

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Petition
of Beehive Telephone Co., Inc.,
for an Increase in Rates and Docket No. 14-051-01
Participation in the Universal
Telecommunications Service
Support Fund

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HEARING PROCEEDINGS  
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TAKEN AT: Public Service Commission
Hearing Room 451
160 East 300 South
Salt Lake City, Utah

DATE: Tuesday, November 25, 2014

TIME: 8:59 a.m.

REPORTED BY: Scott M. Knight, RPR

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A P P E A R A N C E S

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E X H I B I T S

Description

- Direct Testimony of Jacob Warner, November 19, 2014
- Direct Testimony of Raymond Hendershot, November 19, 2014

1 PROCEEDINGS

2 THE HEARING OFFICER: We're on the record.

3 Good morning, everyone. I'm Melanie Reif, the
4 administrative law judge for the Utah Public Service
5 Commission. And welcome. This morning is the hearing in
6 Docket 14-051-01. This matter is entitled The Matter of the
7 Petition of Beehive Telephone Company, Inc., for an Increase
8 in Rates and Participation in the Universal
9 Telecommunications Service Fund--Support Fund.

10 In particular, this hearing this morning is to
11 hear the portion of the application pertaining to the rate
12 increase with respect to the CAF rates that are set forth in
13 the Applicant's application. The other portion of the
14 hearing is yet to come, and hope to chat with the parties at
15 the end of this hearing, about possibly setting that for a
16 scheduling conference.

17 So let's start with taking appearances, please.

18 MR. IRVINE: David Irvine for Beehive Telephone.

19 THE HEARING OFFICER: And, Mr. Irvine, would you
20 also identify the witnesses you have with you today.

21 MR. IRVINE: Yes. With me are Mr. Jacob Warner,
22 who is president of Beehive; and Mr. Ray Hendershot, who is
23 Beehive's cost consultant.

24 THE HEARING OFFICER: Thank you.

25 MR. JETTER: And I am Justin Jetter representing

1 the Utah Division of Public Utilities. And with me at the
2 table is Shauna Benvegna-Springer, technical analyst for the
3 Division.

4 THE HEARING OFFICER: Thank you.

5 MR. OLSEN: I'm Rex Olsen on behalf of the Office
6 of Consumer Services. And with me is Cheryl Murray.

7 THE HEARING OFFICER: Thank you.

8 And welcome once again.

9 Also, to add to what I was saying at the
10 beginning, since we received a settlement stipulation, this
11 hearing will be to address that issue and to take testimony
12 from the parties with respect to their positions on that.
13 And for clarification, the Commission has received a copy of
14 the settlement stipulation. We received that on November
15 21st, 2014. And we received the certificate of service on
16 November 24th. Unless there's an objection, the Commission
17 will take administrative notice of this. And is there--is
18 there any objection to doing so?

19 I assume that means no, so . . .

20 Mr. Irvine, welcome again this morning. Nice to
21 see you. I'll let you go first with respect to the
22 settlement stipulation.

23 MR. IRVINE: Thank you, Judge. The Company has
24 filed revised direct testimony from Mr. Warner and Mr.
25 Hendershot, and I believe we probably should accept that for

1 purposes of the record before proceeding farther. I'm not
2 sure if you want them to take the witness stand or whether
3 we can address it from the counsel table, but they're here
4 and available to respond to questions from any of the other
5 parties or from you with respect to the revised direct
6 testimony that they have filed and the supporting exhibits
7 that were filed with the application.

8 THE HEARING OFFICER: Do the parties have a
9 particular concern about that issue?

10 MR. JETTER: Not from--I don't think we do.

11 MR. OLSEN: Nor do we, your Honor.

12 THE HEARING OFFICER: Okay. Mr. Irvine, I think
13 what the Commission would prefer to do is--we would--since
14 you have--Mr. Hendershot and Mr. Warner are both here, I
15 think the appropriate thing would be to put them under oath
16 and you can question them with respect to the testimony
17 that's been filed. And if you so wish at that point to move
18 to have it admitted into evidence . . .

