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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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IN THE MATTER OF SOUTH CENTRAL  
UTAH TELEPHONE ASSOCIATION, INC.'s  
APPLICATION FOR USF ELEGIBILITY

**(REDACTED)**  
SECOND AMENDED APPLICATION  
FOR USF ELIGIBILITY

DOCKET NO. 10-052-01

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South Central Utah Telephone Association, Inc. ("SCUTA" or "Company") pursuant to Utah Code Annotated §54-8b-11, §54-8b-15, and Rules R746-360 and R746-700 of the Commission's Rules of Practice and Procedure, hereby amends its application to the Public Service Commission of Utah ("Commission") for State Universal Service Fund ("USF") eligibility to provide information as specified in PSC R746-360-2 and R746-360-8. SCUTA represents and states as follows:

1. SCUTA presents this Second Amended Application for USF eligibility “by updating its known and measurable adjustment for 2010” and provides all of the additional supporting schedules.<sup>1</sup>

2. SCUTA’s second amended Application is supported by the following Schedules which replace schedules contained in SCUTA’s original and first amended filings and are considered confidential subject to Utah Public Service Rule 746-100-16 and subject to the protective order issued in this docket:

*Amended Schedule 1* Total Company Revenue Deficiency (Amended August 1, 2011)

*Amended Schedule 3* Pro Forma Results for Utah Operations (Amended August 1, 2011)

*Amended Schedule 4* Cash working Capital Worksheet (Amended August 1, 2011)

*Amended Schedule 5* Weighted Cost of Capital and Rate of Return (Amended August 1, 2011)

3. The “Total Company Revenue Deficiency” presented on *Amended Schedule 1* represents SCUTA’s revenue shortfall for its Utah regulated state and interstate operations of \$2,228,148 in compliance with Utah’s definition of “Average Revenue per Line”.<sup>2</sup> SCUTA was granted an interim amount from the Utah Universal Service Fund amount of \$484,235 commencing on November 4, 2010, or \$40,353 monthly. An initial payment of \$282,471 was to be made for the period of November 2010 through May 2011 and ongoing payments of \$40,353 to commence on June 1, 2011 and to continue until the final order in this docket.<sup>3</sup> This amended

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<sup>1</sup> Refer to Paragraph 8 in the Amended Stipulation for interim USF Distribution dated April 26, 2011

<sup>2</sup> Utah Rule 746-360-2, Definitions

<sup>3</sup> Refer to paragraph 6 in the Amended Stipulation for Interim USF Distribution, dated April 26, 2011

application requests \$2,228,148 of total annual Utah USF, which includes the interim USF of \$484,235. Therefore, this Second Amended Application reflects an additional \$1,743,913 of Utah USF in addition to the interim USF of \$484,235. The source for this information is summarized in *Amended Schedule 1*, “Total Company Revenue Deficiency”.

4. *Amended Schedule 1*, Line 37, reflects an annual revenue shortfall for regulated Utah operations of \$2,228,148 which is computed based on the difference between SCUTA’s average amended Utah revenue per line of [Begin Confidential \*\*\* End Confidential] and its average Utah cost per line of [Begin Confidential \*\*\* End Confidential] multiplied by total Utah USF loops at December 31, 2010 of [Begin Confidential \*\*\* End Confidential] in accordance with Utah Rules R746-360-2 and R746-360-8. SCUTA’s average Utah revenue per line of [Begin Confidential \*\*\* End Confidential] is determined based on SCUTA’s 2010 adjusted Utah regulated revenues of [Begin Confidential \*\*\* End Confidential] (Line 10) divided by Utah 2010 USF loops of [Begin Confidential \*\*\* End Confidential].<sup>4</sup> SCUTA’s average Utah embedded cost per loop of [Begin Confidential \*\*\* End Confidential] (Line 35) is determined by combining a return on Utah rate base of [Begin Confidential \*\*\* End Confidential] (Line 31) at SCUTA’s proposed return on investment of [Begin Confidential \*\*\* End Confidential] with Utah operating expenses of [Begin Confidential \*\*\* End Confidential] (Line 19) and dividing the sum (Line 32) by total Utah USF loops of [Begin Confidential \*\*\* End Confidential].

