

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Request of Michael)	
and LaVerne Coseo for One-Time)	<u>DOCKET NO. 06-2218-01</u>
Distribution from the State Universal)	
Public Telecommunications Support Fund)	<u>SECOND REPORT AND ORDER</u>
)	

ISSUED: February 12, 2007

SYNOPSIS

The Public Service Commission of Utah affirms its Report and Order dated June 12, 2006.

By The Commission:

On June 12, 2006, the Commission issued its Report and Order (“June Order”) in the above-entitled matter granting a one-time distribution from the State Universal Public Telecommunications Service Support Fund (“USSF” or “Fund”) to facilitate the provision of telecommunications service by Frontier Communications (“Frontier”) to several residents in the Monticello, Utah serving area. In the June Order, the Commission approved a one-time USSF distribution, estimated to be \$30,000.00, or \$10,000 per subscriber, while requiring each of the three requesting subscribers to pay \$8,525.64, resulting in a total estimated customer contribution of \$25,576.93, prior to the start of project construction by Frontier.

Subsequent to the June Order, the three customers involved offered to provide a private right-of-way through their property to shorten the cable route that had previously been engineered along public roads. The Division of Public Utilities (“Division”) calculated this

shortened route would reduce the total project cost from \$66,421.93 to \$31,439.34 and informed the subscribers that their share of said costs would be \$6,344.67, or \$2,114.89 per subscriber. Under this revised estimate, the total USSF contribution would be \$14,249.67, or \$4,749.89 per subscriber.

On November 9, 2006, LaVerne Coseo, representing the three surveyed subscribers, wrote a letter to the Commission appealing for relief of the payment of the approved \$6,344.67 total subscriber contribution, indicating this amount presents a huge financial hardship for the subscribers.

On December 4, 2006, the Division filed a memorandum recommending the Commission amend its June Order in recognition of the “huge financial hardship” of the subscribers as well as the change in construction costs realized by use of the private right-of-way. Specifically, the Division recommended the Commission authorize an additional USSF contribution of 90% of the \$2,114.89 subscriber cost, resulting in a per subscriber contribution of only \$211.49. The Division notes that said amendment would result in a total USF disbursement of \$19,325.40 which would still be below the \$10,000 maximum per subscriber permitted by rule.

At a duly noticed Technical Conference convened with the Administrative Law Judge on January 10, 2007, Frontier indicated its objection to use of the offered private right-of-way as such a route would require much longer network access lines, or loops, over which it would be difficult to provide high-speed internet service, would result in the existing cable now serving the area reaching capacity if additional customers request service, and would present

greater future maintenance and repair expenses. On February 7, 2007, Frontier reiterated these concerns in a letter to the Commission.

Having considered these matters, by this Order we affirm our decision announced in the June Order and decline to amend said order as requested by the Division. Absent some reasonable basis not found herein, this Commission is not inclined to second-guess the engineering decisions made by Frontier regarding the best method of extending service to residents of its service territory. Furthermore, while we are sympathetic to the subscribers' stated concerns and financial difficulties, we find nothing in this record, nor in the statute and rules authorizing and implementing USSF, to support the Division's recommendation that we subsidize 90% of the calculated subscriber contribution for this project.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

The Commission's Report and Order issued June 12, 2006, is hereby affirmed.

Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply

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with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

DATED at Salt Lake City, Utah this 12th day of February, 2007.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#52392