



# State of Utah

## Department of Commerce Division of Public Utilities

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## Supplemental Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Artie Powell, Director

Brenda Salter, Utility Technical Consultant Supervisor

Paul Hicken, Technical Consultant

**Date:** October 13, 2020

**Re:** **Docket No. 20-2302-01**, Clarification to the 2021 UUSF Recommendation for Carbon/Emery Telcom, Inc.

### Clarification (No Action Required)

On September 23, 2020 the Utah Division of Public Utilities (DPU or Division) issued a recommendation to the Public Service Commission of Utah to adjust the 2021 annual Utah Universal Service Fund (UUSF) funds payable to Carbon/Emery Telcom, Inc. (Carbon) effective January 1, 2021. The confusion is that the DPU mentioned one amount for the calculation of Annual UUSF in the Issue statement and a different amount for the distribution of UUSF in the Conclusion statement. For clarification, the Issue statement should have been written as follows (italics added to clarify the original statement):

### Issue

The Division has reviewed the annual report of Carbon/Emery Telcom, Inc. received on April 15, 2020. Pursuant to PSC rule R746-8-401(4) the Division calculated the amount of UUSF eligibility to be \$1,387,294 annually, *but because of a deferred regulatory liability the amount to be distributed is \$1,371,867.*

## **Explanation**

The difference between the calculated amount and the amount to be distributed is because of a deferred regulatory liability created by the change in federal tax rate and because of using accelerated depreciation in prior years. This resulted in Carbon having Excess Deferred Income Tax (EDIT) which is a regulatory liability that should be returned to the UUSF. Using the company's calculations, the Division recommends that Carbon pay back the liability in accordance with the amortization table prepared according to IRS statute. The total liability incurred by Carbon is \$184,733.00. According to Carbon's amortization this will result in payback of \$15,427 for the current year. This equates to the total net UUSF disbursement of \$1,371,867 in 2021.

Cc: Brock Johansen, CEO – Carbon/Emery Telcom, Inc.