



State of Utah
Department of Commerce
Division of Public Utilities

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MEMORANDUM

To: Public Service Commission

From: Division of Public Utilities
Chris Parker, Director
Bill Duncan, Telecommunications / Water Manager
Casey J. Coleman, Utility Technical Consultant

Date: July 6, 2011

Re: In the Matter of the Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Utah for the Limited Purpose of Offering Lifeline Service to Qualified Households per Docket No. 09-2511-01.

RECOMMENDATION:

The Division recommends that the Commission accept the calculation by TracFone of .0025 as the correct factor for intrastate revenues at this time.

ISSUES:

On June 21, 2011 the Commission ordered the Division to respond to the appropriateness of the statement made by TracFone that they would use “.0025—the applicable USF surcharge factor” and whether that surcharge factor is correct.

Currently, according to R746-360-4(C) the surcharge to be assessed shall equal .025 percent of intrastate retail rates. The statement made by TracFone that they will use a factor of .0025 follows the definition of the USF surcharge as published within the Commission rules. Therefore, at this time the Division believes TracFone’s statement to be accurate.

One caveat, which is applicable to all telecommunications companies, is that when the USF surcharge changes, TracFone would be required to pay the new surcharge amount. The Division is aware that within the next three months it is anticipated that the surcharge rate will be increasing. Whenever the rate increases, TracFone as well as all other telecommunications companies would be required to pay the higher rate.

cc: Trisha Schmid, Assistant Attorney General
Dahnelle Burton-Lee, Assistant Attorney General
Gary A. Dodge, Hatch, James & Dodge