19 MR. IRVINE: That would be fine.

20 THE HEARING OFFICER: Okay.

21 MR. IRVINE: Would you like them at the witness--

22 THE HEARING OFFICER: That would be fine.

23 MR. IRVINE: --stand?

24 THE HEARING OFFICER: Who would you like to call
25 first?

1 MR. IRVINE: Let's ask Mr. Warner to go first.

2 THE HEARING OFFICER: Okay. Mr. Warner, before
3 you have a seat, would you kindly raise your right hand, and
4 I'll put you under oath. And do you swear to tell the truth
5 during your testimony this morning?

6 MR. WARNER: Yes.

7 THE HEARING OFFICER: Thank you very much. Have a
8 seat. And could you please pull the microphone right up to
9 your--there you go.

10 JACOB JOHNSON WARNER,
11 being first duly sworn, was examined and testified as
12 follows:

13 DIRECT EXAMINATION

14 BY MR. IRVINE:

15 Q Mr. Warner, would you please identify yourself for
16 purposes of the record?

17 A My full name?

18 Q Sure.

19 A My full name is Jacob Johnson Warner. I'm
20 president of Beehive Telephone Company.

21 Q And do you have a copy with you this morning,
22 Mr. Warner, of the revised direct testimony that was filed
23 in your behalf on the 19th of November 2014?

24 A Yes, I do.

25 Q And for purposes of this hearing and under oath,

1 do you adopt the prefiled testimony as the testimony you
2 would give under oath in this proceeding today?

3 A Yes.

4 MR. IRVINE: I have no questions with respect to
5 that testimony and would make Mr. Warner available to the
6 parties or to the administrative law judge if there are
7 questions any of you have of him.

8 THE HEARING OFFICER: Questions, Mr. Jetter?

9 MR. JETTER: The Division has no questions for
10 Mr. Warner.

11 THE HEARING OFFICER: Mr. Olsen?

12 MR. OLSEN: We have no questions, your Honor.

13 THE HEARING OFFICER: Thank you.

14 MR. IRVINE: Then I would move, your Honor, the
15 admission of the direct testimony of Jacob Warner and its
16 accompanying Exhibits 1 through 3 into evidence for this
17 proceeding.

18 THE HEARING OFFICER: Mr. Irvine, just one moment,
19 please. I do have a couple of questions for your witness.

20 MR. IRVINE: Sure.

21 THE HEARING OFFICER: And then we'll go to your
22 request.

23 CROSS-EXAMINATION

24 BY THE HEARING OFFICER:

25 Q Good morning, Mr. Warner.

1 A Good morning.

2 Q Just for clarification, I do want to note that,
3 unless I'm missing something, the testimony that was filed
4 on November 24, which I believe you have a copy in front of
5 you, does not state that it's revised testimony. But
6 nevertheless, is that--is that your understanding, that it
7 is to revise earlier testimony filed in this case?

8 A Yes.

9 Q Okay. And do you recall--let me make this as easy
10 as I possibly can. There was testimony filed earlier and
11 it's the direct testimony of Jake Warner. Is that the
12 testimony that you're revising?

13 A Yes, that's correct.

14 Q Very good. Okay. And page 2 of your testimony,
15 at the very bottom, summarizing the application, could you,
16 for the record, explain in your own words what it is that
17 Beehive is seeking and the reason for doing so?

18 A Yes. We are seeking to increase our Rate 1 and--
19 our Residential 1 rate and Business 1 rates to the
20 Commission-approved base rates of 16.50 and \$26,
21 respectively. We are also decreasing our extended area
22 service rates where it's available. And the reason we are
23 doing this is to meet the federally-set floor of \$16 for
24 residential rates and, in addition to that, to meet the
25 \$16.50 rate set by the Commission.

1 Q Okay. It's my understanding that the application
2 is based on the federal floor rates for both residential and
3 business. Is that correct?

