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State of Utah
DEPARTMENT OF COMMERCE
Office of Consumer Services

MICHELE BECK
Director

To: The Public Service Commission of Utah
From: The Office of Consumer Services
Michele Beck, Director
Alyson Anderson, Utility Analyst
Date: August 19, 2021
Subject: Docket 21-R008-04 Comments
In the Matter of: Request for Rulemaking Regarding Utah Universal Service Fund

INTRODUCTION

Stakeholders including the Division of Public Utilities (DPU), the Office of Consumer Services (OCS), and the Utah Rural Telecom Association (URTA) worked together through a lengthy process to draft rule language. The OCS appreciates being included in the collaborative process. After the draft rules were complete, on July 2, 2021 the DPU filed with the Public Service Commission of Utah (PSC) a Request for Agency Action to initiate a rulemaking proceeding to include the following in new rules.

- A process for the annual reviews for Utah Universal Public Telecommunications Service Support Fund (UUSF) that is in accord with the changes to Utah Code §54-8b-15 resulting from 2017 SB 130.
- Set a standard revenue amount per line for wholesale broadband only loops (CBOL).
- Set a standard revenue amount per line for broadband loops bundled with voice service.

- Create a reduced CBOL revenue option to provide internet at a reduced rate for qualifying low-income customers.

On July 6, 2021 the PSC sought comments on the Request on or before August 5, 2021 and reply comments on or before August 20, 2021. URTA filed comments on the Request on August 5, 2021. In accordance with the PSC's Order, the OCS submits these reply comments and recommendations on the Request.

DISCUSSION

The DPU states the proposed rule amendments will provide efficiencies in the annual review of rate of return regulated carriers receiving UUSF support. Additionally, the standard revenue amounts will increase predictability of funding to those carriers receiving UUSF support and improve the stability of the fund. The DPU indicated there are two rates the PSC needs to determine: the CBOL revenue per line and the wholesale broadband revenue for bundled voice and data service. In the request the DPU proposed to set the CBOL revenue at \$32 or \$33 per line to incent carriers to transition customers from bundled broadband service, as well as incent customers to make the switch to stand alone broadband. This will optimize the federal support for CBOL and offset UUSF support.

In August 5, 2021 comments, URTA by and large supported the text, but identified two modifications and one typographical error in the proposed rule changes. In addition, URTA proposes the CBOL revenue per line be determined on a "connection-based agnostic approach" and set at the affordable base rate for voice service of \$27-28 per line. Furthermore, URTA recommends the bundled wholesale broadband revenue per line be set at \$12. URTA states that it is compiling data that demonstrates the impact of the proposed rate and will report such data in reply comments.

Generally, the OCS supports the proposed rule changes including URTA's modifications and corrections. However, to properly evaluate and determine the per line CBOL revenue amount and the bundled wholesale broadband revenue amount recommended by URTA and to evaluate the recommendations of the DPU, the OCS requests the PSC schedule a technical conference. A technical conference would allow the parties to explain the derivation of the rates, as well as outline the specific impact on the UUSF. Further, the OCS is concerned that URTA will be providing data too late in this process to ensure that all participants, including the OCS, understand the calculations and can provide comment to the PSC to inform the

rulemaking. A technical conference is in the public interest, and will add transparency to the development of the revenue amounts per line.

RECOMMENDATION

The OCS recommends that the PSC schedule a technical conference for the parties to explain the derivation of the rates that have been proposed in these rules, as well as outline the specific impact on the UUSF. The OCS has no concerns with the remainder of the rules, but a technical conference could be used to answer any additional questions the PSC may have.

cc: Chris Parker, DPU

Kira Slawson, URTA