

**NOTICE OF
PROPOSED RULE AMENDMENT**

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301.
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Office of Administrative Rules.

Rule Information

DAR file no: _____ Date filed: _____
 State Admin Rule Filing Key: 157674
 Utah Admin. Code ref. (R no.): R746-360-4

Agency Information

1. Agency: PUBLIC SERVICE COMMISSION - Administration
 Room no.: _____
 Building: HEBER M WELLS BLDG
 Street address 1: 160 E 300 S
 Street address 2: _____
 City, state, zip: SALT LAKE CITY UT 84111-2316
 Mailing address 1: PO BOX 45585
 Mailing address 2: _____
 City, state, zip: SALT LAKE CITY UT 84111-5585

Contact person(s):

Name:	Phone:	Fax:	E-mail:	Remove:
Sheri Bintz	801-530-6714	801-530-6796	sbintz@utah.gov	
Jennie Jonsson	801-530-6763		jjonsson@utah.gov	

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Title

2. Title of rule or section (catchline):
 Universal Public Telecommunications Service Support Fund - Application of Fund Surcharges to Customer Billings.

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change:

During 2016, revenues into the Utah Universal Service Fund have declined to a point where they are no longer sufficient to cover the current monthly distributions from the fund. The Public Service Commission solicited written comments on options to address the funding deficiency and held a technical conference on the topic. In addition, the Public Utilities, Energy, and Technology Interim Committee of the Utah Legislature has held a hearing on the topic. Following all of the feedback received in written comments and at the technical conference, and noting that the legislative committee has expressed interest in more fundamental changes to the Utah Universal Service Fund, this rule change is intended to function as an interim solution to address the current funding deficiency in the least disruptive way possible, and to allow time for the Utah Legislature to consider other changes to the fund.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No Yes

Rule Summary

6. Summary of the rule or change:

The surcharge is currently 1% of billed intrastate retail rates. As of October 1, 2016, the surcharge will be 1.65% of billed intrastate retail rates. This increased surcharge is intended as an interim solution to keep the Utah Universal Service Fund solvent, pending legislative review of the funding mechanism.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No Yes

Increasing the surcharge will increase the balance of the Utah Universal Service Fund, which is created by statute. The increase is necessary in order to keep the fund solvent.

B) Local government:

Affected: No Yes

Local governments are not required to pay, collect, or administer the surcharge. Therefore, no fiscal impact will accrue to local governments.

C) Small businesses:

Affected: No Yes

("small business" means a business employing fewer than 50 persons)

Small businesses that are required to pay the surcharge as part of a telecommunications bill will be required to increase that payment by 65%. The Public Service Commission of Utah does not have data from which to calculate the dollar amount of the increase for each affected small businesses. As an example, a company that pays \$100 per month for telephone service currently pays \$1 per month into the fund. When this rule change becomes effective, such company will pay \$1.65 per month. In addition, small businesses that provide intrastate retail telephone service will be required to change their billing in order to charge an increased amount each month. Some computer programming will be required, with attendant costs. Those costs will vary and, therefore, cannot be estimated by the Commission. It is anticipated that the costs will be minimal and well within each company's budgeted overhead for regulatory compliance and information technology.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No Yes

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

Persons that are required to pay the surcharge as part of a telecommunications bill will be required to increase that payment by 65%. The Public Service Commission of Utah does not have data from which to calculate the dollar amount of the increase for each person. As an example, a person that pays \$100 per month for telephone service currently pays \$1 per month into the fund. When this rule change becomes effective, such person will pay \$1.65 per month.

Compliance Cost Information

8. Compliance costs for affected persons:

To comply, persons that are required to pay the surcharge will increase the monthly payment by 65%. The actual dollar amount paid by each affected person will vary and cannot be estimated. In addition, telecommunications providers will change their billing to charge an increased amount. The costs for the associated computer programming will vary and cannot be estimated.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

As described in the rule summary, this surcharge change is necessary to maintain current distribution levels from the Utah Universal Service Fund, and will function as an interim solution to allow the Utah Legislature to give a more comprehensive evaluation to broader issues related to the fund.

B) Name and title of department head commenting on the fiscal impacts:

Thad LeVar, Public Service Commission Chair

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws.

State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :

54-7-25, 54-3-1, 54-4-1, 54-8b-15

54-7-26

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

Official Title of Materials Incorporated (from title page)

Publisher

Date Issued (mm/dd/yyyy)

Issue, or version (including partial dates)

ISBN Number

ISSN Number

Cost of Incorporated Reference

Adds, updates, removes-- SELECT ONE --

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) : 08/15/2016

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Proposed Effective Date

13. This rule change may become effective on (mm/dd/yyyy): 08/22/2016

NOTE: The date above is the date on which this rule MAY become effective. It is NOT the effective date. After a minimum of seven days following the date designated in Box 12(A) above, the agency must submit a Notice of Effective Date to the Office of Administrative Rules to make this rule effective. Failure to submit a Notice of Effective Date will result in this rule lapsing and will require the agency to start the rulemaking process over.

Indexing Information

14. Indexing information - keywords (maximum of four, one term per field, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
public utilities, universal service fund, telecommunications

File Information

15. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title: Jennie Jonsson Administrative Law Judge Date (mm/dd/yyyy): 06/27/2016