

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

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In the Matter of the Utah Affordable Base  
Rate for Telecommunications Services

DOCKET NO. 16-R360-01  
NOTICE OF CHANGE TO  
PROPOSED RULE  
AND  
ORDER SETTING UTAH  
AFFORDABLE BASE RATE

ISSUED: June 7, 2016

NOTICE OF CHANGE TO PROPOSED RULE

Upon consideration of comments filed in this docket and provided at the May 31, 2016 public hearing, the Public Service Commission of Utah (Commission) has determined to modify the amendments proposed to Utah Administrative Code R746-360-6. In brief, the Commission's modified filing will (a) retain the existing business rate of \$26.00 per line; and (b) state that it is permissible to impute income in calculating the Utah Universal Service Fund subsidy of a telecommunications provider that does not wish to charge the affordable base rate.

The Commission agrees with the Utah Office of Consumer Services that the record in this docket lacks support for an increase in the business rate. However, there is a similar lack of support to justify decreasing the business rate, which has been established by order in past dockets. Therefore, the Commission finds it appropriate to retain the business rate at the existing level and schedule a technical conference to discuss whether the rate should be adjusted.

The Commission wishes to make affected telecommunications providers aware of the following information.

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1. The modified filing, which is attached to this notice as Exhibit A, will be published in the Utah State Bulletin on July 1, 2016. The first possible effective date will be August 8, 2016.
2. A telecommunications provider that has already received approval to increase rates may act on that approval. Alternatively, the provider may amend the tariff to reduce the business rate; the Commission hereby presumptively approves such filings. The provider may also amend the tariff to specify the various charges that sum to an approved rate; the Commission will expedite its treatment of such filings. Any provider that files an amended tariff should request an effective date, which may be retroactive to June 1, 2016.
3. When effective, R746-360-6 will allow a telecommunications provider to file a petition to deviate from the affordable base rate in either of two ways. As one option, the provider may bring evidence on which the Commission might consider customizing the affordable base rate for a specific geographic area. Alternately, the provider may impute income up to the affordable base rate in calculating the UUSF subsidy.
4. If a petition for a customized affordable base rate is granted, the Commission will expect the affected telecommunications provider to charge that rate, and will calculate the UUSF subsidy without imputing additional income.
5. If a petition for a customized affordable base rate is denied, the telecommunications provider will still be permitted to impute income in calculating the UUSF subsidy. A

provider will not be required to petition for a customized affordable base rate before requesting an imputation of income.

6. Any petition to deviate from the affordable base rate will be subject to settlement.

Should a telecommunications provider and the Division of Public Utilities agree that a petition to deviate is just, reasonable, and in the public interest, the Commission will review a settlement agreement according to its customary practice.

7. In accordance with basic due process principles, any petition to deviate will be fully resolved before a change is made to the telecommunications provider's UUSF subsidy.

ORDER SETTING UTAH AFFORDABLE BASE RATE

The Commission orders telecommunications providers that receive subsidization from the Utah Universal Service Fund to charge the following base rates:

1. \$18 per residential line.
2. \$26 per business line.

A provider that wishes to include mandatory extended area service fees, state subscriber line fees, and/or universal service charges in the base rates shall itemize in its tariff the various fees and charges that sum to the affordable base rates.

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DATED at Salt Lake City, Utah, June 7, 2016.

/s/ Thad LeVar, Chair

/s/ David R. Clark, Commissioner

/s/ Jordan A. White, Commissioner

Attest:

/s/ Gary L. Widerburg  
Commission Secretary  
DW#277199

EXHIBIT A

**R746. Public Service Commission, Administration.**

**R746-360. Universal Public Telecommunications Service Support Fund.**

**R746-360-6. Eligibility for Fund Distributions.**

A. Qualification --

1. To qualify to receive USF support funds, a telecommunications corporation shall be designated an "eligible telecommunications carrier," pursuant to 47 U.S.C. Section 214(e), and shall be in compliance with Commission orders and rules. Each telecommunications corporation receiving support shall use that support only to provide basic telecommunications service and any other services or purposes approved by the Commission.

2. Additional qualification criteria for Incumbent telephone corporations - In addition to the qualification criteria of R746-360-6A.1.,

a. Non-rate-of-return Incumbent telephone corporations, except Incumbent telephone corporations subject to pricing flexibility pursuant to 54-8b-2.3 shall make Commission approved, aggregate rate reductions for public telecommunications services, provided in the State of Utah, equal to each incremental increase in USF distribution amounts received after December 1, 1999.

b. Rate-of-return Incumbent telephone corporations shall complete a Commission review of their revenue requirement and public telecommunications services' rate structure prior to any change in their USF distribution which differs from a prior USF distribution, beginning with the USF distribution for December, 1999.

B. Rate Floor.

1. Unless a petition brought pursuant to Subsection (B)(2) is granted after adjudication, to be eligible for USF subsidization, a telecommunications corporation shall charge, at a minimum, the following Affordable Base Rates for basic telecommunications service:

a. As of July 1, 2016:

- i. \$18 per residential line; and
- ii. ~~[\$27.50]~~26.00 per business line.

b. As of July 1, 2017:

- i. \$20 per residential line; and
- ii. ~~[\$29.50]~~26.00 per business line.

2.a. A telecommunications corporation may petition the Commission to deviate from the Affordable Base Rates set forth in this Subsection (B)(1).

b. A telecommunications corporation that files a petition under this Subsection (B)(2)(a) ~~[has the burden to]~~shall:

i. demonstrate that the Affordable Base Rate is not reasonable in the particular geographic area served; or

ii. impute income up to the Affordable Base Rate in calculating the telecommunications corporation's state USF subsidization.

C. Lifeline Requirement -- A telecommunications corporation may qualify to receive distributions from the fund only if it offers Lifeline service on terms and conditions prescribed by the Commission.

D. Exclusion of Resale Providers -- Only facilities-based providers, will be eligible to receive support from the fund. Where service is provided through one telecommunications corporation's resale of another telecommunications corporation's service, support may be received by the latter only.

**KEY: public utilities, telecommunications, universal service fund, affordable base rate**

**Date of Enactment or Last Substantive Amendment: 2016**

**Notice of Continuation: November 13, 2013**

**Authorizing, and Implemented or Interpreted Law: 54-3-1; 54-4-1; 54-8b-15(8)  
1; 54-4-1; 54-8b-15(8)**

CERTIFICATE OF SERVICE

I CERTIFY that on June 7, 2016, a true and correct copy of the foregoing was served upon the following as indicated below:

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