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June 20, 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: Utah Docket No. 16-2201-T02, In the Matter of the Petition of Bear Lake Communications, Inc., for a revision in B1 and R1 Rates that do not include mandatory EAS and State USF surcharges, but with their addition, sum up to meet the current Commission approved Affordable Base Rate rules.**

**ISSUE:**

Bear Lake Communications (Bear Lake) is requesting a revision in its basic business and residential telephone rates 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 approved "Affordable Base Rate." Bear Lake's current modification of its rate for Residential (R-1) to accomplish this is shown in the following table:

Exchange	R1 Rate	State USF	Mandatory EAS	Total Rate
All Exchanges	\$14.35	\$0.18	\$3.47	\$18.00

Additionally, Bear Lake has modified its tariff to reflect a business (B1) rate that is not inclusive of EAS, State USF surcharge, and State SLC, but whose sum of the B1, EAS, and State USF surcharge is at least \$26.00 as required by the Commission's Order:

Exchange	B1 Rate	State USF	Mandatory EAS	Total Rate
All Exchanges	\$23.00	\$0.31	\$7.83	\$31.14 <sup>1</sup>

<sup>1</sup> The total rate reflects the original B1 rates being charged by Bear Lake prior to May 25, 2016.

Bear Lake is revising the Emergency Line Rates from \$18.00 to \$17.82. These rates are exclusive of EAS, State USF surcharge, and State SLC, but the sum of the Emergency Line Rate and the State USF is \$18.00:

Exchange	Emergency Line Rate	Mandatory EAS	State USF	Rate Total
All Exchanges	\$17.82	n/a	\$0.18	\$18.00

**RECOMMENDATION:**

The FCC requires that the companies participating in the Connect America Fund (CAF), such as Bear Lake bring its rate levels to the CAF-mandated floor each year as a condition of continued participation. For 2016, the FCC rate floor is \$18.00 for residential subscribers.

The above basic rate increases are also 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 is mandated by the FCC for Bear Lake’s continued CAF participation, and the rate increases comply with the requirements in the Commission’s Notice, the Division recommends that the Commission **approve** the new updated tariff sheets for Bear Lake in Docket No. 16-2201-T02 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 Notice and Order in Docket 16-R360-01

CC: Eddie Cox, Bear Lake Communications, Inc.  
Justin Jetter, Assistant Attorney General, Utah Attorney General's Office  
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