increase the monthly Residential Access Line rate in each of its exchanges and the Business Access Line rate in the Rocksprings Exchange. Southwest Texas also proposes to decrease the monthly service charges for Three Way Calling, Call Forwarding, and Call Waiting, and its optional monthly service charge for Caller ID. Southwest Texas proposed an effective date of December 1, 2014.

Staff has reviewed the application and proposed notice. As detailed in the attached memorandum of Stephen Mendoza, of the Commission's Rate Regulation Division, Staff finds that the application is sufficient for further review and recommends that the notice be deemed sufficient pursuant to P.U.C. SUBST. R. 26.171(d).

Dated: November 12, 2014

Respectfully Submitted,

Shelah J. Cisneros
Managing Attorney-Legal Division



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CERTIFICATE OF SERVICE

I certify that a copy of this document will be served on all parties of record on November 12, 2014, in accordance with P.U.C. Procedural Rule 22.74.




Maria Faconti

Public Utility Commission of Texas

Memorandum

TO: Maria Faconti
Legal Division

FROM: Stephen Mendoza 
Rate Regulation Division

DATE: November 12, 2014

RE: **Tariff Control No. 43706** – Notice of Southwest Texas Telephone Company for Approval of a Minor Rate Change, Pursuant to P.U.C. SUBST. R. §26.171 and PURA Chapter 53, Subchapter G

RECOMMENDATION ON SUFFICIENCY

On November 3, 2014, Southwest Texas Telephone Company (“Southwest Texas” or “the Company”) filed a notice with the Commission to initiate a minor rate change, with its proposed tariff to be effective December 1, 2014.

Background

Southwest Texas files this notice for a minor rate change in an effort to raise its residential rates to meet the annual prescribed local rate floor established by the Federal Communications Commission (FCC) in its USF/ICC Transformation Order.¹ Through its Order, the FCC will reduce universal service support to the extent that a carrier’s residential rates (including state regulated fees) do not meet the urban rate floor. On June 10, 2014, the FCC altered the timeline for carriers to meet the national urban rate floor and provided a more gradual transition to the urban rate floor of \$20.46 by limiting universal service support reductions beginning January 1, 2015 to only those carriers who had residential rates below \$16.00 on

¹ See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, etc., CC Docket Nos. 01-92, etc., GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (USF/ICC Transformation Order); pets. for review denied, *Direct Comm. Cedar Valley, et al v. FCC* 11-161, No. 11-900 (10th Cir. Filed May 23, 1014).

December 1, 2014.² Therefore, to mitigate the impact of the anticipated FCC rule change, the Company proposes to increase the monthly Residential Access Line rate in each of its exchanges by \$2.00 to a new range of \$12.50 to \$16.00. Southwest Texas also proposes to increase the monthly Business Access Line rate in the Rocksprings Exchange to a new rate of \$16.00.

Concurrently with this increase, Southwest Texas proposes to eliminate its \$1.50 monthly optional service charges for Three Way Calling, Call Forwarding, and Wall Waiting, as well as the \$4.95 monthly optional service charge for Caller ID.

Additionally, pursuant to P.U.C. Subst. R. 26.141(f)(10(E)(i-ii)), Southwest Texas is proposing a Small and Rural Incumbent Local Exchange Company Universal Service Plan (SRILEC USP) Area Discount simultaneous with the proposed rate increase. The SRILEC USP Area Discount is 25% of the \$2.00 residential access line rate increase which amounts to a \$0.50 discount for qualified Lifeline customers.

A review of the application finds that the proposed increases for the access line rates are not greater than the 50% limitation as prescribed in P.U.C. SUBST. R. 26.5(148). The Company provided information which indicates that the overall impact on the regulated intrastate gross revenues for the currently proposed rate increase, combined with the proposed elimination of certain optional monthly service rates described above, results in a net decrease of -\$33,620 which is less than a 5 percent impact. Therefore, Southwest Texas' notice of a minor rate change is appropriate and consistent with the definition of a "minor change" in P.U.C. SUBST. R. 26.5(148).

Notice and Waiver Requests

In its filing, Southwest Texas stated that it provided direct customer notice by bill insert of this proceeding on October 31, 2014, which is at least 10 days prior to the proposed effective date of Southwest Texas' proposed rate changes. In addition, the Company provided a copy of its direct customer notice. Southwest Texas appears to have satisfied the provisions of P.U.C. SUBST. R. 26.171(d) for notice requirements. The Company has not requested any good cause waivers in this filing.

Conclusion

The notice filed with the Commission by Southwest Texas for a minor rate change appears to be sufficient and complete.

² See Connect America Fund et al., WC Docket Nos. 10-90 et al., Report and Order, Declaratory Ruling, Order, Memorandum Opinion and Order, Seventh Order on Reconsideration, and Further Notice of Proposed Rulemaking, FCC 14-54 (rel. June 10, 2014), para. 7 (*Omnibus Order*).