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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE APPLICATION FOR INCREASE IN USF ELIGIBILITY FOR UINTAH BASIN
TELECOMMUNICATIONS ASSOCIATION, INC., AND UBET TELECOM, INC.

APPLICATION FOR INCREASE IN USF ELIGIBILITY

DOCKET NO. 05-053-____

Uintah Basin Telecommunications Association, Inc. (“UBTA”), and UBET Telecom, Inc. (“UBET Telecom”) (collectively, the “Applicants”), hereby file this Application for Increase in USF Eligibility with the Public Service Commission of Utah (the “Commission”) and represent the following:

1. The Commission is vested with jurisdiction over this matter by Utah Code Annotated §§ 54-4-1 and 54-8b-15 and R746-360 of the Commission’s Rules of Practice and Procedure.

2. The Applicants are Utah corporation qualified to transact business and operate as a local exchange carriers providing telecommunications services within the State of Utah under authority issued by the Commission. The Applicants are “eligible telecommunications carriers” pursuant to R746-360-6.A.1. of the Commission’s Rules of Practice and Procedure and 47 U.S.C. §214(e). For purposes of 54-8b-15 and R746-360 of the Commission’s Rules of Practice and Procedure, Applicants are rate-of-return regulated telecommunications carriers.

3. The Commission has previously approved the merger, consolidation and combination of UBTA and UBET Telecom. While the merger, consolidation and combination of the Applicants has been approved by the Commission, it has not be implemented pending final approvals of the Applicants’ lenders. It is anticipated that the

merger, consolidation and combination of the Applicants will be completed on or before July 1, 2005. Accordingly, for purposes of this Application, the eligibility of the Applicants will be determined on a consolidated basis.

4. Neither Applicant proposes to effect any rate increase or rate change.

5. Utah Code Annotated § 54-8b-15 and R746-360 of the Commission's Rules of Practice and Procedure governs the methods, practices and procedures by which funds are collected for, and disbursed from, the Universal Service Fund to qualifying telecommunications corporations so that they will provide basic telecommunications services at just, reasonable and affordable rates.

6. This Application is accompanied by the necessary information and schedules in accordance with Utah Code Annotated § 54-8b-15 and R746-360 of the Commission's Rules of Practice and Procedure to support a determination by the Commission that Applicant are eligible for the proposed increase in USF.

7. Calendar year 2004 constitutes a reasonable test year for the purpose of determining the appropriate amount of support from Utah's USF for which Applicant are eligible.

8. The rates for both Applicants are at the Affordable Based Rate of \$13.50 for residential and \$23.00 for business established by the Commission pursuant to Utah Code Anno. § 54-8b-15 and R746-360-2.A. of the Commission's Rules of Practice and Procedure.

10. Applicants' revenue requirement calculation includes known and measurable and future projection test year adjustments consistent with Utah Code Annotated §54-4-4(3).

11. Attached are Exhibit 1, Intrastate Revenue Requirement Calculation, Exhibit 1.1, Notes to Revenue Requirement Calculation, Exhibit 2, Summary of Intrastate Revenue Sources, Exhibit 3, Total Company Revenue Requirement, Exhibit 3.1, Notes to Revenue Requirement, Exhibit 4, Total Company Summary of Revenue Sources, showing the revenue requirement and development thereof for Applicants.

12. The Exhibits described in paragraph 11 above include a Plant Acquisition and Amortization Adjustment related to the purchase of the Vernal, Duchesne and Roosevelt exchanges in April 2001 as described in Exhibit 1.1, Note (e) (the "Plant Acquisition and Amortization Adjustment"). Applicants submit that, under the circumstances, they

are entitled to the Plant Acquisition and Amortization Adjustment.

13. Applicants' intrastate test year revenues fall short of intrastate revenue requirement, producing a revenue requirement deficiency of \$7,238,847. See Exhibit 1.

12. The basic local residential and business rates of \$13.50 and \$23.00 respectively are at the Affordable Base Rate (see paragraph 8 above) and are consistent with those being charged by, or that will be proposed for, other rural incumbent local exchange carriers in Utah. The Applicants provide services to customers only in areas considered rural in Utah.

13. The Applicants currently received a total of \$81,153 per year in State USF distributions.

14. Based on Applicants' 2004 test year revenue requirement and sources of revenue as detailed in the attached exhibits, an annual intrastate USF distribution of \$7,320,000 with the Plant Acquisition and Amortization Adjustment, for Applicants to recover their costs of service and a reasonable return on the value of their property devoted to public use. This results in an increase in USF eligibility of \$7,238,847. See Exhibit 2 attached hereto.

15. This Application for USF Eligibility is accompanied by the necessary information and schedules to support the approval by the Commission of an annual USF distribution described above for which the Applicants are eligible.

16. Applicants request that the Commission, in accordance with Utah Code Annotated §§ 54-8b-15 and R746-306 of the Commission's Rules of Practice and Procedure, approve an annual USF distribution of \$7,320,000.

WHEREFORE, Applicants respectfully submits this Application for Increase in USF Eligibility.

DATED this 27th day of April, 2005.

BLACKBURN & STOLL, L.C.

By _____
Stanley K. Stoll
Attorneys for Applicants

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Application for Increase in USF Eligibility, Docket No. 05-053-___ was sent to the following individuals by mailing a copy thereof via first-class mail, postage prepaid, this 27th day of April, 2005:

Michael Ginsberg
Assistant Attorney General
Division of Public Utilities

Paul Proctor
Assistant Attorney General
Committee of Consumer Services

Stanley K. Stoll