4 A The federal floor rate only applies to residential
5 rates.

6 Q Okay. And that rate is 16.50, correct?

7 A It's--well, it's currently \$16.

8 Q But you're asking it to go up to 16.50, correct?

9 A That's correct.

10 Q Okay. Okay. And with respect to the business
11 rate, that would go up to 26?

12 A Correct.

13 Q Okay. All right. Very good.

14 THE HEARING OFFICER: Mr. Irvine, do you have any
15 follow-up questions for your witness?

16 MR. IRVINE: I don't have follow-up question to
17 that, your Honor.

18 THE HEARING OFFICER: All right. Your motion is
19 still pending.

20 Is there any objection to the motion to take
21 Mr. Warner's testimony?

22 MR. JETTER: No objection from the Division.

23 MR. OLSEN: Your Honor, I guess I would just ask
24 one question, if I might.

25 THE HEARING OFFICER: Oh, I'm so sorry. I--I'm

1 sorry. I--

2 MR. OLSEN: No, no problem.

3 CROSS-EXAMINATION

4 BY MR. OLSEN:

5 Q Just for clarification of the record, the--could
6 you speak for the record about the Ticaboo rate in terms of
7 what this adjustment does?

8 A Yes. Currently, our Ticaboo rate is at 27.50,
9 which is above the affordable base rate for--that's been set
10 by the Commission for \$26 for business rates. That would
11 decrease in order for us to be eligible for USF.

12 Q And so all of the--that would make all of the
13 business rates equivalent, then--

14 A Yes.

15 Q --in effect--

16 A That's correct.

17 Q --as well?

18 Thank you.

19 RECROSS-EXAMINATION

20 BY THE HEARING OFFICER:

21 Q Mr. Warner, I actually want to circle back here
22 just for a second. At the very bottom of page 2 of your
23 testimony, you refer to the USF request that's pending
24 before the Commission. I do want to make clear, and I want
25 to make sure it's clear from your perspective as well, that

1 this hearing today does not pertain to that part of the
2 application. Is that--is that clear to you?

3 A Yes, it is.

4 Q Okay. That's great. Thank you very much, sir.

5 THE HEARING OFFICER: And I don't have any further
6 questions. Mr. Irvine, do you?

7 MR. IRVINE: If there are no further questions of
8 Mr. Warner, we ask that he be excused to take his seat, and
9 we'll ask Mr. Ray Hendershot to take the stand.

10 THE HEARING OFFICER: Thank you, Mr. Warner. You
11 are indeed excused. And the Commission will accept the
12 revised testimony of Mr. Jacob Warner dated November 24,
13 2014. Thank you.

14 Mr. Hendershot, welcome this morning. Please have
15 a seat. And before you do that, I'll swear you in.

16 Do you swear that your testimony this morning will
17 be the truth?

18 MR. HENDERSHOT: Yes.

19 THE HEARING OFFICER: Thank you, sir. Have a
20 seat.

21 RAY HENDERSHOT,
22 being first duly sworn, was examined and testified as
23 follows:

24 DIRECT EXAMINATION

25 BY MR. IRVINE:

1 Q Mr. Hendershot, would you please identify yourself
2 and your position for the Company with respect to this
3 hearing today?

4 A Ray Hendershot. And I'm a cost consultant with
5 Beehive Telephone Company.

6 Q And, Mr. Hendershot, you filed direct testimony
7 with five exhibits in this matter. And we filed revised
8 testimony and three revised exhibits with respect to those
9 revisions to your direct testimony. And I believe you have
10 those in front of you. And I'll ask if you accept that
11 revised testimony as your own for purposes of this hearing
12 today with its accompanying exhibits.

13 A I do.

14 Q Thank you.

15 MR. IRVINE: Your Honor, Mr. Hendershot is
16 available for cross-examination, questions from either you
17 or the other parties.

18 THE HEARING OFFICER: Thank you. We'll start with
19 the parties.

20 Mr. Jetter?

21 MR. JETTER: The Division has no questions for
22 Mr. Hendershot.

23 THE HEARING OFFICER: Thank you.

24 Mr. Olsen?

25 MR. OLSEN: The Office has no questions, your

1 Honor.

2 THE HEARING OFFICER: Thank you.

3 CROSS-EXAMINATION

4 BY THE HEARING OFFICER:

5 Q Mr. Hendershot, just to clarify, the testimony
6 that the Commission received on November 24th, 2014, is
7 entitled "Direct Testimony of Ray Hendershot." Is it your
8 understanding that this testimony revises earlier testimony
9 received in the same docket, which is also entitled "Direct
10 Testimony of Ray"--"Raymond Hendershot"?