5. The “Amended Pro Forma Summary Results of Utah Operations”, *Amended Schedule 3*, (column “i”) reflects the 2010 revenue, expense and rate base based on the following adjustments shown in column “h”: Amended Adjustment A presents the necessary adjustments of [Begin Confidential \*\*\* End Confidential], to the 2009 test year Utah revenues required to

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<sup>4</sup> [Begin Confidential \*\*\* End Confidential]

bring the revenues to 2010 levels; Amended Adjustment B presents the necessary adjustments of [Begin Confidential \*\*\* End Confidential] to bring the Utah operating expenses and taxes to 2010 levels with additional adjustments of [Begin Confidential \*\*\* End Confidential] for customer deposits and allowance for funds used during construction (“AFUDC”); and the Amended Adjustment C presents the necessary adjustments of [Begin Confidential \*\*\* End Confidential] to bring the Utah rate base components to 2010 levels. Attachment I provides the “2010 Total Company Audit Reconciled for Utah” which supports the Amended Adjustments for the revenue, expense and rate base amounts.

6. The “Amended Pro Forma Summary Results of Utah Operations”, *Amended Schedule 3*, (column “j”) presents the known and measurable additional revenue, Amended Adjustment D, to the booked 2009 Utah interstate access revenue of an additional [Begin Confidential \*\*\* End Confidential] based upon the final 2010 Interstate Access Revenue Requirement<sup>5</sup>. Amended Adjustment E presents the decrease in the 2010 Corporate Operations expense of [Begin Confidential \*\*\* End Confidential] for the amended rate case expense projected through August 31, 2011 for the settlement of this case. If this case requires additional litigation, additional rate case expenses will apply. The amount included in the 2010 Corporate Operations expense is [Begin Confidential \*\*\* End Confidential] of the anticipated [Begin Confidential \*\*\* End Confidential], amortized over two-years, or [Begin Confidential \*\*\* End Confidential] each year.

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<sup>5</sup> SCUTA’s 2010 Cost Study Part 36 and Part 69 were provided in response to Data Request 11.2 and was filed with the National Exchange Carrier Association on July 22, 2011

7. The amount of Cash Working Capital (“CWC”) included in the rate base of [Begin Confidential \*\*\* End Confidential] is Utah’s portion of the CWC determined by Part 36 of the 2010 Cost Study and is provided as Amended Schedule 4.

8. SCUTA requests that the Utah revenue shortfall of \$2,228,148, as shown on Line 37 of *Amended Schedule 1*, be recovered through Utah Universal Service Fund support. SCUTA’s current local rates are at the Commission’s approved Affordable Base Rate for Telecommunications Service<sup>6</sup> of \$16.50 for residential lines and \$26.00 for business lines. When the requested Utah Universal Service Fund support revenue of \$2,228,148 is added to Utah State and Interstate revenues on the *Amended Schedule 3*, column “I”, Line 31, the ROR for Utah operations is [Begin Confidential \*\*\* End Confidential] which complies with the provisions in Utah Rule 746-380-8.

WHEREFORE, South Central Utah Telephone Association, Inc. respectfully submits this amended Application for USF eligibility.

DATED this 1<sup>st</sup> day of August, 2011.

BLACKBURN & STOLL, LC

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Stanley K. Stoll  
Kira M. Slawson  
Attorneys for South Central Utah Telephone  
Association, Inc.

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<sup>6</sup> Utah Admin. Code R 740-360-2 A

## CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the South Central Utah Telephone Association, Inc. Redacted Second Amendment to Application for USF Eligibility, Docket No. 10-052-01 was sent to the following individuals by electronic mail, this 1<sup>st</sup> day of August, 2011:

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