

Agenda Date: November 23, 2022  
Item Numbers: A1 and A2

**Dockets:** UT-220760 and UT-220761  
**Companies:** Kalama Telephone Company and Tenino Telephone Company

**Staff:** Sean Bennett, Regulatory Analyst  
Jing Roth, Deputy Director – Telecom, Water, and Transportation  
John Cupp, Regulatory Analyst – Consumer Protection

**Recommendation**

Take no action thereby allowing the tariff revision to become effective on December 1, 2022.

**Background**

On October 17, 2022, Kalama Telephone Company, and Tenino Telephone Company (Companies) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to increase both residential and business local exchange services. The Companies claim that the revenue generated from the rate increases are necessary to cover its regulated operating expenses. The Companies also propose to eliminate residential service fees for non-published and non-listed directory services.

The proposed monthly rate increases for local access line are listed in the table below. As the table shows that the total charge for residential service equals to the FCC’s residential rate ceiling:

	Residential	Business
Current Local Rate	\$18.00	\$21.00
Proposed Local Rate	<b>\$22.55</b>	<b>\$22.55</b>
Current SLC Rate	\$6.50	\$6.50
Proposed SLC Rate	\$6.50	\$6.50
Current ARC Rate	\$3.00	\$3.00
Proposed ARC Rate	<b>\$0.00</b>	\$3.00
Current 911 Taxes	\$0.95	\$0.95
Proposed 911 Taxes	\$0.95	\$0.95
<i>Current Total Rate</i>	<i>\$28.45</i>	<i>\$31.45</i>
<b><i>Proposed Total Rate</i></b>	<b><i>\$30.00</i></b>	<b><i>\$33.00</i></b>
<i>NET INCREASE</i>	<i>\$1.55</i>	<i>\$1.55</i>

The Companies provided customer notice using bill inserts with its subscriber billing statement that was sent out on November 1, 2022. In the notice, the Companies provided information about the proposed increase and advised consumers that if this intrastate tariff change is approved, the

interstate \$3.00 monthly Access Recovery Charge (ARC) would be eliminated.<sup>1</sup>

To date, Commission staff (Staff) has not received any comment from the Companies' customers.

### **Discussion**

The tariff revision will increase the rate for intrastate residential basic service by \$4.55 per month and the rate for business local exchange service by \$1.55 per month. Because the Companies also propose to eliminate the interstate ARC, the net increase for residential service is \$1.55 per month.<sup>2</sup>

For Kalama, the proposed tariff changes will generate a net annual revenue increase of \$31,494 (1.11 percent).

For Tenino, the proposed tariff changes will generate a net annual revenue increase of \$30,851 (1.06 percent).

Because the Washington regulated total revenue increase is less than 3 percent, neither filing should trigger a general rate case.<sup>3</sup> Based on the accounting and financial information provided to Staff by the Company, Staff finds that the proposed increases are necessary to cover the operating costs incurred by the Company.

### **Conclusion**

Staff recommends that the Commission take no action thereby allowing the tariff revision to become effective on December 1, 2022, as filed by the Companies.

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<sup>1</sup> Title 47, Section 51.917(e)(6)(iii) states that the access recovery charge *may not be assessed* if it would bring the total Rate Ceiling Component above the Residential Rate Ceiling. Title 47, Section 51.915(b)(12) sets the Residential Rate Ceiling at \$30 per month. *Emphasis added.*

<sup>2</sup> When taking the elimination of the ARC into account, this will result in a net increase of only \$1.55 per month for both residential and business service.

<sup>3</sup> WAC 480-07-505(2). Analysis is made on a total Washington regulated basis consistent with the process for Class B incumbent local exchange companies outlined WAC 480-120-339(2)(d) and WAC 480-123-110(1)(e).