11 A Yes. And I apologize for not putting the word
12 "Revised" on there.

13 Q No need. Just wanted to make sure we have the
14 record straight. Thank you, sir.

15 And are you--are you clear, sir, that this part of
16 the hearing is to address the CAF issues and the rate
17 increase portion of the hearing, it's not to address the
18 USF--

19 A Correct. Yes.

20 Q --portion?

21 And to follow up regarding that issue, are--are
22 you also under the understanding that whatever increase, if
23 an increase is indeed authorized as a result of this
24 hearing--that that increase will be an interim increase and
25 will be further examined and a final order will be issued

1 with respect to the USF--

2 A Yes.

3 Q --order?

4 A Later, probably next year.

5 Q Yes, sir. Okay. Great.

6 And is there--did you hear the testimony of
7 Mr. Warner?

8 A I did.

9 Q Okay. And would you agree with his explanation as
10 to what the Company is seeking and the reasons for that?

11 A Yes.

12 THE HEARING OFFICER: Okay. Any follow-up from
13 you, Mr. Irvine?

14 MR. IRVINE: I have none, your Honor.

15 THE HEARING OFFICER: Okay.

16 MR. IRVINE: If there are no questions of the
17 other parties or of you, I would move that Mr. Hendershot's
18 prefiled direct testimony, with its accompanying exhibits,
19 be accepted and received into the record.

20 THE HEARING OFFICER: Okay. Just one bit of
21 clarification regarding that: Does this testimony replace
22 the earlier testimony or does it add to it?

23 MR. IRVINE: It replaces it, your Honor.

24 THE HEARING OFFICER: Okay. And the same with
25 Mr. Warner?

1 MR. IRVINE: That's correct.

2 THE HEARING OFFICER: Okay. Very good. Did you,
3 by chance, bring extra copies with you to give to the court
4 reporter?

5 MR. IRVINE: I--I did not, but I can make sure
6 that he has one before he leaves today.

7 THE HEARING OFFICER: Okay. That would be great.
8 Okay. Mr. Hendershot, thank you for being here.
9 Thank you for your testimony, and you may be excused.

10 REDIRECT EXAMINATION

11 BY MR. IRVINE:

12 Q Before--before we excuse Mr. Hendershot, it might
13 be appropriate if we invited him to explain the settlement
14 stipulation that the parties have reached.

15 THE HEARING OFFICER: I would invite you to do
16 that, sir.

17 THE WITNESS: At this stage in the case, as
18 interim that we've reached the stipulation--

19 THE HEARING OFFICER: Would you make sure you're
20 speaking into the microphone?

21 THE WITNESS: That all of our part--all of the
22 parties have reached a stipulation relative to the interim
23 rates. The business rate for all of the customers will be
24 \$26 and the residential rate will be \$16.50. This is to--to
25 establish the threshold of the affordable base rate for the

1 potential for the Company to be eligible for Utah USF,
2 Universal Service Fund. It's to be effective December 1st,
3 2014, and it meets the FCC targeted rates for residential,
4 which has to be in excess of \$16 for--for the residential
5 rate. And these interim rates will be effective December
6 1st, 2014, for this phase of the case.

7 BY MR. IRVINE:

8 Q In conjunction with that stipulation,
9 Mr. Hendershot, what provision does it make for dealing with
10 the request Beehive submitted in its original application to
11 receive state USF fund support, since we're not addressing
12 that portion of the application in this proceeding?

13 A At this point, the Company does not receive any
14 Universal Service Fund from the state of Utah, but that will
15 be the next phase of this case.

16 MR. IRVINE: And, your Honor, that would be the
17 schedule that we would anticipate being set today probably
18 following the conclusion of this immediate proceeding.

19 I don't have any other questions of Mr. Hendershot
20 with respect to that stipulation. If the other parties wish
21 to supplement that, but--I think they're probably prepared
22 to do so.

23 THE HEARING OFFICER: Let's first ask: Are there
24 any additional questions for Mr. Hendershot?

25 MR. JETTER: No additional questions from the

1 Division.

2 MR. OLSEN: The Office has no additional
3 questions.

4 RECROSS-EXAMINATION

5 BY THE HEARING OFFICER:

6 Q Okay. Mr. Hendershot, just to make sure I'm
7 absolutely clear on--on your testimony and what it is that
8 the Company is seeking--and to some extent you explained
9 this in your testimony, but I just want to be crystal clear.
10 So the residential rate--is it correct that that is the rate
11 that is being requested to be increased to 16.50 pursuant to
12 the federal CAF rate, the floor rate?

