

Stanley K. Stoll (A3960)
Kira M. Slawson (7081)
BLACKBURN & STOLL, L.C.
Attorneys for Manti Telephone Company
257 East 200 South, Suite 800
Salt Lake City, Utah 84111
Telephone: (801) 521-7900

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE INCREASE OF RATES AND
CHARGES AND INCREASE IN USF ELIGIBILITY FOR
MANTI TELEPHONE COMPANY

AMENDED APPLICATION FOR RATE INCREASE
AND INCREASE IN USF ELIGIBILITY

DOCKET NO. 08-046-01

Manti Telephone Company ("Manti Telephone") hereby files this Amended Application of Rate Increase and USF Eligibility with the Public Service Commission of Utah (the "Commission") pursuant to Utah Code Ann. §§54-7-12(7), 54-8b-11, 54-8b-15, and R746-360.

BACKGROUND

On April 25, 2008 Manti filed a request for rate relief and for an increase in its USF eligibility. Manti proposed that its revenue requirement and USF distribution be based on a 2007 test year with certain known and measurable changes. The Division submitted multiple data requests to Manti and conducted several on site audits of Manti. As a result of the audit, the Division and Manti entered into a Stipulation, dated

December 8, 2008 (the "Stipulation") whereby, among other things, Manti would receive an interim annual USF distribution in the amount of \$[confidential] pending the resolution of the rate case (the "Interim Distribution") in addition to the then current USF distribution of \$[confidential] (the "Original Distribution"), and Manti and the Division would determine Manti's rate base, for the year ending December 2008. Subsequently, the Division and Manti agreed on a stipulated rate base for year end 2008, and further agreed that they would use such rate base to determine Manti's revenue requirement based on a 2009 test year period.

AMENDED APPLICATION

As a result of the stipulated rate base calculation and test year of 2009, Manti hereby amends its initial Application for Rate Increase and Increase in USF Distribution, and represents as follows:

1. The Commission is vested with jurisdiction over this matter by Utah Code Ann. §§ 54-4-1 and 54-7-12 with respect to Manti Telephone's Application for Rate Increase and Utah Code Ann. § 54-8b-15 and R746-360 of the Commission's Rules of Practice and Procedure with respect to Manti Telephone's Application for USF Eligibility.
2. Manti Telephone is a Utah corporation qualified to transact business and operate as a local exchange carrier providing telecommunications services within the State of Utah under authority issued to Manti Telephone by the Commission.

3. This Application is accompanied by the necessary information and schedules in accordance with Utah Code Ann. §54-7-12 to support a determination by the Commission that the proposed rate increase is just and reasonable.

4. This Application is accompanied by the necessary information and scheduled in accordance with Utah Code Ann. § 54-8b-15 and R746-360 of the Commission's Rules of Practice and Procedure to support Manti Telephone's Application for USF Eligibility.

5. Calendar year 2009 constitutes a reasonable test year pursuant to Utah Code Ann. §54-4-4(3) for the purpose of setting rates and determining the appropriate amount of support from Utah's USF. Manti Telephone's revenue requirement calculation includes known and measurable test year adjustments consistent with Utah Code Ann. §54-4-4(3).

6. Manti Telephone's Application is supported by the following attached exhibit and schedule:

CONFIDENTIAL -- SUBJECT TO COMMISSION RULE 746-100-16 AND PROTECTIVE

ORDER IN DOCKET NO.08-046-01.

Exhibit 1, State Revenue Requirement Calculation and Notes to Exhibit 1.

7. Manti Telephone's present tariff charges and State USF do not provide sufficient revenues to cover Manti Telephone's 2009 test year costs, including capital costs and depreciation expense. At January 1, 2010, Manti Telephone's current rate structure and State USF distributions (including the Interim Distribution and the Original Distribution) resulted in an annual revenue requirement deficiency of \$[confidential] against

Manti Telephone's 2009 test year costs when considering plant construction, known and measurable additions thereto, and including a rate of return [confidential]%.

8. Manti Telephone's current rate for basic residential service (R-1) is \$13.50 per month and for basic business service (B-1) is \$23.00 per month. Manti Telephone proposes to increase its R-1 and B-1 rates to \$16.50 and \$26.00, respectively, to cover a portion of the revenue requirement shortfall. The increase in the R-1 and B-1 rates will result in an additional \$[confidential] in revenue.

9. Manti further proposes to include in the R-1 and B-1 rates, vertical calling features such as caller ID, voice mail and other custom calling features which have become the norm in the telecommunications industry and are generally offered as part of any basic telecommunications plan offered by competitive services providers such as VoIP and cellular/mobile carriers. The revenue shortfall attributable to the elimination of the rates for vertical calling features will be \$[confidential] (see, Exhibit 1, Note c).

10. The current EAS rate charged to Manti Telephone's subscribers is \$4.16 per month for Sanpete County-wide EAS pursuant to the Commission's Order in Docket No. 05-046-01, issued September 19, 2006. Manti Telephone proposes that the current EAS between Ephraim and Manti be restructured so that all calls within and between the Ephraim and Manti exchanges would be local calls. The treatment of such calls as local calls is facilitated by the fact that the Manti switch acts as a host switch for the Ephraim exchange. As such, facilities now designated as EAS circuits will be reclassified as local circuits without any change in functionality. As a result of the elimination of the Manti/Ephraim portion of the Sanpete County

EAS, Manti Telephone proposes to reduce the EAS charge by the \$[confidential] per month previously established for that route. The Sanpete County EAS charge would then be \$[confidential] per month for Manti Telephone's subscribers. The revenue shortfall due to the elimination of the charges attributable to the Manti-Ephraim portion of the Sanpete County EAS will be \$[confidential] (see, Exhibit 1, Note c).

