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Division of Public Utilities

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## MEMORANDUM

**To:** Public Service Commission

**From:** Division of Public Utilities  
Chris Parker, Director  
William Duncan, Manager Telecommunications  
Paul Hicken, Utility Analyst

**Date:** September 29, 2011

**Subject:** Second Amended Application for USF Eligibility. In the Matter of South Central Utah Telephone Association, Inc.'s Application for USF Eligibility. Docket No. 10-052-01.

### BACKGROUND

This Second Amended Application for USF Eligibility was filed by South Central Utah Telephone Association Inc. (SCUTA) with the Public Utility Commission on August 1, 2011, pursuant to paragraph 8 of the Stipulation and Agreement reached on April 26, 2011 between the SCUTA and the Division of Public Utilities. The parties both agreed that one issue with the initial filing was whether the 2009 test year was fairly representative of the company's operations for just and reasonable rate analysis. It was agreed that further discovery was needed to incorporate known and measurable adjustments from 2010. The company agreed to amend the initial application once the 2010 Audited Financial Statements became available. These statements are necessary for the determination of just and reasonable rates and equitable USF distribution. With the extended amount of time for discovery, the DPU cannot be ready to conclude their review and analysis within the scheduled 240 day deadline set by the Commission

and consequently, SCUTA has agreed to waive and relinquish any rights to a hearing within 240 days.

## **RECOMMENDATION**

The Division is currently reviewing the Second Amended Application with the accompanying Amended Schedules 1, 3, 4 and 5. The adjustments for 2010 revenues and expenses show significant changes which have a substantial impact on the revenue requirement for the company. The Division and the Company are working together and exchanging information for a better understanding of these adjustments with the objective at agreeing upon a fair and accurate financial picture of the company and requested USF assistance based on a fair revenue requirement. The Division and the Company are meeting next week to discuss many of the significant changes in revenues reported in the Second Amended Application. After these discussions, the Division will have a better insight of when and how this docket may be concluded. Further, if the Division is unable to reach a resolution with SCUTA, the Division will update this response and request a scheduling conference in this matter.