13 A Yes. And it would be effective December 1st.

14 Q Okay. And the business rate which you're
15 requesting to be increased to \$26, is it correct that that
16 is based on the Commission--the state rate?

17 A Yes, that's based--that'll be uniform business
18 rate across the Company, and that's to meet the affordable
19 base rate that the State of Utah has established.

20 Q And is it your understanding that both of those
21 rates are a--in preparation for the USF portion of your
22 application or is it just the business--the business
23 portion?

24 A No, that's both of them.

25 Q Okay.

1 A Places the Company in the first phase of being
2 eligible.

3 Q Okay. And like the residential rate, you're also
4 requesting that that be effective December 1st?

5 A Yes.

6 Q Okay. Is there any further clarification that
7 you'd like to provide?

8 A I can't think of any at this point.

9 THE HEARING OFFICER: Okay. All right.
10 Anything--

11 MR. JETTER: Can I ask a follow-up question?

12 THE HEARING OFFICER: Please.

13 MR. JETTER: Thanks.

14 CROSS-EXAMINATION

15 BY MR. JETTER:

16 Q Good morning, Mr. Hendershot. Just a quick
17 clarification on the stipulation. The--is it correct that
18 the Ticaboo exchange, currently the business rate is at
19 27.50?

20 A Yes. And that was when the--when the exchange was
21 initially established. That rate was established for the
22 business customers.

23 Q Okay. And is it your understanding that under
24 this stipulation, that would remain at 27.50 until a
25 subsequent order from the Commission?

1 A Well, my understanding from this order and what
2 the stipulation is, is that all the business rates would be
3 \$26.

4 Q Okay. One other clarification question: I
5 understand that the FCC CAF support for the high-cost areas
6 requires the rate be in effect January 2nd, but could you
7 just explain for the record briefly the NECA requirement of
8 December 1st and why that's a little bit different from
9 the--

10 A Well--

11 Q --FCC?

12 A --actually, USAC, the Universal Service Fund
13 coordinator--they, in turn, look for December 1st.

14 Q Okay.

15 A Has to be in effect December 1st. If your rates
16 are not in effect, residential rates are not \$16 in effect
17 December 1st, the Company is penalized, and it takes till
18 July before they can go back and correct that. And there's
19 questions whether or not they will go back and correct the
20 prior period.

21 Q Okay. And so to qualify for that beginning
22 January, you actually have to be in effect December 1st?

23 A So that the Company's not penalized, yes.

24 Q Okay. Thank you for that clarification.

25 THE HEARING OFFICER: Thank you, Mr. Jetter.

1 MR. OLSEN: Nothing, your Honor.

2 RE-CROSS-EXAMINATION

3 BY THE HEARING OFFICER:

4 Q Mr. Hendershot, just to follow up, please: So the
5 application with respect to the business portion, the
6 business subscriber rate, that will be changed to \$26 across
7 the board, right?

8 A Uniformly across all the business customers of
9 Beehive Telephone Company in the state of Utah.

10 THE HEARING OFFICER: Okay. Very good.

11 Mr. Irvine?

12 MR. IRVINE: I just have one question.

13 REDIRECT EXAMINATION

14 BY MR. IRVINE:

15 Q Mr. Hendershot, did Beehive provide the parties--
16 I'm confident this was not provided to the Commission, but
17 did the Company provide the Division and the Office of
18 Consumer Services with a publication distributed by NECA
19 with respect to the December 1st requirement that the rates
20 be in effect?

21 A I can't remember at this point. We've--we have
22 tried to provide everything that they've requested. And I
23 believe we did, but I don't have it right in front of me.

24 Q I'm specifically referring to a letter that was
25 dated, I believe, October 14th from NECA. I'm not sure

1 if--if the Division and Office recall that precisely at this
2 moment, but--

3 THE HEARING OFFICER: Mr. Irvine, if you have a
4 copy of that letter, you can present it to Mr. Hendershot to
5 refresh his recollection.

