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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

MARGARET W. BUSSE
Executive Director

CHRIS PARKER
Division Director

Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Trevor Jones, Technical Consultant

Date: September 1, 2023

Re: **Docket No. 23-043-01**, Review of 2022 Annual Report for Gunnison Telephone Company and Recommendations for Utah Universal Service Fund assistance for Calendar Year 2024

Recommendation (Approval)

The Utah Division of Public Utilities (“Division”) recommends the Public Service Commission of Utah (“Commission”) adjust the annual Utah Universal Service Fund (“UUSF”) amount payable to Gunnison Telephone Company (“Company”) to \$454,946, or \$37,912 monthly, effective January 1, 2024. This recommendation is a decrease of \$2,108 from the \$457,054 issued for the year 2023.

Issue and Discussion

On April 18, 2023, the Commission requested the Division review the Company’s 2022 Annual Report for compliance and recommendations. Pursuant to the Utah Admin. Code R746-8-401, the Division reviewed the annual report for compliance. After reviewing all information provided by the Company through formal and informal data requests, the Division calculated the amount of UUSF eligibility to be \$454,946 annually.

Division of Public Utilities

Heber M. Wells Building • 160 East 300 South • P.O. Box 146751 Salt Lake City, UT 84114-6741
www.dpu.utah.gov • telephone (801) 530-7622 • toll-free in Utah (877) 874-0904 • fax (801) 530-6512

In calculating the UUSF eligibility for the Company, the Division noted the following:

1. Rate of Return – The Division used the current FCC prescribed Rate of Return (“ROR”) of 9.75% according to Commission Rule 746-8-401(7)(b).
2. Depreciation – The Company utilizes single asset straight-line depreciation rather than group asset depreciation. Depreciation expense may be affected by future rule changes.
3. 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.
4. Accumulated Deferred Income Tax – The Company is a taxable entity and there is no ADIT on its operations.
5. Wholesale Broadband – The Company provided broadband access to its affiliate based on the NECA tariff rate.
6. Consumer Broadband – The base charge allowed for broadband only lines is \$25.00. Because the charge by the Company was \$14.82, the Division imputed \$52,920.96 in revenue based on the number of lines in calculating the revenue requirement.

Conclusion

The Division recommends adjusting the 2023 UUSF distribution for Gunnison Telephone Company to \$454,946 annually, or \$37,912 monthly, effective January 1, 2024.

cc: Natalie Gleave, Gunnison Telephone Company
Pat Thorne, Thorne & Associates, CPA’s