

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of Beehive)
Telephone Company, Inc., for an Increase in) DOCKET NO. 14-051-01
Rates and Participation in the Universal) REPORT AND ORDER
Telecommunications Service Support Fund)

ISSUED: December 9, 2014

SYNOPSIS

This order memorializes a bench order of the Commission on November 25, 2014, authorizing an interim \$2.50 monthly increase per residential access line and a \$10.00 monthly increase per business access line, effective December 1, 2014, conditioned upon a final order of the Commission on the pending Utah Universal Telecommunications Service Support Fund portion of this docket.

BACKGROUND

A. Beehive's Notice of Intent to File for a Rate Increase

On July 23, 2014, pursuant to Utah Code Ann. § 54-7-12(8) and Utah Admin. Code R746-344, Beehive Telephone Company, Inc. ("Beehive" or the "Company") filed a notice of intent to file for a rate increase to take effect December 1, 2014.¹

B. Beehive's Petition for a Rate Increase

On October 31, 2014, Beehive filed a petition for rate increase and request for participation in the Utah Telecommunications Service Support Fund ("UUSF").² Beehive requests to increase its residential access lines to \$16.50 per month, and its business access lines to \$26.00 per month, effective December 1, 2014. Beehive's request for an increase to its

¹ See Thirty-day Notice to the Commission of Company's Intent to Request Increase in Rates, filed July 23, 2014.

² The UUSF portion of the Company's petition is being handled separately from its request for a rate change to be made effective December 1, 2014.

residential rate is predicated on a change to its federal funding under the Connect America Fund (“CAF”), which, effective December 1, 2014, requires Beehive to establish a mandated floor rate of \$16.00 per residential access line or lose an offsetting amount of federal Universal Service Fund (“USF”).³ Beehive’s request for an increase to its business rate is intended to bring that rate in line with the Commission’s affordable base rate for participation in UUSF. A copy of Beehive’s customer notice is attached to the petition.⁴

B. Notice of Filing, Scheduling Conference, and Notice of Hearing

On November 4, 2014, the Commission issued a notice of filing and notice of scheduling conference.⁵ On November 12, 2014, the Administrative Law Judge (“ALJ”) for the Commission convened a scheduling conference. David Irvine, counsel for Beehive, attended the scheduling conference, and was joined, telephonically, by Ray Hendershot. Justin Jetter, counsel for the Division of Public Utilities (“Division”), attended along with William Duncan, Shauna Benvegna-Springer, Paul Hicken, and Joseph Hellewell. Rex Olsen, counsel for the Office of Consumer Services (“Office”), attended along with Michele Beck and Danny Martinez. Based on discussions at the scheduling conference, the Commission issued a notice of hearing on November 13, 2014, to address whether granting Beehive’s requested increase in rates is just, reasonable, and in the public interest.⁶ The hearing was set for November 25, 2014, at 9:00 a.m.⁷

³ See Petition Requesting an Increase in Rates, filed October 31, 2014.

⁴ See *id.*, Exhibit 1.

⁵ See Notice of Filing and Scheduling Conference and Motion Hearing, issued November 4, 2014.

⁶ See Notice of Hearing, issued November 13, 2014.

⁷ See *id.*

C. Settlement Stipulation

On November 21, 2014, the Company filed a settlement stipulation signed by Beehive, the Division, and the Office.⁸ The settlement stipulation provides the following key provisions:

3. On October 31, 2014, the Company filed an application with exhibits, prefiled testimony, and a new rate schedule requesting authority to increase rates to \$16.50 per month for residential subscribers, set a companywide base rate of \$26.00 per month for business subscribers, and to participate in the [UUSF]. The Company's current business subscriber rate is \$16.00 per month in all exchanges except for Ticaboo, where the current rate is \$27.50 per month. The FCC requires participating CAF companies, such as Beehive, to bring their rate levels to the CAF-mandated floor each year as a condition of continued participation. For 2015, the FCC floor is \$16.00 for residential access subscribers, and that rate has to be effective as of December 1, 2014. The increase to \$16.50 for residential subscribers will put Beehive[']s rates at the current Commission approved Affordable Base Rate that has been used in similar cases to determine [UUSF] distribution. Thus, an increase to \$16.50 for residential customers will satisfy both the FCC and the Commission requirements.