6 MR. IRVINE: I don't have it with me--

7 THE HEARING OFFICER: Okay.

8 MR. IRVINE: --Judge, but I'm pretty confident
9 that the other parties have reviewed that.

10 THE WITNESS: I believe we did, but I can't say
11 with . . .

12 THE HEARING OFFICER: Okay. His testimony is as
13 it is.

14 MR. IRVINE: Well--

15 THE HEARING OFFICER: We'll see what the other
16 parties have to say.

17 MR. IRVINE: Let me just ask a question with
18 respect to that.

19 BY MR. IRVINE:

20 Q Based on your familiarity with the NECA
21 requirement, is your testimony consistent with the letter I
22 described?

23 A Yes.

24 Q Thank you.

25 I have no further questions, your Honor.

1 THE HEARING OFFICER: Thank you, Mr. Irvine.
2 And if it helps at all, I do want to note that the
3 terms and conditions of the stipulation do state in
4 paragraph 7 that it's a request that the rates be made
5 effective December 1st, so . . .

6 MR. IRVINE: That's correct.

7 THE HEARING OFFICER: Mr. Hendershot, thank you
8 for being here today. You may be excused.

9 And, Mr. Irvine, do we have a pending motion for
10 the admission of Mr.--

11 MR. IRVINE: I believe I made that motion, but
12 I'll restate it. We would move that the revised direct
13 testimony and accompanying exhibits filed by Mr. Ray
14 Hendershot be accepted and received into evidence.

15 THE HEARING OFFICER: Okay. And again, for
16 clarification, this testimony that you're requesting to have
17 admitted replaces in whole the testimony that was filed
18 earlier in the case?

19 MR. IRVINE: That is correct.

20 THE HEARING OFFICER: Okay.

21 MR. IRVINE: Your Honor, let me just explain why
22 that was filed. It was solely for the purpose of resolving
23 questions that had arisen with respect to Ticaboo.

24 THE HEARING OFFICER: Okay.

25 MR. IRVINE: That's the only change that is

1 reflected in the testimony of Mr. Warner or Mr. Hendershot.

2 THE HEARING OFFICER: Okay. Thank you very much.

3 We have a motion pending. If there are any

4 objection . . .

5 MR. JETTER: No objection.

6 MR. OLSEN: No objection.

7 THE HEARING OFFICER: Okay. Thank you.

8 Mr. Irvine, Mr. Hendershot's testimony is accepted

9 and will be made part of the record.

10 Thank you.

11 THE WITNESS: Thank you very much.

12 THE HEARING OFFICER: You may be excused.

13 Mr. Irvine, do you have anything else before we

14 move on to the next party?

15 MR. IRVINE: No, I don't not, your Honor.

16 Mr. Warner and Mr. Hendershot are the only witnesses that

17 the Company is tendering for purposes of this proceeding,

18 and they have testified and we have no other information to

19 present.

20 THE HEARING OFFICER: Okay. One thing that I

21 think that would be helpful for clarification of the

22 record--and we can certainly do this from where the

23 witnesses are, if you choose to do so, Mr. Irvine--but as

24 you're aware, the settlement stipulation, the standard for

25 that is that it be just and reasonable in result. And it

1 might be helpful if we have some clarification other than
2 the stipulation itself as to the--since it's--since it's
3 signed by yourself--I'm sure you don't want to testify on
4 behalf of the Company--but if you wish to ask either or both
5 of your witnesses whether they support that, I think that
6 that would be useful to have on the record.

7 BY MR. IRVINE:

8 Q Well, I'll just ask Mr. Hendershot to opine with
9 respect to whether the stipulation as presented to the
10 Commission will result in rates that are just and reasonable
11 and in the public interest with respect to the customers of
12 Beehive Telephone Company, both business customers and
13 residential customers.

14 A I do believe that the rates that are established
15 in the stipulation are fair, just, and reasonable for
16 customers.

17 THE HEARING OFFICER: Mr. Irvine, do you mind if I
18 ask just--

19 MR. IRVINE: Go right ahead, Judge.

20 THE HEARING OFFICER: --a follow-up question?
21 This is just being overly cautious because the precise
22 language is "just, reasonable"--"just and reasonable in
23 result."