11. Following the implementation of the Sanpete County EAS in 2006, the zone charge of \$2.00 per month for subscribers in the Sterling Exchange to call to the Manti exchange without a toll charge was maintained in spite of the fact that EAS charge was intended to include all county-wide calls. As a result, Manti Telephone further proposes that the zone charge for the Sterling Exchange now be eliminated. The revenue shortfall attributable to the elimination of the zone charge for the Sterling Exchange will be \$[confidential] (see, Exhibit 1, Note c).

12. Additionally, Manti Telephone's access rates and special access rates have not been re-balanced since, at least, the 1980s. As a result, Manti Telephone's current access rates and special access rates are not consistent with the other ILECs in the State of Utah and are not competitive within the telecommunications industry generally. Accordingly, Manti Telephone proposes to re-balance its access rates and special access rates. The resulting re-balancing of access rates results in a reduction in revenue of \$[confidential]. The resulting re-balancing of special access rates results in a reduction in revenue of \$[confidential] (see, Exhibit 1, Note c).

13. The revenue shortfall described above and in Exhibit 1 attached hereto will be made up by (a) the increase in R-1 and B-1 service revenues in the amount of \$[confidential] and (b) a total State USF distribution in the annual amount of \$[confidential] in addition to the Original Distribution and the Interim Distribution (which would no longer be interim nor subject to the terms and conditions of the Stipulation). The rate changes and increased distributions from the USF are essential to permit Manti Telephone to provide telecommunications services comparable to those offered by competitors at just and reasonable rates, and to recover its costs of service and a reasonable return on the value of its property devoted to public use.

14. The following rate increases are necessary, fair and reasonable:

(a) R-1 rates increased by \$3.00, from \$13.50 to \$16.50 per month for residential customers in the Manti Telephone exchanges.

(b) B-1 rates increased by \$3.00, from \$23.00 to \$26.00 per month for business customers of the Manti Telephone exchanges.

State switched and special access rates will be increased or decreased to correspond to the revenue reductions reflected in Exhibit 1, Note (c) and will be filed with the Commission subsequent to the filing of this Amended Application.

15. The increase in basic local residence and business rates to \$16.50 and \$26.00 respectively is consistent with the Commission's previously established Base Affordable Rates for non-cooperative local exchange providers pursuant to Utah Code Ann. § 54-8b-15 and R746-360 of the Commission's Rules of

Practice and Procedure and are consistent with those being charged by other rural incumbent local exchange carriers in Utah. Manti Telephone services customers only in areas considered rural in Utah.

16. The rate changes will increase local revenues annually by \$[confidential] and decrease intrastate access revenues by \$[confidential] and special access revenues by \$[confidential] (see Exhibit 1, Note c).

17. Based on Manti Telephone's 2009 Test Year and taking into consideration the implementation of the rate increases and decreases identified above and the Original and Interim Distributions, an additional annual State USF distribution of \$[confidential] is required for Manti Telephone to recover its cost of service and a reasonable return on the value of its property devoted to public use.

18. This will be Manti Telephone's first rate increase since July 2003. The proposed increase in rates is necessitated by increased costs in the telephone industry generally, regulatory requirements and improvements in telephone plant.

19. This Application for USF Eligibility is accompanied by the necessary information and schedules to support the approval by the Commission of an annual State USF distribution of \$[confidential] in addition to the Original Distribution and the Interim Distribution.

21. Manti Telephone requests that the Commission, in accordance with Utah Code Ann. § 54-7-12 approve the rate increases described in this Application and the supporting documentation.

22. Manti Telephone further requests that the Commission, in accordance with Utah Code Ann. § 54-8b-15 and R746-306 of the Commission's Rules of Practice and Procedure, approve an annual State USF distribution of \$[confidential] in addition to the Original Distribution and the Interim Distribution, to Manti Telephone and, in connection therewith, declare the amount of the Interim Distribution to be no longer subject to the terms and conditions of the Stipulation

WHEREFORE, Manti Company respectfully submits this Amended Application for Proposed Rate Increase and USF Eligibility.

DATED this 9th day of August, 2010.

BLACKBURN & STOLL, L.C.

By _____
Stanley K. Stoll
Kira M. Slawson
Attorneys for Manti Telephone Company

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the Application for Rate Increase, Docket No. 08-046-01 was sent to the following individuals by email, this 9th day of August, 2010:

Michael Ginsberg
Assistant Attorney General
Division of Public Utilities
mginsberg@utah.gov

William Duncan
Division of Public Utilities
wduncan@utah.gov

Paul Proctor
Assistant Attorney General
Committee of Consumer Services
pproctor@utah.gov

Eric Orton
Committee of Consumer Services
160 East 300 South
Salt Lake City, UT 84114
eorton@utah.gov

Kira M. Slawson