...

7. ...[T]he parties ... agree that the Company's proposed interim increase in rates may be made effective as of December 1, 2014, and that final determination of the rate increase and determination of the [U]USF distribution request shall proceed on a schedule to be set at a [subsequent] scheduling conference.

...

10. ...The parties agree that this Stipulation is just and reasonable in result, and is in the public interest.

⁸ See Settlement Stipulation, filed November 21, 2014. The certificate of service was filed on November 24, 2014.

Settlement Stipulation at 2, ¶ 3; 3, ¶ 7; 4, ¶ 10.

D. Hearing

On November 25, 2014, the Commission held a hearing in this docket. Attorney David Irvine appeared on behalf of the Company along with Jacob Warner, President of Beehive, and Ray Hendershot, consultant. Justin Jetter, assistant Utah attorney general, represented the Division and was accompanied by Shauna Benvegnu-Springer, utility analyst. Rex Olsen, assistant Utah attorney general, appeared on behalf of the Office along with Cheryl Murray, utility analyst. All parties testified that the settlement stipulation is just and reasonable in result, and in the public interest.⁹

At the end of the hearing, the ALJ ruled from the bench and made findings, conclusions, and approved the rates by the Commission effective December 1, 2014.

DISCUSSION, FINDINGS AND CONCLUSIONS

As set forth by statute and as previously noted by the Commission in other orders, settlements of matters before the Commission are encouraged at any stage of the proceedings.¹⁰ The Commission may approve a settlement proposal after considering the interests of the public and other affected persons, if it finds the settlement proposal in the public interest.¹¹ In addition, the Commission may adopt a settlement stipulation if the Commission finds that the settlement proposal is just and reasonable in result, and the evidence contained in the record supports a finding that the settlement proposal is just and reasonable in result.¹²

⁹ Hr'g Trn. at 26:12-14 (Company); 28:13-15 (Division); 31:22-23 and 32:1-3 (Office).

¹⁰ See Utah Code Ann. § 54-7-1 (LexisNexis 2010).

¹¹ See Utah Code Ann. § 54-7-1(2)(a). See also Utah Dept. of Admin. Services v. Public Service Comm'n, 658 P.2d 601, 613-14 (Utah 1983).

¹² See Utah Code Ann. § 54-7-1(3)(d)(i)(A)-(B).

Given that the stipulation is uncontested and that the parties to the stipulation each testified that it is just and reasonable in result, and in the public interest, the Commission approves the stipulation and approves the rate and UUSF provisions stated therein.

ORDER

Therefore, we approve the stipulation, filed November 21, 2014, and order:

1. Beehive's residential and business rates shall be increased to \$16.50 for basic residential services (R-1) and \$26.00 for basic business services (B-1), effective December 1, 2014.
2. The rates approved in this order are interim rates and are subject to modification in the UUSF part of this docket.
3. In addition and consistent with our prior order,¹³ considering the FCC has stated that a subsequent rate change is anticipated on July 1st of each year,¹⁴ the Commission directs Beehive to file any subsequent rate increase request under FCC 11-161, including any settlement stipulations, no later than August 31st of the year prior to the January in which the increase is proposed to take effect.

DATED at Salt Lake City, Utah, this 9th day of December, 2014.

/s/ Melanie A. Reif
Administrative Law Judge

¹³ See Docket No. 13-051-01.

¹⁴ See *id.*, Beehive Exhibit No. 1 at 2. FCC 11-161 (codified at 47 C.F.R. § 54.318 High cost-support; limitations on high-cost support) (“(f) Schedule. . . (3) Beginning July 1, 2014, and thereafter, the local urban rate floor will be announced annually by the Wireline Competition Bureau.” (Emphasis added)).

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Approved and Confirmed this 9th day of December, 2014, as the Report and Order
of the Public Service Commission of Utah.

/s/ Ron Allen, Chairman

/s/ David R. Clark, Commissioner

/s/ Thad LeVar, Commissioner

Attest:

/s/ Gary L. Widerburg
Commission Secretary

DW#262454

CERTIFICATE OF SERVICE

I CERTIFY that on the 9th day of December, 2014, a true and correct copy of the foregoing was served upon the following as indicated below:

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