

Stephen F. Mecham (4089)
Callister Nebeker & McCullough
10 East South Temple, Suite 900
Salt Lake City, Utah 84133
Tel: 801 530-7300
Fax: 801 364-9127
Email: sfmecham@cnmlaw.com
Attorneys for the Utah Rural Telecom Association

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF UTAH

In the Matter of the Utah Rural Telecom Association's Petition to Initiate Rulemaking Proceedings to Amend Utah Admin. Code R746-360-8	Docket No. 09-2424-01 Second Amended Draft Rule
--	---

At the technical conference held in this proceeding June 30, 2010, the Commission and other parties requested that the Utah Rural Telecom Association ("URTA") amend a second time the proposed rule filed in this proceeding to clarify and simplify the proposal and to include an example of how the proposal will work. The attached draft rule makes the requested changes and URTA now petitions the Commission to publish the draft rule for comment in the rulemaking process pursuant to Utah Code Ann. § 63G-3-101 et seq.

Respectfully submitted this 27th day of July, 2010.

CALLISTER NEBEKER & MCCULLOUGH

Stephen F. Mecham

R746-360-8. Calculation of Fund Distributions in Rate-of-Return Incumbent Telephone Corporation Territories.

A. Determination of Support Amounts --

1. Incumbent telephone corporation - Monies from the fund will equal the numerical difference between the Incumbent telephone corporation's total embedded costs of providing public telecommunications services, for a designated support area, less the product of the Incumbent telephone corporation's Average Revenue Per Line, for the designated support area, times the Incumbent telephone corporation's active access lines in the designated support area. “Total embedded costs” shall include a weighted average rate of return on capital of the intrastate and interstate jurisdictions. For example, an Incumbent telephone corporation whose costs are allocated fifty percent to each jurisdiction and whose interstate return is 11.25 percent and whose intrastate return authorized by the Commission is 9 percent, the weighted average return on capital would be 10.125 percent.

a. In order to determine the interstate return on capital to calculate the weighted average rate of return on capital for Incumbent telephone corporations, the Commission shall:

i. use the prior year return reported by the National Exchange Carriers Association (NECA) to the Federal Communications Commission (FCC) on FCC Form 492 for Incumbent telephone corporations that do separations between intrastate and interstate jurisdictions under 47 CFR Part 36. In the event that the Incumbent local telephone corporation uses a future test period as provided in Utah Code Ann. §54-4-4(3)(b)(i), the interstate return for these Incumbent telephone corporations shall be the average of the actual return for the prior three years as reported on FCC Form 492.

ii. use NECA's most recent interstate allocation computation filed at the FCC under 47 CFR Part 69.606 and the actual interstate return on capital reported by NECA as described in R746-360-8 A.1.a.i. for average schedule Incumbent telephone corporations.

iii. use the actual interstate return of an Incumbent telephone corporation's relevant tariff group reported to the FCC in its most recent September FCC Form 492A for Incumbent telephone corporations that are regulated on price-cap basis in the interstate jurisdiction.

Certificate of Service

I certify that on July 27, 2010, I emailed a true and correct copy of the Second Amended Draft Rule filed in Docket No. 09-2424-01 to the following:

Chairman Ted Boyer
Commissioner Ric Campbell
Commissioner Ron Allen
Judge Ruben Arredondo
David Clark
John Harvey
From the Public Service Commission

Michael Ginsberg
Bill Duncan
Casey Coleman
From the Division of Public Utilities

Paul Proctor
Eric Orton
Cheryl Murray
From the Office of Consumer Services

Jim Farr
From Qwest

Curt Huttsell
From Frontier Communications

s/Stephen F. Mecham