Stephen F. Mecham

CALLISTER NEBEKER & McCULLOUGH

10 E. South Temple, Suite 900

Salt Lake City, Utah 84111

Telephone: (801) 530-7300

Email: sfmecham@cnmlaw.com

STRATA EXHIBITS 2.1 – 2.6 ATTACHED TO EXHIBIT 2 FILED WITH THIS APPLICATION CONTAIN INFORMATION WHICH IS CONFIDENTIAL SUBJECT TO UTAH PUBLIC SERVICE COMMISSION RULE R746-100-16

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF UBTA-UBET COMMUNICATIONS, INC.'S (DBA STRATA NETWORKS) APPLICATION FOR UTAH UNVERSAL SERVICE FUND SUPPORT APPLICATION FOR INCREASE IN UTAH UNIVERSAL SERVICE FUND SUPPORT

DOCKET NO. 15-053-01

UBTA-UBET Communications, Inc. dba STRATA Networks ("STRATA") hereby files this Application for Increase in Utah Universal Service Fund ("UUSF") Support with the Public Service Commission of Utah ("Commission") pursuant to Utah Code Ann. § 54-8b-15 and Utah Administrative Code R746-360 and states:

- 1. The Commission has jurisdiction of this matter under Utah Code Ann. §§ 54-4-1 and 54-8b-15, and Utah Admin. Code R746-360.
- 2. STRATA is an eligible telecommunications carrier under 47 U.S.C. 214(e) as required by Utah Admin. Code R746-360-6.A.1 to qualify to receive UUSF support funds. STRATA has used the funds it has received from the UUSF exclusively to provide basic telecommunications service.

1

- 3. STRATA is in compliance with all Commission orders and rules.
- 4. STRATA is a telephone cooperative under 501(c)(12) of the Internal Revenue Service Code, and in accordance with Utah Code Ann. Section 54-7-12 (7) the Commission does not have jurisdiction over STRATA's rates. Nevertheless, STRATA has charged the Affordable Base Rates used by the Commission of \$16.50 for basic residential service and \$26.00 for basic business service and is eligible for support from the UUSF in accordance with R746-360-6.B.
- 5. Even after charging these rates, STRATA has a revenue deficiency and is seeking additional UUSF to recover that deficiency. Accompanying this application are testimony and schedules supporting STRATA's request. Bruce Todd, STRATA's Chief Executive Officer and General Manager has filed testimony summarizing and describing STRATA, STRATA's operations, revenue requirement and revenue deficiency. Karl Searle, STRATA's Chief Financial Officer has filed testimony giving detail of STRATA's revenue requirement for the test year with known and measurable changes.
- 6. STRATA has used calendar year 2014 adjusted for known and measurable changes as the appropriate test period to reflect conditions STRATA will face following the conclusion of this case. It is also the appropriate period from which to determine the support required from the UUSF.
- 7. With a capital structure of approximately 50 percent equity and 50 percent debt, STRATA is seeking an overall rate of return of 9.50 percent. STRATA's current rates and UUSF support leave a revenue deficiency of \$3,422,053 that STRATA requests be recovered from the UUSF.

8. This increase in support is critical to enable STRATA to continue providing adequate telecommunications services to its customers required under Utah Code Ann. § 54-3-1 at just and reasonable rates and to recover its costs of providing those services with a reasonable return on investment.

9. STRATA requests that the Commission find STRATA's proposed annual increase in UUSF support to be just, reasonable and in the public interest.

Respectfully submitted this 6th day of April, 2015.

CALLISTER NEBEKER & McCULLOUGH

Stephen F. Mecham Attorney for STRATA Networks

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the Application for Universal Service Fund Support, STRATA Exhibit 1, the Direct Testimony of Bruce Todd, and STRATA Exhibit 2, the Direct Testimony of Karl Searle, with Confidential Exhibits 2.1 - 2.6 in Docket No. 15-053-01 were sent to the following individuals by electronic mail this 6^{th} day of April, 2015:

Rex Olsen Assistant Attorney General Office of Consumer Services rolsen@utah.gov

Michele Beck Office Of Consumer Services mbeck@utah.gov

Justin Jetter Assistant Attorney General Division of Public Utilities Jjetter@utah.gov

William Duncan Division of Public Utilities wduncan@utah.gov

Stephen F. Mecham

ATTACHMENT 1 STRATA NETWORKS APPLICATION FOR UUSF SUPPORT

Index

Direct Testimony of Bruce Todd STRATA Exhibit 1

Direct Testimony of Karl Searle STRATA Exhibit 2

STRATA Exhibit 2.1 Confidential	USF Request Calculation
STRATA Exhibit 2.2 Confidential	Rate Base Calculation
STRATA Exhibit 2.3 Confidential	Cost of Capital / Rate of Return Calculations
STRATA Exhibit 2.4 Confidential	Known and Measurable Pro Forma Adjustments
STRATA Exhibit 2.4a Confidential	Pro Forma Adjustment – Federal USF
STRATA Exhibit 2.4b Confidential	Pro Forma Adjustment – Network Revenues
STRATA Exhibit 2.4c Confidential	Pro Forma Adjustment – Local Service Revenues
STRATA Exhibit 2.4d Confidential	Pro Forma Adjustment – Labor Expenses
STRATA Exhibit 2.4e Confidential	Pro Forma Adjustment – Investments 2015
STRATA Exhibit 2.5a Confidential	Cash Working Capital 2014
STRATA Exhibit 2.5b Confidential	Cash Working Capital 2013
STRATA Exhibit 2.6 Confidential	Audited Financial Statements 2014