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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of: Investigation into Possible Repeal of Utah Admin. Code R746-347, Extended Area Service (EAS)	COMMENTS OF THE UTAH RURAL TELECOM ASSOCIATION Docket 23-R347-01

The Utah Rural Telecom Association ("URTA") on behalf of its members All West Communications, Inc., Bear Lake Communications, Inc., Beehive Telephone Company, Carbon/Emery Telecom, Inc., Central Utah Telephone, Inc., Direct Communications Cedar Valley, LLC, E Fiber Moab, LLC, E Fiber San Juan, LLC, Emery Telephone, Gunnison Telephone Company, Hanksville Telcom, Inc. Manti Telephone Company, Skyline Telecom, South Central Utah Telephone Association, Inc., UBTA-UBET Communications Inc. (dba Strata Networks), and Union Telephone Company, appreciate the opportunity to file comments in response to the Notice and Request for Comments dated February 21, 2023 ("Notice") by the Utah Public Service Commission (the "Commission") in Docket No. 23-R347-01.

I. INTRODUCTION AND BACKGROUND

In the Notice, the Commission seeks Comments on whether R746-347 should be repealed. R746-347 sets forth the criteria and procedure for establishment, restructuring, and expansion of extended area service by incumbent telephone corporations. As the Commission is aware, R746-347[1] establishes several definitions, including:

> A. Extended Area Service" (EAS) - A local exchange public telecommunications service that enlarges the toll-free calling area to include two or more exchanges. A larger local calling area may result in an increase in the separately itemized EAS rate that local exchange carriers charge for local telephone service.
>
> B. Local Calling Area – An area encompassing one or more local exchange areas between which public telecommunications services are furnished by the local exchange carrier in accordance with its local exchange service tariffs, without message telephone service or toll charges.
>
> C. Local Exchange Area – A geographical area used by a local exchange carrier to furnish and administer telecommunications services in accordance with its local exchange service tariffs. It may consist of one or more contiguous central offices service areas as further defined in R746-340-1.

R746-347 also sets forth the procedure by which an EAS is established, approved, and restructured.

In the absence of the establishment of an EAS, calls outside a local exchange, but within the Local Access and Transport Area (LATA) incur a toll charge. Once an EAS is established and approved by the Commission pursuant to R746-347 the incumbent local exchange carriers (ILECs) include the extended service areas, together with the EAS rates in their local tariffs and their customers pay the EAS as a rate element on their local telephone bill. In exchange, customers receive unlimited calling between certain EAS exchanges for the flat fee established by the Commission, rather than a per minute toll charge.

Pursuant to R746-8-200, the mandatory EAS rate can be included by the ILEC in the affordable base rate, or the EAS rate element can be charged to the customer in addition to the affordable base rate, at the ILEC's option. Most of the URTA members have established one or

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[1] Utah Admin. Code R746-347-2.

more EAS areas and rates. Seven of the URTA members include the EAS rate elements in the affordable base rate; five of the URTA members charge the customers the EAS rate on top of the affordable base rate; and four companies, E Fiber San Juan, LLC, E Fiber Moab, LLC, Hanksville Telcom, Inc., and Strata Networks[2] do not have a mandatory EAS rate element.

This background is necessary to provide context for the discussion of whether or not to repeal R746-347.

II. PRACTICAL CONSIDERATIONS/ REQUEST FOR CLARIFICATION

The URTA members are unclear as to what the Commission is attempting to achieve with the repeal and/or elimination of R746-347 (the "EAS Rule"). If the Commission determines to move forward with repeal of the EAS Rule, URTA would request clarification from the Commission on the points raised in these Comments, and would request the opportunity to provide additional comments after clarification.

As the Commission is aware, the EAS Rule was established over 20 years ago as a means for companies to establish unlimited local calling for an extended area (between exchanges in communities of interest) for a flat fee. The EAS Rule has been utilized, throughout the years to:

- Establish or modify a flat monthly fee for calls between 2 or more of a company's exchanges;
- Establish a flat monthly fee for calls between one company's exchange(s) and one or more exchanges of another separate company (e.g., between a Beehive exchange and a Lumen exchange); or
- Restructure the EAS to simplify rates.

[2] In 20222, Strata Networks eliminated its separate EAS rate elements, but maintained toll-free calling between the exchanges and increased the base rates in those exchanges to include the previous EAS rate elements.

