



State of Utah
Department of Commerce
Division of Public Utilities

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October 21, 2010

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Philip J. Powlick, Director
Bill Duncan, Manager, Telecommunications
Paul M. Anderson, Technical Consultant

Re: Utah Docket No. 10-042-T01, Emery Telephone tariff filing to increase monthly basic residential, business and PBX trunk rates by \$1.50 each and eliminate the extended area service fee of \$4.95.

ISSUE:

Emery Telephone is filing this docket to modify its tariff to eliminate its existing Extended Area Service (EAS) and increase its basic service and PBX trunk rates. The following rate changes will be made:

	<u>Old Rate</u>	<u>New Rate</u>
Basic Residential Service (R-1)	\$13.50	\$15.00
Basic Business Service (B-1)	\$23.00	\$24.50
PBX Trunk	\$28.45	\$29.95
EAS	\$ 4.95	\$ 0.00

RECOMMENDATION:

The Division has reviewed this modification of Emery's basic rates and elimination of extended area service in its service area. The consolidation of its four exchanges to one exchange provides an opportunity for local area service for the entire Emery County area, thus eliminating the EAS monthly charge of \$4.95. The elimination of EAS revenue necessitates the increase of basic rates and the PBX trunk rate to cover the costs of providing telecommunications services to Emery Co-op members and customers which also includes interest costs and a reasonable rate of return as determined by the board of directors.

Emery Telephone is a cooperative, and by statute (§54-7-12(7)), it can change its rates based on approval of its board of directors. The Cooperative's Board of Directors has approved this rate increase and it is noted that the basic rates do not exceed the Affordable Base Rate proposed by the Division. A public meeting has been scheduled for October 19, 2010 prior to the new rates taking effect.

This rate modification is not revenue neutral, with the average customer benefiting in the amount of \$3.45 a month. However, it will help balance a rate comparison between the Carbon/Emery and Emery Companies.

The Division, however, recommends that the Commission approve this modification in Emery Telephone's Exchange Tariff to go into effect November 1, 2010 waiving the 30 day notice period per R76-405-2(E)(3) in order to be concurrent with Emery's next billing cycle..

cc: Brock Johansen, CEO/General Manager, Emery Telephone
Patricia Schmid, Assistant Attorney General
Kira M. Slawson, Attorney, Blackburn & Stoll, LC
Rea Peterson, Manager, Customer Service, Utah Division of Public Utilities