24 RECROSS-EXAMINATION

25 BY THE HEARING OFFICER:

1 Q So, Mr. Hendershot, to revise just slightly the
2 question you were asked from Mr. Irvine, is it your
3 testimony that the rates being proposed, should they be
4 approved by the Commission, will result in just and
5 reasonable rates--sorry. This is a little--a little
6 strangely written.

7 MR. IRVINE: Clearly that's the fault of the
8 Legislature.

9 THE HEARING OFFICER: One might interpret it that
10 way.

11 BY THE HEARING OFFICER:

12 Q Is it your testimony that the rates will be just
13 and reasonable in result?

14 A Yes.

15 THE HEARING OFFICER: Thank you, sir.
16 Okay. Any further questions for the Applicant?
17 Mr. Jetter?

18 MR. JETTER: Thank you, your Honor. The Division
19 would like to call Shauna Benvegnu-Springer.

20 THE HEARING OFFICER: Good morning, Ms. Springer.

21 MS. BENVEGNU-SPRINGER: Good morning.

22 THE HEARING OFFICER: Are you prepared to testify
23 this morning?

24 MS. BENVEGNU-SPRINGER: I am.

25 THE HEARING OFFICER: And do you swear that--would

1 you like to have your witness come up here, or what--

2 MR. JETTER: Whatever you'd prefer.

3 THE HEARING OFFICER: I think we may as well
4 continue with our--

5 MR. JETTER: Okay.

6 THE HEARING OFFICER: --consistency.

7 So, Ms. Springer, before you have a seat, I'll
8 swear you in.

9 Thank you. Do you swear that your testimony this
10 morning will be the truth?

11 MS. BENVEGNU-SPRINGER: I do.

12 THE HEARING OFFICER: Thank you. Have a seat.

13 SHAUNA BENVEGNU-SPRINGER,
14 being first duly sworn, was examined and testified as
15 follows:

16 DIRECT EXAMINATION

17 BY MR. JETTER:

18 Q Would you please state your name, occupation, and
19 place of business for the record?

20 A My name is Shauna Benvegnu-Springer. I am
21 employed by the Utah Division of Public Utilities.

22 Q And is your office here in the Heber Wells
23 Building?

24 A It is.

25 Q Thank you. Have you had an opportunity to review

1 the application and attending filed documents that go along
2 with that by the Applicant?

3 A I have.

4 Q And have you also reviewed the stipulation that
5 was signed by the three parties here today?

6 A I have.

7 Q And in your review of the application and its
8 documents, along with the stipulation, do you believe that
9 there's sufficient evidence to support the stipulation?

10 A Yes, I do.

11 Q And do you believe that the interim rates
12 requested in the stipulation, should they go into effect as
13 interim rates December 1st, would be just and reasonable in
14 result and in the public interest?

15 A Yes.

16 Q Has the Division received any comments or
17 complaints regarding the proposed rate increase?

18 A Not to my knowledge.

19 Q Thank you. Do you have any further comments that
20 you'd like to make about the stipulation?

21 A No, I don't.

22 Q Thank you.

23 MR. JETTER: That's all the questions I have for
24 our witness. She's available for cross-examination.

25 THE HEARING OFFICER: Thank you.

1 MR. IRVINE: I have no questions of the witness.

2 THE HEARING OFFICER: Mr. Olsen?

3 MR. OLSEN: No, no cross-examination.

4 CROSS-EXAMINATION

5 BY THE HEARING OFFICER:

6 Q Ms. Springer, just one question for you. And just
7 to clarify, is it your understanding that the rates as
8 proposed would go into effect December 1st, 2014, should
9 they be approved by the Commission?

10 A That's correct.

11 THE HEARING OFFICER: Okay. Thank you. That is
12 all.

13 Any follow-up for you?

14 MR. JETTER: No, your Honor.

15 THE HEARING OFFICER: Thank you, Ms. Springer.
16 You may be seated.

17 MR. OLSEN: Your Honor, the Office has Cheryl
18 Murray who wishes to make a statement.

19 THE HEARING OFFICER: Okay. Ms. Murray?
20 Good morning.

21 MS. MURRAY: Good morning.

22 THE HEARING OFFICER: Do you wish to be sworn? I
23 assume so.

24 MS. MURRAY: Yes.

25 THE HEARING OFFICER: Please raise your hand. And

1 do you swear that the testimony you will give this morning
2 will be the truth?

