

NOTICE OF
PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301 and Subsection 53C-1-201(3)(c).
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Office of Administrative Rules.

Agency Information

1. Agency: Public Service Commission - Administration
 Room no.:
 Building: HEBER M WELLS BLDG
 Street address 1: 160 E 300 S
 Street address 2:
 City, state, zip: SALT LAKE CITY UT 84111-2316
 Mailing address 1: PO BOX 45585
 Mailing address 2:
 City, state, zip: SALT LAKE CITY UT 84111-5585

Contact person(s):

Name:	Phone:	Fax:	E-mail:
Sheri Bintz	801-530-6714	801-530-6796	sbintz@utah.gov
Jennie Jonsson	801-530-6763		jjonsson@utah.gov

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Information

DAR file no: 40723 Date filed: 08/31/2016 08:19 AM
 State Admin Rule Filing Key: 157853
 Utah Admin. Code ref. (R no.): R 746 - 360 - 6
 Changed to Admin. Code ref. (R no.): - -

Title

2. Title of rule or section (catchline):
 Universal Public Telecommunications Service Support Fund - Eligibility for Fund Distributions

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change:

On August 30, 2016, the Public Service Commission of Utah (Commission) held a technical conference to determine whether business customers of rural telecommunications providers should be required to pay more for a landline than are residential customers. Seeing no data to support a price difference, the Commission determined to repeal the base rate that affected providers have been required to charge their business customers.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No

Rule Summary

6. Summary of the rule or change:

The business affordable base rate of \$26 is repealed. The affordable base rate for all landline connections is \$18.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: Yes

This rule change will allow rural telecommunications providers that receive support from the Utah Universal Service Fund (UUSF) to charge business customers up to \$8 less per line monthly than they have historically been required to charge. These providers will therefore see a decline in revenues, which might qualify them for additional UUSF support. The Commission roughly estimates that the upward pressure on the UUSF could be as high as \$1.92 million annually. However, the dollar amount cannot be determined with specificity until the circumstances of each provider are reviewed. The Commission will rely on the Division of Public Utilities to conduct that review and recommend the changes, if any, that should be made to each provider's UUSF disbursement. Any such recommendation will be subject to adjudication before the Commission. Alternatively, a provider may petition the Commission for an adjustment to its UUSF disbursement. In either case, the reasonable costs incurred by the provider in obtaining an adjustment may be reimbursed from the UUSF. Although the reimbursable costs will vary and, therefore, cannot be estimated, they represent additional pressure on the UUSF.

B) Local government:

Affected: No

Local governments are not required to comply with or enforce the rules governing administration of the UUSF. No fiscal impact to local government is anticipated.

C) Small businesses:

Affected: Yes

("small business" means a business employing fewer than 50 persons)

A small business that is served by a UUSF-supported telecommunications provider might see its monthly bill for landline telephone service reduced by as much as \$8 per month. UUSF-supported telecommunications providers will see decreased monthly revenues as a result. The total dollar amount of decreased revenues will vary, depending on the rate the provider has been charging and the number of business customers served. Therefore, the dollar amount of decreased revenues cannot be estimated. In order to recover the lost revenues, an affected provider will need to participate in an administrative proceeding to adjust its UUSF disbursement. The costs of participation will vary, depending on whether there are contested issues. Therefore, such costs cannot be estimated. However, to the extent the costs are found to be reasonable, they are eligible for reimbursement from the UUSF.

D) Persons other than small businesses, businesses, or local government entities:

Affected: Yes

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

This rule change is anticipated to increase pressure on the UUSF, which is funded through a surcharge that telecommunications customers pay. As of October 1, 2016, the surcharge is 1.65% of billed intrastate retail rates. If additional funding is needed to replace lost revenue resulting from the repeal of the business rate, it is possible that the surcharge will have to be increased. Such increase will affect telecommunications customers in Utah. As an example, a customer who currently is billed \$100 each month for intrastate service also pays \$1.65 into the UUSF. If the surcharge were increased to 2% of intrastate retail rates, that customer would pay an additional 35 cents per month into the UUSF.

Compliance Cost Information

8. Compliance costs for affected persons:

UUSF-supported telecommunications providers are permitted, but not required, to reduce the rates they charge business customers. If they choose to reduce their rates, they might also be entitled to receive additional UUSF support. The costs of establishing the appropriate support level are likely to be reimbursed. Therefore, it is not anticipated that affected telecommunications providers will see a fiscal impact due to compliance costs.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

As explained in the rule analysis, a business that purchases landline service from a UUSF-supported telecommunications provider might see its monthly bill go down by as much as \$8. UUSF-supported telecommunications providers that choose to reduce their business rates will have reduced revenues, which may be recovered from the UUSF.

B) Name and title of department head commenting on the fiscal impacts:

Thad LeVar, Public Service Commission Chair

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

54-4-1

54-3-1

54-8b-14(8)

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by reference (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page):
Publisher:
Date Issued:
Issue, or version:
ISBN Number:
ISSN Number:
Cost of Incorporated Reference:
Adds, updates, removes:

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

10/17/2016

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy):

10/24/2016

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Office of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):

public utilities
telecommunications
affordable base rate
universal service fund

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title:

Jennie Jonsson
Administrative Law Judge

Date (mm/dd/yyyy): 08/30/2016