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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE REQUEST FOR AGENCY ACTION FOR CREATION OF A TELECOM WORKING GROUP TO ADDRESS POSSIBLE STREAMLINED PROCEDURES FOR APPROVING CHANGES MANDATED BY THE FCC	UTAH RURAL TELECOM ASSOCIATION'S REQUEST FOR CLARIFICATION OF PSC ORDER AND NOTICE OF SCHEDULING CONFERENCE DATED JULY 11, 2012 DOCKET NO. 12-999-05
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The Utah Rural Telecom Association (“URTA”), on behalf of itself and URTA members, All West Communications, Inc., Bear Lake Communications, Carbon/Emery Telcom, Inc., Central Utah Telephone, Inc., Direct Communications Cedar Valley, Emery Telcom, Inc., Gunnison Telephone, Hanksville Telcom, Inc., Manti Telephone Company, Skyline Telecom, South Central Utah Telephone Association, Inc., UBTA-UBET Communications, Inc., and Union Telephone (“URTA members”) subject to its Request for Clarification filed July 11, 2012, hereby files its initial comments in this matter.

INITIAL COMMENTS

The FCC Transformation Order fundamentally alters federal universal service fund support calculations and revenue streams associated with intercarrier compensation. Some actions by the Commission are necessary in order to ensure a smooth transition to the new rules:

1. The Commission's Annual Section 254(e) certification process is significantly altered and attention should be devoted to this process in order to meet the October 2012 requirement.

- a. Section VIII – Accountability and Oversight has its fundamental goal of streamlining the reporting and oversight of federal support and adopts a uniform process for all ETCs.
- b. Paragraph 607 of the Transformation Order begins a discussion of certification duties the state commissions have in certifying that support is used in the manner intended.
- c. The Commission should devote considerable time on these duties to ensure the Utah process is streamlined and efficient.

2. The loss of federal universal service support and intercarrier compensation revenues results in the need for the Commission to provide additional state universal support when federal support declines. URTA suggests a substantially streamlined process be applied in these instances:

- a. Eligibility. A carrier would be eligible for additive state support if its most recent annual report shows that it is not in an overearning scenario.
- b. Calculation of Universal Service Support. The amount of additive state support shall equal the reduction in federal support resulting from the Transformation Order. All of the changes to the federal algorithms are included with the exception of the normal and customary change to the National Average Cost per

Loop used in calculating High Cost Loop Support. Changes to the NACPL should be isolated and set-aside for purposes of streamlined additive state support.

- c. Calculation of Intercarrier compensation Support. Federal changes to the interstate and intrastate intercarrier compensation will result in revenue losses for URTA members. Any eligible carrier in Utah shall be compensated for the revenue loss resulting from the FCC Transformation Order, as amended, using a streamlined method of calculating the loss of net intercarrier compensation revenue adjusted for any federal ARC or SLC increases assessed to end-user customers.

CONCLUSION

URTA reserves the right to file additional comments in the event that a Clarification Order is issued by the Commission pursuant to URTA's Request for Clarification. Additionally, URTA anticipates having additional comments as this docket proceeds.

Respectfully submitted this 11th day of July, 2012.

BLACKBURN & STOLL, LC

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing URTA's Initial Comments was provided by electronic mail on July 11, 2012 to the following parties believed to have an interest in the proceeding:

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