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State of Utah
Department of Commerce
Division of Public Utilities

FRANCINE GIANI
Executive Director

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Director, Division of Public Utilities

Recommendation

To: Utah Public Service Commission

From: Utah Division of Public Utilities

Chris Parker, Director

William Duncan, Manager

Casey J. Coleman, Utility Technical Consultant

Date: September 13, 2018

Re: **Utah Docket No. 18-999-12, In the Matter of State Certification of Rural Carriers' Compliance with 47 U.S.C. Section 254(e)**

CC Docket No. 96-45, In the Matter of Federal-State Joint Board on Universal Service

Annual State Certification Pursuant to 47 C.F.R. §54.314

Recommendation (Approval)

Consistent with the Division of Public Utilities' (Division's) prior year recommendation, the Division recommends the Commission support Utah's rural incumbent local exchange carriers' (companies) requests for certification of eligibility to receive federal high-cost support by submitting a timely certification letter to the FCC and USAC stating all federal high-cost support provided to such carriers within Utah was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Exceptions to this certification are CenturyTel of Eagle, Inc. (CenturyTel), a subsidiary of CenturyLink, Inc., Farmers Telephone Company (Farmers), and Albion Telephone Company (Albion) as described below.

Issue

Pursuant to 47 C.F.R. Paragraph 54.314, the Public Service Commission (Commission) is required to certify that all rural carriers within its jurisdiction will use federal USF “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended,” as required by 47 U.S.C. 254(e). This certification may be in the form of a letter to the FCC regarding the carriers’ compliance and is due to the Federal Communications Commission (FCC) and Universal Service Administrative Company (USAC) by October 1, 2018 clearly referencing **WC Docket No. 10-90**. The appropriate addresses are provided below:

Marlene H. Dortch
Office of the Secretary
Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Karen Majcher
Vice President, High Cost and Low Income Federal
Division
Universal Service Administrative Company
2000 L Street, NW – Suite 200
Washington, DC 20036

Background

Exceptions to Certification:

CenturyTel provides local exchange service to approximately 6 to 8 Utah customers on the border of Colorado via facilities located in Colorado. Farmers provides local exchange service to approximately 8 Utah customers on the border of Colorado via facilities located in Colorado. Albion provides local exchange service to approximately 27 Utah customers on the border of Idaho via facilities located in Idaho. All ratemaking procedures for these companies have historically been deferred to the Colorado Public Utilities Commission or Idaho Public Utilities Commission accordingly.

Due to this Commission’s limited oversight, the Division recommends the certification for CenturyTel, Farmers, and Albion defer to Colorado and Idaho consistent with the ratemaking process for these companies.

Certification:

As of August 30, 2018, the Commission has received an electronic copy from the USAC portal of the FCC Form 481 from each of the following companies:

Company Name (Exchange Carrier Study Area Code)

All West Communications, Inc. (502288)
Bear Lake Communications (503032)
Beehive Telephone Company, Inc. (502284)
Carbon/Emery Telecom, Inc. (502278)
Central Utah Telephone (502277)
Citizens Telecommunications Company of Utah (504429)
Direct Communications Cedar Valley, LLC (500758)
Emery Telecom (502278)
Gunnison Telephone Company (502279)
Hanksville Telcom, Inc (502278)
Manti Telephone Company (502282)
Navajo Communications Company, Inc. (504449)
Qwest Corporation dba CenturyLinkQC (505107)
Skyline Telecom (502283)
South Central Utah Telephone Association (502286)
UBTA-UBET Communications, Inc. (502287)
Union Telephone Company, Inc. (512297 – Utah segment only)

In conducting this investigation, the Division has reviewed the information contained in the Form 481 and each of the companies' Annual Reports to the Commission. The Division has relied on desk audits and annual reports for a more rigorous review of data.

In reviewing the Form 481, emphasis was placed on compliance to the following three requirements:

1. Broadband Services Rate Comparability (Line 1030)

Pursuant to 47 C.F.R. § 54.313(a)(3) the companies outlined in the report that the rates charged for Broadband services are no higher than the most recent applicable benchmark announced by the Wireline Competition Bureau.

2. Voice Services Rate Comparability (Line 1010)

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) companies must indicate its services meet the requirement to

provide voice services at rates no more than two standard deviations above the national average urban rate for voice service.

3. Functionality in Emergency Situations (Line 610)

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) companies must indicate it meets the requirements to remain functional in emergency situations.

The Division has also completed desk audits of the Companies' annual reports submitted to the Commission and financial information submitted within the Form 481

Conclusion

The Commission should support Utah's incumbent local exchange carriers' requests for certification of eligibility to receive federal high-cost support by submitting a timely certification letter to the FCC and USAC.

Cc: Jenny Prescott, Vice President of Support Services, All West Communications, Inc.
I. Branch Cox, CEO, Bear Lake Communications/Central Utah Telephone/Skyline Telecom
CEO, Beehive Telephone Company, Inc.
Carl E. Erhart, Manager, Government and External Affairs, Citizens and Navajo Communications
Kip Wilson, General Manager, Direct Communications Cedar Valley, LLC
Brock Johansen, CEO, Emery Telecom/Carbon-Emery Telecom, Inc. /Hanksville Telecom
Natalie Gleave, Gunnison Telephone
Dallas Cox, General Manager, Manti Telephone Company
James Farr, Director, Regulatory Affairs, Qwest Corporation dba CenturyLinkQC
Michael R. East, CEO/General Manager, South Central Utah Telephone Association
Bruce H. Todd, CEO/General Manager, UBTA-UBET Communications, Inc.
James H. Woody, Executive VP/Dir of R&D, Union Telephone Company, Inc.