As indicated above, not all companies have established EAS; and not all exchanges within a company are subject to an EAS. Rather, the EAS Rule permitted local exchange carriers to petition the Commission for a flat rate for local calling between exchanges of their choosing. In such instances, the EAS rates were established as a proxy for the toll revenue that would otherwise be paid by the customer to the LEC for the interexchange calls. As a result, there are significant disparities between EAS rates throughout the various exchanges in Utah. EAS rates seem to vary from a low of $0.00 to a high of $9.63 per month. With the advent of digital switching, the incremental costs associated with providing unlimited calling between a company's own exchanges have gone down, but there can still be costs associated with such service, particularly if the EAS is with another company. Additionally, it is important to note that many exchanges in Utah have no EAS, so that calls from those exchanges incur a toll charge – which is separate revenue to the company above and beyond the affordable base rate. Additionally, as indicated in the footnote above, in one instance, a provider has recently (in 2022) eliminated EAS as a separate rate element but maintained toll free calling between the provider's exchanges while increasing the base rate to include the previous EAS charge in an effort to simplify rates as permitted by R746-347-7.[3] Therefore, the EAS Rule continues to be relevant today.

The pressing question in this Docket is, what does the Commission intend to accomplish with elimination of the EAS Rule?

- Is the Commission considering elimination of EAS as a separate rate element, while still requiring the provider to provide unlimited local calling between the

[3] See Docket 22-053-02.

exchanges that were previously covered by the EAS?

- Is the Commission suggesting that EAS be eliminated as a separate rate element while requiring a provider to provide unlimited local calling between all its exchanges?
- Is the Commission suggesting that statewide calling between all exchanges should be permitted without additional charge?
- Is the Commission suggesting that there be no unlimited local calling between any exchanges so that all calls outside an exchange incur a toll charge?
- Is the Commission suggesting that current tariffed EAS will continue, but no new EAS will be permitted or established, and no modifications or restructuring of EAS will be permitted?

In the first four cases, elimination of EAS will have an impact on a provider's revenue and ultimately, if the particular provider is eligible for UUSF, elimination of EAS as a rate element and/or a service is likely to have some impact on the Utah Universal Service Fund which the Commission should consider.

As indicated above, five of the rural ILECs charge the EAS rate on top of the affordable base rate. This means the ILECs receive EAS revenues from their customers and, as a result, those customer revenues offset the companies' costs, likely reducing the ILECs' draws from the Utah Universal Service Fund. Eliminating EAS as a rate element but maintaining the unlimited local calling between the EAS exchanges in those circumstances, without any concomitant increase in customers' base rate, will reduce rates for customers in those exchanges, and is likely to impact the UUSF (UUSF draws for such companies are likely to increase as the companies recover the lost EAS revenues from the UUSF rather than the customers).[4]

Eliminating EAS as a rate element but requiring a provider to provide unlimited local calling between all of its exchanges would also impact company revenues and ultimately the UUSF. Currently, many of URTA members' EASs permit unlimited local calling only between certain exchanges. Requiring a provider to provide unlimited local calling between all of its exchanges without any EAS rate element would decrease toll revenues which could, again, increase a provider's reliance on the UUSF.

Eliminating EAS as a separate rate element, but requiring toll-free unlimited intrastate calling, across all local providers would be a big departure from the current state of affairs and would impact provider revenues and the UUSF. Similarly, eliminating EAS as a service <u>and</u> a rate element will impact customers' rates because calls that were previously included in the flat fee or included in the base affordable rate will now incur a per minute charge. This too will impact a company's revenues, and thus, UUSF draw.

Finally, if the Commission's intent in eliminating the EAS Rule is to permit tariffed EAS to continue, but to prohibit any new EAS from being established, or any current EAS from being modified or restructured, URTA believes this would be untenable. So long as EAS remains a tariffed service, there needs to be a process for restructuring or seeking modification to that tariffed service. While some aspects of the EAS rule may be outdated when viewed from the lens of modern digital switches, URTA believes that the EAS Rule is workable as it is enacted and should not be eliminated so long as there remain tariffed EAS services.

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[4] ILECs who include the EAS rate element in their affordable base rate will be required to raise their affordable base rate to $18.00 or have $18.00 imputed against them in the UUSF calculation, so there should be no impact to the UUSF for such ILECs.

III. CONCLUSION

As indicated above, URTA does not believe repeal or revision of the EAS Rule is necessary at this time. Additionally, because there are several practical issues that the Commission should consider before eliminating the EAS Rule, if the Commission determines to move forward with repeal of R746-347, URTA requests clarification from the Commission and/or a technical conference to identify and discuss the goals of the Commission and the practical issues that might be associated with elimination of the EAS Rule, with an additional opportunity to provide comments. URTA appreciates the ability to participate in this docket.

Dated this 23rd day of March, 2023.

Respectfully submitted,

UTAH RURAL TELECOM ASSOCIATION

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CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of March, 2023, I served a true and correct copy of URTA's Comments in the Matter of the Investigation into the Possible Repeal of R746-347, Docket 23-R347-01, via e-mail transmission to following persons at the e-mail addresses listed below:

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/s/Kira M. Slawson