3 MS. MURRAY: Yes.

4 THE HEARING OFFICER: Thank you.

5 CHERYL MURRAY,
6 being first duly sworn, was examined and testified as
7 follows:

8 DIRECT EXAMINATION

9 BY MR. OLSEN:

10 Q Could you please state your full name for the
11 record, please?

12 A Cheryl Murray.

13 Q And where do you work?

14 A The Office of Consumer Services.

15 Q And what is your responsibility there?

16 A I'm a utility analyst.

17 Q In that capacity have you had the opportunity to
18 review the documentation that was submitted by Beehive in
19 their initial application, and the subsequent modifications?

20 A Yes, I have.

21 Q And have you reached a conclusion as to the
22 appropriateness of the proposed stipulation?

23 A The Office supports the stipulation.

24 Q And that's with the understanding that the rates
25 would go--the interim rates would go into effect on December

1 1st?

2 A That's correct.

3 Q And there would be subsequent--a subsequent
4 hearing regarding the UUSF; is that correct?

5 A That is correct.

6 Q Is it--well, I believe you have a statement you
7 wish to make. Would you like to do that now?

8 A Yes, although you've asked me most of the things
9 in my statement.

10 I would just say that the--we have looked at the
11 request for interim rate increase in regard to--with regard
12 to our responsibility for residential and small commercial
13 customers. We believe that approving the requested interim
14 rate adjustment will allow Beehive Telephone to comply with
15 the federal Connect America Fund and also to comply with the
16 Commission's approved affordable base rate, which is
17 required for their participation in the Utah UUSF fund--USF
18 fund.

19 And the Office's recommendation today applies only
20 to the interim rate request. As your Honor noted, the rest
21 of the case will be decided at a later date. And the Office
22 supports the stipulation as being just and reasonable in
23 result and recommends that the Commission approve the
24 interim rate request with an effective date of December 1,
25 2014.

1 Q And do you believe that would be in the public
2 interest?

3 A Yes.

4 MR. OLSEN: I have nothing further, your Honor.

5 MR. IRVINE: No questions, your Honor.

6 MR. JETTER: No questions from the Division, your
7 Honor.

8 THE HEARING OFFICER: Thank you, Ms. Murray. You
9 may be excused.

10 THE WITNESS: Thank you.

11 THE HEARING OFFICER: Is there anything more
12 regarding this part of the request to come before the
13 Commission this morning?

14 MR. IRVINE: Not from the Company, Judge.

15 THE HEARING OFFICER: Okay.

16 MR. JETTER: No, your Honor.

17 THE HEARING OFFICER: Okay. We'll take a short
18 recess and be back in about five minutes.

19 (Recess taken, 9:34-9:46 a.m.)

20 THE HEARING OFFICER: Thank you, everyone. We're
21 back on the record.

22 The Commission will be making a bench ruling
23 today. And in so doing, the Commission makes finding that
24 the stipulation as presented and as testified to is just and
25 reasonable in result and in the public interest.

1 The Commission also makes the following
2 conclusions: that the rate increase requested is required
3 under the federal CAF floor rate with respect to the
4 residential rate, and the business rate is also supported by
5 the Commission's affordable base rate. And that is a
6 precursor for participation in the USF fund, which will be
7 addressed in a separate part of this docket.

8 Accordingly, based on the findings and
9 conclusions, the Commission orders that the rate--the rates
10 requested be effective December 1st, 2014, and that the
11 rates be interim. And this is affirmed and ratified by the
12 Commission.

13 Thank you very much. And at this time the hearing
14 will be adjourned.

15 MR. JETTER: Thank you, your Honor. Can I--are we
16 off the record?

17 THE HEARING OFFICER: We are off the record.
18 (Proceedings concluded at 9:47 a.m.)

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CERTIFICATE

This is to certify that the foregoing proceedings were taken before me, SCOTT M. KNIGHT, a Registered Professional Reporter and Notary Public in and for the State of Utah, residing at South Jordan, Utah;

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting, and that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof



Scott M. Knight

Scott M. Knight, RPR
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