

David R. Irvine (1621)
747 East South Temple Street, Ste. 130
Salt Lake City, UT 84102
Telephone: (801) 579-0802
Telecopier: (801) 579-0800
Attorney for Petitioner

BEFORE THE UTAH PUBLIC SERVICE COMMISSION

In the Matter of the Petition of)	
Direct Communications Cedar Valley,)	Docket No. 07-2419-01
LLC, for a Rebalance of Rates and)	
Support from the State Universal)	
Service Support Fund.)	

Direct Communications Cedar Valley, LLC (“DCCV” or “the Company”) hereinafter) hereby petitions the Commission for a rebalance of the Company’s rates and charges for telecommunications services provided in the state of Utah and for support from the State Universal Service Support Fund. In support of this petition, DCCV represents as follows:

1. DCCV is the certificated provider of telecommunications services within the city of Eagle Mountain, Utah. It was issued as certificate of convenience and necessity on August 9, 2004, and it commenced operation on February 1, 2006.

2. In its application for certification, DCCV represented that it could not indefinitely operate the Eagle Mountain system without federal Universal Service Fund support.

3. Immediately following the Company's receipt of this Commission's Order in 2004 approving the Company's purchase of the Eagle Mountain system, DCCV filed a petition with the Federal Communications Commission ("FCC" hereinafter), requesting immediate support for its operations through the federal Universal Service Fund, but that issue is still pending before the FCC.

4. DCCV has operated without support from the Utah Universal Service Support Fund ("State USF" herein) (except for Lifeline service), and has sustained all of the costs of operation at the rates in effect at the time the Company began operating the Eagle Mountain system.

5. DCCV, the Division of Public Utilities (the "Division" hereinafter), the Committee of Consumer Services (the "Committee" hereinafter), and the Commission all recognized and understood that Eagle Mountain was and still is the highest-cost telephone service of any system in the state, and that no company could operate that system indefinitely without receiving federal and state USF support.

6. Pursuant to the terms of the Stipulation and Order approved by this Commission on August 9, 2004, DCCV was required to operate without receiving state Universal Service Fund support for a period of eighteen months from the date it commenced operation. The reason for this delay was to permit the collection of actual data necessary to support the Company's revenue requirement and rate structure over that period of time.

7. That eighteenth month filing moratorium expired on August 1, 2007. The actual operating data requested by the Commission is reflected in the confidential exhibits which will be filed upon issuance of a protective order in this docket.
8. The delay in receiving federal USF support has been longer than anyone could have anticipated. The request for federal USF support has been awaiting FCC action since October 27, 2004.
9. The Company's rates are higher than the level currently identified for State USF eligibility. DCCV is requesting that it receive \$2,317,889 from the State USF as shown on Exhibit 2. The rate rebalancing and draw upon the State USF sought herein is necessary to allow the Company to receive a reasonable return on its investment and forestall operating at a loss.
10. DCCV applied for an order establishing its rates of depreciation and asset valuation in Docket No. 06-2419-02. An order in that docket has been submitted for the Commission's approval and issuance.
11. Exhibit 1 shows the Company's 12-month income statement from August 1, 2006, with adjustments necessary to calculate the Company's state revenue requirement.
12. The notes explaining the several revenue adjustments are provided in Exhibit 1.1. The various notes are largely self-explanatory, but it should be noted that the Company, as explained in Note (g), proposes to include Caller ID (name and number) and voice mail as part of the local rate. These services have become

the customer-expected norm in the telecommunications industry, and DCCV represents to the Commission that these inclusions are required in order to allow the Company to remain competitive in the area it serves.

13. The Company is proposing an 8.86% return on rate base (Note (h)), which is reasonable and consistent with rates of return allowed for other Utah independent local exchange carriers.

14. The Company has proposed expense adjustments in the amount of \$436,310 (Note (d)) to reflect cost of living wage increases, the additional costs of health insurance, and other costs reasonably associated with the reclassification of some of its employees from part-time to full-time employees. These adjustments are necessary to more fairly compensate employees for the nature of their responsibilities, to better maintain an appropriate internal compensation structure, and to keep the Company's compensation program competitive with other local exchange carriers in Utah. The Company submits that these adjustments are consistent with the rates of compensation for personnel doing similar work and as approved by the Commission for Utah's other local exchange carriers to be just and reasonable.

15. If the Commission approves the Company's requests as set forth herein, the average customer's monthly billing for basic service will remain at \$17.50.

16. DCCV hereby requests that the Commission order the effective date of the Company's eligibility to draw upon State USF support to be 30 days from the

filing date of this Petition, and that such support commence from that date forward.

DATED this 5th day of December, 2007.

David R. Irvine
Attorney for Direct Communications
Cedar Valley, LLC