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Inter-Department Communication

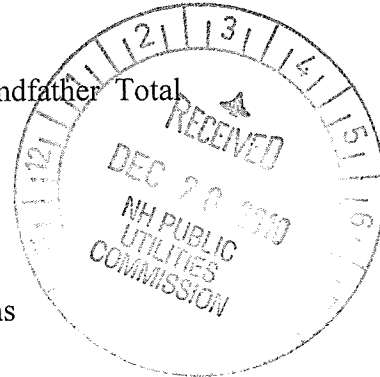
DATE: December 28, 2010

AT (OFFICE): NHPUC

FROM: Jennifer Ducharme, Utility Analyst 

SUBJECT: DT 10-317 Kearsarge Telephone Company
Tariff filing to add STAR Business Bundles and grandfather Total
Talk for Business customers

TO: Commissioners
Debra Howland, Executive Director
Kate Bailey, Director, Telecommunications
Michael Ladam, Assistant Director, Telecommunications



On December 1, 2010, Kearsarge Telephone Company (KTC) filed a revision to its NH PUC Tariff No. 8 adding 2 STAR Business Bundles and grandfathering existing Total Talk for Business customers for effect on January 3, 2011.

The two optional STAR Business Packages offer a bundled price for basic service with a choice of features, and a specified amount of TDS long distance service. Both bundles require a subscription to TDS' high speed data service, at an additional cost. Customers who opt to subscribe to these plans can choose from 3 rate terms, depending on the length of their contract. Customers can choose month-to-month rates, 1 year commitment rates or 2/3 year commitment rates. Termination charges apply to customers under a 1, 2, or 3 year contract, if they terminate before the end of their contract period.

The existing and previously approved Total Talk bundles will be grandfathered to existing customers effective January 3, 2011, but will no longer be available to new customers.

KTC provided revised tariff pages and confidential cost analyses with its filing. The revenue impact of the tariff change is minimal and is estimated to be a reduction of \$3,217.44 in the first year of availability, which equates to an overall 21% decrease in annual revenue associated with the customers subscribing to these bundles.

In Staff's assessment, the bundles in this tariff filing are designed to provide pricing and features that will attract and retain business customers, particularly those seeking flat rate monthly packages. The prices of these bundles exceed their cost, and thus pass the price floor analysis. Therefore, Staff recommends that this tariff filing be allowed to go into effect as submitted.