



Public Service Commission

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April 14, 2016

Senator David P. Hinkins
Representative Ken Ivory
Members of the Public Utilities, Energy, and Technology Interim Committee

Re: Utah Universal Service Fund Surcharge (“UUSF”)

Senators and Representatives,

Last year your committee explored issues related to the UUSF, a program under which the Public Service Commission (“PSC”) distributes funds from a surcharge paid by Utah telephone customers to subsidize basic telephone service in rural Utah. The PSC made a commitment to keep your committee informed on developments with respect to that fund.

The current UUSF surcharge is 1% of billed intrastate retail telephone rates, set in administrative rule. In recent months revenue from that surcharge has significantly declined. We estimate that to maintain current UUSF rural telephone subsidies, by October 1, 2016 the surcharge should be increased to 1.65% or changed to a flat monthly per-line/account surcharge of \$0.32. On April 13, 2016, we issued to our telecommunications stakeholders a request for comments seeking greater understanding of the reasons for the declining revenue and inviting comments on the options to maintain UUSF funding. We intend to review those comments and decide whether to file an administrative rule change to the UUSF surcharge that could be effective by October 1, 2016.

If your committee is interested in exploring legislative options or taking a further look at this issue during the 2016 interim, I would be happy to provide information or participate in any way your committee finds helpful. Feel free to contact me at tleva@utah.gov or at (801) 530-6929.

Sincerely,

Thad LeVar, Chair
Public Service Commission of Utah