



State of Utah

Department of Commerce
Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Director, Division of Public Utilities

SPENCER J. COX
Governor

DEIDRE HENDERSON
Lieutenant Governor

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director

Artie Powell, Manager

Brenda Salter, Utility Technical Consultant Supervisor

Gary Smith, Utility Technical Consultant

Shauna Benvegna-Springer, Utility Technical Consultant

Bhavana Venjimuri, Utility Analyst

Date: October 1, 2021

Re: **Docket No. 21-051-01**, 2021 UUSF Preliminary Recommendation – Beehive Telephone Company.

Recommendation (Approve)

The Division of Public Utilities (Division) recommends the Public Service Commission of Utah (PSC) increase the 2020 annual Utah Universal Service Fund (UUSF) payable to Beehive Telephone Company (Company) to \$769,092 annually, or \$64,091.00 monthly amount, effective January 1, 2022. This is an increase of \$366,547 from the amount approved by the Commission (\$402,545) for 2021.

Issue

The Division has reviewed the annual report of Beehive Telephone Company (Company) submitted on April 15, 2021, including updates and revisions provided by the Company.

Pursuant to PSC rule R746-8-401(a) and (b), the Division has calculated the annual UUSF eligibility to be \$769,092 annually. This is an increase of \$366,547 in annual UUSF.

Background

PSC rule R746-8-401 requires the Division to recommend to the PSC adjustments to the monthly UUSF distribution for each provider based on the FCC rate of return set forth in R746-401-(3)(a) and the provider's financial information from its last annual report filed with the Commission. This memo presents the Division's recommended adjustment to Beehive Telephone Company's UUSF distribution, effective January 1, 2022.

Discussion

In calculating the UUSF eligibility for Beehive Telephone Company, the Division utilized the following:

- 1) Rate of Return – the FCC prescribed Rate of Return (ROR) is 9.75%. Per Utah Rule 746-8-401, the Division used the FCC prescribed Rate of Return of 9.75%.
- 2) State and Federal Income Tax – The Division used a federal tax rate of 21% and a Utah tax rate of 4.95% to estimate future income taxes included in the UUSF calculation.
- 3) Depreciation – Beehive Telephone Company utilizes single asset straight-line depreciation.
- 4) Excess Accumulated Deferred Income Tax – Beehive has advised that they do not have EDIT to report or return.
- 5) Wholesale Broadband – Beehive reported that they are an ACAM provider, and currently not offering CBOL.
- 6) Excludable Expenses – Beehive Telephone Company's annual report included costs that should be excluded, the Division adjusted these expenses. The Division also adjusted for a building that is not currently in use.

Conclusion

Based on the review of the 2020 annual report, including revisions and updates provided by Beehive Telephone Company, and the factors discussed above, the Division recommends increasing the UUSF distribution for Beehive Telephone Company to \$769,092 annually, or \$64,091.00 monthly.

Cc: Cameron Francis, Beehive Telephone Company (Cameron.francis@beehive.net)
Charles Pritchett, Beehive Telephone Company (Charles.Pritchett@beehive.net)
Larry Mason, Beehive Telephone Company (Larry.Mason@beehive.net)