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Division of Public Utilities

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February 21, 2012

**TO: PUBLIC SERVICE COMMISSION**

**FROM: DIVISION OF PUBLIC UTILITIES**

Chris Parker, Director  
Bill Duncan, Manager, Telecommunications and Water  
Paul M. Anderson, Utility Technical Consultant

**Re: Utah Docket No. 12-046-T01, TARIFF: Manti Telephone Company –**  
Manti Telephone Company submits for approval a revised Lifeline tariff to reflect the current trends in the industry.

**ISSUE:**

Currently there are approximately 342 Lifeline customers served by the Manti Telephone Company (Manti). In the last seven months 27 Lifeline customers have disconnected causing a yearly revenue loss of \$7,695. Manti believes that the loss of these customers has come from competition by wireless Eligible Telephone Carriers (ETCs) who are able to offer Lifeline service free to the customer after applying federal rate reduction discounts.

Manti's competitive response is to modify their Lifeline tariff by reducing the monthly rate to \$7.00 which includes EAS service and applying the same federal and state rate reduction discounts mentioned above. This would lower their monthly revenue per Lifeline customer by \$10.25. Implementing this tariff would cause the total yearly revenue to drop by \$42,066, which would be potentially made up by Utah USF funds. If the tariff is not modified, Manti faces a possible yearly revenue loss of \$97,470 if all Lifeline customers disconnect.

The Division has been working with Manti on this and has proposed a possible two option Lifeline tariff where (1) an unlimited service is provided at regular cost, or (2) a limited service is provided at a lower cost.

**RECOMMENDATION:**

In light of the impact this tariff change has on the Utah USF by Manti and possibly other rate-of-return companies in the future, and the concerns that the Office of Consumer Services may have about competitive issues, the Division recommends that the Commission schedule a technical conference to allow Manti an opportunity to present its rationale on how the proposed tariff would be implemented and how it is in the public interest.

CC: Paul Cox, General Manager, Manti Telephone Company  
Patricia E. Schmid, Assistant Attorney General, Utah Attorney General's Office  
Ray Hendershot, Vice President, GVNW  
Marialie Martinez, Manager, Customer Service, Utah Division of Public Utilities  
Eric Orton, Office of Consumer Services