



State of Utah
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Division of Public Utilities

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June 22, 2016

TO: PUBLIC SERVICE COMMISSION

FROM: DIVISION OF PUBLIC UTILITIES

Chris Parker, Director
Bill Duncan, Manager, Telecommunications and Water
Paul M. Anderson, Utility Technical Consultant

RE: Docket No. 16-042-T01 Emery Telephone, Inc. filing to revise Residential R1 rates to comply with current Commission proposed Affordable Base Rate rules.

ISSUE:

Emery Telephone, Inc. (Emery) is filing revisions to its Access Line Tariff PSC Utah No. 2, that with the addition of mandatory EAS (Extended Area Service) charges and State USF (Universal Service Fund) surcharges, will add up to meet the current Commission proposed Affordable Base Rate rules.

The Board of Directors of Emery has, pursuant to Utah Code Annotated Section 54-7-12(7), approved a rate increase for all exchanges for the Basic Residential (R-1) Service from \$15.00 per month to \$15.82 per month; and for Teen Line Service from 75% of the Residential Rate to 100% of the residential rate per month.

The rate increases are necessitated by the Commission's proposed Affordable Base Rate which requires Emery to charge a floor of \$18.00 per month for residential service and \$26.00 per month for business service in order to remain eligible for State USF support. Pursuant to the Commission's Supplemental Notice, telecommunications providers are permitted, but not required, to include mandatory extended area service ("EAS") charges, State subscriber line charges (if any), and state universal service fund surcharges ("State USF") in determining whether such carrier's rates meet the Commission proposed Affordable Base Rate. Emery's revised residential rates will not be inclusive of the mandatory EAS, State USF surcharges, and State SLCs. Rather, such rate elements will remain separate. However, the sum of the Residential (R-1) rate, the mandatory EAS, the State USF Surcharge, and the State SLCs is equal

to the Commission proposed Affordable Base Rate of \$18.00 for residential service. See the following chart:

<u>Rate Elements</u>	<u>Rate</u>
Residential Rate	\$15.82
Mandatory EAS	\$2.00
State SLC	n/a
State USF	\$0.18
Total:	\$18.00

The sum of Emery’s current Business (B1) rate, the mandatory EAS, and the State USF are already at the Commission set affordable base rate for business, so no rate increase is sought for business rates but are provided here for informational purposes:

<u>Rate Elements</u>	<u>Rate</u>
Business Rate	\$24.50
Mandatory EAS	\$3.50
State SLC	n/a
State USF	\$0.28
Total:	\$28.28

RECOMMENDATION: Approve New Tariff Changes

The above basic rate modifications are pursuant to the Public Service Commission’s Notice of Requirement to File a Petition to Amend Tariff or to Deviate from the Utah Affordable Base Rate Notice, issued April 18, 2016, Docket No. 16-R360-01

Since the requested residential rate increase complies with the requirements in the Commission’s Notice, the Division recommends that the Commission **approve** the new updated tariff sheets for Emery in Docket No. 16-042-T01 and that the **Commission waive the 30 day notice period** and that the tariff becomes effective July 1, 2016 as contemplated in the Commission’s Notices and Order in Docket 16-R360-01.

cc: Brock Johansen, Chief Executive Officer, Emery Telephone, Inc.
 Justin Jetter, Assistant Attorney General, Utah Attorney General's Office
 Marialie Wright, Manager, Customer Service, Utah Division of Public Utilities
 Cheryl Murray, Office of Consumer Services