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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: September 21, 2021

Subject: Docket 21-R008-04 Reply Comments
In the Matter of: Request for Rulemaking Regarding Utah Universal Service Fund

INTRODUCTION

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, outlined the proposed rule amendments and recommended a standard revenue per line for wholesale consumer broadband only loops (CBOL). URITA filed comments on August 5, 2021 with corrections and modifications for typographical errors in the proposed rule amendments and recommended a different CBOL revenue per line as well as a standardized imputed wholesale revenue per line for bundled service. On August 19, 2021 the OCS filed reply comments recommending the PSC schedule a technical conference for the parties to explain the derivation of the rates that had been proposed in these rules, as well as outline the specific impact on the UUSF. Additionally, that same day, the DPU filed a motion for an extension of time to file reply comments citing that more time was needed for URITA to collect and compile the data necessary to forecast the net effect of the proposed rule on the Utah Universal Service Fund (UUSF). The PSC scheduled a technical conference for September 13, 2021 and moved the reply comment deadline to September 21, 2021.

DISCUSSION

At the September 13, 2021 technical conference URTA provided a supporting spreadsheet for its somewhat revised revenue per line proposal for both CBOL and bundled wholesale broadband. URTA continues to propose a “connection-based agnostic” approach with the CBOL revenue per line set at \$28 (including an assumed \$3 for the federal access recovery charge), the same as the affordable base rate per line for voice service. However, URTA now recommends the bundled wholesale broadband revenue per line not be standardized. These rates are largely cost-based rates determined either by National Exchange Carrier Association (NECA) or a company’s cost study. URTA’s supporting spreadsheet used the statewide weighted average rate of \$18.40, rather than a standardized rate. The OCS have reviewed the proposed CBOL rate and the supporting spreadsheet and find it to be within a range of reasonableness. Additionally, the OCS finds URTA’s rationale for not standardizing the bundled wholesale broadband rate to be reasonable. The OCS further notes that this proposal is forecast to reduce the annual disbursements from the UUSF.

The proposed rules also include a reduction in the standard wholesale broadband rate down to \$18 per line for low income lifeline customers, so long as the reduction is fully credited to the end-user. It is expected this program will combine with federal support to offer affordable high quality broadband service for many rural lifeline qualifying customers in Utah. The OCS believes this rate to also be in the range of reasonableness, as well as meeting the very purpose of the lifeline and universal service programs. The uncertainties regarding customer subscription rates make the impact of the broadband lifeline discount on the annual UUSF expenditures difficult to forecast; this impact is not included in the URTA spreadsheet.

As with all forecasts there is some uncertainty with the financial impact of the proposed rules. Ultimately the rates can be revisited at a future date, if the impact on the UUSF is not as anticipated.

RECOMMENDATION

The OCS recommends that the PSC adopt the proposed rule amendments and the \$28 revenue per line for wholesale broadband service (inclusive of the federal access recovery charge), as well as the \$18 reduced rate for low income lifeline customers.

cc: Chris Parker, DPU
Kira Slawson, URTA