

**DT 05-133**

**GRANITE STATE TELEPHONE**

**Notice of Intent to File Rate Schedules**

**Order Suspending Rate Schedule and  
Scheduling Prehearing Conference**

**ORDER NO. 24,528**

**October 14, 2005**

On August 15, 2005, Granite State Telephone, Inc. (GST) filed with the New Hampshire Public Utilities Commission (Commission) a Notice of Intent to file a rate schedule, in accordance with N.H. Code Admin. Rules Puc 1604.05. On October 5, 2005, GST filed a revised tariff representing a general increase in rates pursuant to the Puc 1600 rules. GST is an Incumbent Local Exchange Carrier in New Hampshire providing telecommunications service to an average of 8,953 residential customers, 1,140 business customers, and 23 Centrex customers in the towns of Chester, East Deering, Hillsboro Upper Village, Sandown, Washington, Weare and Windsor, as well as in sections of the towns of Antrim, Auburn, Derry, Hopkinton and New Boston. In support of its filing, GST provided pre-filed direct testimony of William R. Stafford, Chief Operations Officer of GST; Otto M. Nielsen, a consultant to GST; and Douglas D. Meredith of John Staurulakis, Inc. (JSI), a telecommunications consulting firm.

GST requests the Commission approve an overall increase in annual revenues of \$860,000. To achieve the proposed increase, GST seeks a 51 percent increase in residential rate revenues, an 86 percent increase in business rate revenues, and a 54 percent increase in Centrex rate revenues. Accordingly, GST proposes residential rate changes from \$11.09 to \$17.93 (an increase of 61.68 percent) in the Weare exchange; from \$13.04 to \$17.93 (an increase of 37.50 percent) in the Chester exchange; and from \$9.04 to \$15.15 (an increase of 67.59 percent) in the

Hillsboro Upper Village and Washington exchanges. GST also proposes business rate changes from \$17.29 to \$35.86 (an increase of 107.40 percent) in Weare; from \$23.14 to \$35.86 (an increase of 54.97 percent) in Chester; and from \$14.34 to \$30.30 (an increase of 111.30 percent) in Hillsboro Upper Village and Washington. GST further proposes that the new rates go into effect on November 4, 2005.

Concurrently with its rate schedule filing, GST filed a petition for an order prescribing temporary rates with direct testimony on temporary rates from Otto M. Nielsen and William R. Stafford. In its filing, GST notes that the Commission has authority under N.H. Rev. Stat. Ann. § 378:6,I(a) to suspend the newly filed rate schedule pending investigation. GST claims that its rate schedule filings and supporting documentation demonstrate that the company is not earning a reasonable return on rate base after expenses. According to GST, it is entitled to a temporary increase in rates pursuant to RSA 378:27 to avoid confiscation of its property during the pendency of any investigation of its permanent rate request. As a result, GST requests that, in the event the Commission decides to suspend GST's permanent rate request, the Commission schedule a hearing with regard to the petition for temporary rates and enter an order finding that GST is entitled to temporary rates in accordance with the schedule attached to the petition. GST notes that the proposed temporary rate increase is less than the full amount requested which was based upon the reports of revenues GST has filed with the Commission, the hypothetical capital structure prescribed in the stipulation approved in Docket No. DT 04-180, and the last allowed rate of return on common equity of 10.07%.

The filing raises, inter alia, issues related to the level of current earnings; whether current rates are just and reasonable; whether temporary rates should be implemented and, if so, at what level; and the appropriate level of permanent rates.

**Based upon the foregoing, it is hereby**

**ORDERED**, that the Granite State Telephone revised general rate schedule shall be and hereby is suspended for the duration of the Commission's investigation, but not to exceed 12 months from the proposed effective date of November 4, 2005; and it is

**FURTHER ORDERED**, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on November 9, 2005 at 10:00 a.m. at which each party will provide a preliminary statement of its position with regard to GST's request for a general rate increase, and at which any of the issues set forth in N.H. Admin Rule Puc 203.05(c) shall be considered; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, GST, the Staff of the Commission and any Intervenors hold a Technical Session to review the noticed issues and determine a proposed procedural schedule for consideration of temporary and permanent rates; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.01, GST shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than October 26, 2005, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before November 9, 2005; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Granite State and the Office of the Consumer Advocate on or before November 4, 2005, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before November 9, 2005.

By order of the Public Utilities Commission of New Hampshire this fourteenth day of October, 2005.

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Thomas B. Getz  
Chairman

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Graham J. Morrison  
Commissioner

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Michael D. Harrington  
Commissioner

Attested by:

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Debra A. Howland  
Executive Director & Secretary