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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

<p>IN THE MATTER OF THE 2019 UTAH UNIVERSAL SERVICE FUND RECOMMENDATION FOR UNION TELEPHONE COMPANY, INC.</p>	<p>Docket No. 18-054-01</p> <p>DIVISION OF PUBLIC UTILITIES RESPONSE COMMENTS TO UNION TELEPHONE COMPANY</p>
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Pursuant to Utah Code Ann. §54-4a-1 and Utah Admin. Code r.746-1, the Division of Public Utilities (“Division”) submits these Comments in Response to Union Telephone Company. The Division recommends that the Public Service Commission of Utah consider additional process to review and provide guidance on the treatment of Alternative Connect America Cost Model (“A-CAM”) revenue.

In its October 30, 2018 Comments Union Telephone Company (“Union”) raised concerns with the Division’s inclusion of A-CAM funds as revenue without inclusion of certain broadband costs. Union claims that the Division failed to include costs related to broadband internet that should have been included because they are closely tied to the A-CAM funds.

With respect to treatment of A-CAM funding being included in the revenue calculation, Utah Code Ann. § 54-8b-15(4)(a)(ii)(D) requires the inclusion of “the amount the rate-of-return regulated carrier of last resort receives from federal universal service funds.” In compliance with the plain language of the statute, the A-CAM funds are provided by the federal universal service fund and must be included.

The Division cannot respond with any level of detail regarding the costs that Union is seeking to include because the Division has not had an opportunity to review them. The Division did not have an opportunity to include the costs because were not submitted by Union. As part of its initial review the Division identified some issues with the first filing. The Division requested Union resubmit an updated annual report. Division staff requested that the updated filing include all regulated revenues and expenses allocated to Utah. The preliminary recommendation from the Division is based upon the costs Union submitted. No costs related to the A-CAM supported projects were excluded by the Division. Those costs were not submitted by Union in its filing.

The Division generally agrees with Union that revenues and costs should be matched as a general accounting principle. The Division further agrees with Union that additional process is warranted to determine the appropriate treatment of A-CAM.

Submitted this 15th day of November 2018.

/s/ Justin C. Jetter

Justin C. Jetter
Assistant Attorney General
Utah Division of Public Utilities

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing comments filed by the Utah Division of Public Utilities was emailed on 15 November 2018 to the following in Utah Dockets 18-054-01.

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