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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

**IN THE MATTER OF THE UTAH
DIVISION OF PUBLIC UTILITIES’
PETITION FOR INCREASED USF
DISTRIBUTIONS TO HANKSVILLE
TELCOM, INC.**

Docket No. 14-2303-01

COMMENTS OF
HANKSVILLE TELCOM, INC.

On May 21, 2014, the Utah Division of Public Utilities (“Division”), pursuant to Utah Code Ann. §§ 54-8b-15, 63G-4-201, and Utah Admin. Code R746-100, submitted to the Public Service Commission of Utah (“Commission”), a Petition requesting approval of increased Utah Universal Telecommunication Service Support Fund (“USF”) distribution to Hanksville Telcom, Inc. (“Hanksville”). On May 22, 2014, the Commission issued a Notice of Filing, Comment Period, and Hearing that established an initial comment period, and hearing date. On May 29, 2014, the Office of Consumer Services (“OCS”) filed a Motion to Suspend Notices of Comment Period and Hearing and Request for Scheduling Conference. On June 9, 2014, Hanksville, the Division, and the OCS filed a Joint Motion to Amend the Schedule for Comments. On June 10, 2014, the Commission issued a Scheduling Order and Notice of Hearing which provided that initial comments would be due on or before July 21, 2014, with reply comments due August 5, 2014. The Hearing in this matter is set for August 7, 2014.

Hanksville hereby submits these Comments in support of the Division's Petition:

COMMENTS

Hanksville is an ILEC operating in Hanksville, Utah, serving approximately 94 access lines. As a rate of return regulated company, Hanksville has been under earning for some time. However, with only 90+ access lines and a very lean operation, Hanksville was concerned about incurring the historical cost and expense of a rate and/or USF case. Additionally, Hanksville's rates are currently below the Commission approved Affordable Base Rate. However, given the economy in Hanksville, and the widespread availability of wireless alternatives, Hanksville was concerned that raising its rates to the Affordable Base Rate would increase access line loss.

Hanksville and the Division discussed these concerns and determined that through a cooperative and informal process, the Division could conduct a thorough review of the Hanksville operations, books and records, ensuring protection to the USF, while minimizing the costs to the Company. Over the course of several months, Hanksville and the Division engaged in several meetings, interviews, and on-site reviews of the books, records, and operations of Hanksville. Based on the Division's thorough audit, review, and investigation of Hanksville's operations and the Division concluded that under Utah Admin. Code R746-360-8 Hanksville is eligible for an increase in USF in the amount of \$78,554 annually.

Hanksville has reviewed the calculations and Exhibits contained in the Division's Application, and supports the Division's Petition and Exhibits. Hanksville states that the USF distribution in the amount of \$78,554 annually is just and reasonable and in the public interest, and will permit Hanksville to continue to provide high-quality reliable service to the customers in Hanksville. Specifically:

1. As indicated in the Division's Petition, Hanksville is not seeking a rate increase at

this time. Exhibit 1 provided by the Division accurately reflects the revenue deficiency currently experienced by Hanksville and incorporates a revenue adjustment that imputes the difference between Hanksville's current rates for service and the Commission approved Affordable Base Rate as a revenue adjustment (as accurately reflected in Exhibit 7 to the Division's Application).

2. Exhibit 2 to the Division's Application accurately reflects the Rate Base of Hanksville.

3. Exhibit 3 to the Division's Application establishes a rate of return for Hanksville that is consistent with the Commission's rate of return allowed for similar rate of return carriers in Utah in recent proceedings.

4. Exhibit 4 to the Division's Application accurately summarizes the revenue, expense and rate base adjustments to the test year as agreed to by Hanksville and the Division.

5. Exhibits 5 and 6 to the Division's Application accurately summarize the Plant additions completed by Hanksville in 2013, and the Plant additions for 2014.

CONCLUSION

Hanksville supports the Division's Application and respectfully requests that the Division's Application be granted, and that the Commission enter an Order approving an annual USF Distribution to Hanksville in the amount of \$78,554. Further, Hanksville supports the informal process that was employed with the Division in this matter. This procedure permitted the Division to instigate a review of the company's operations, and conduct a thorough audit, review and investigation, thereby protecting the USF, while allowing Hanksville to access USF disbursements to which it is entitled under Utah law while minimizing the costs to Hanksville.

Respectfully submitted this 17th day of July, 2014.

BLACKBURN & STOLL, LC

Kira M. Slawson
Attorney for Hanksville Telcom, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of July, 2014, I caused to be distributed via e-mail a true and correct copy of the foregoing Comments of Hanksville Telcom, Inc. to the following:

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