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## UTAH DEPARTMENT OF COMMERCE

### Division of Public Utilities

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## Action Request Response

**To:** Public Service Commission of Utah

**From:** Utah Division of Public Utilities

Chris Parker, Director  
Artie Powell, Manager  
Brenda Salter, Utility Technical Consultant Supervisor  
Paul Hicken, Technical Consultant

**Date:** September 1, 2022

**Re:** **Docket Nos. 22-053-02 and 22-053-T04, PETITION** of UBTA-UBET Communications, Inc. D/B/A Strata Networks for Restructuring of Extended Area Service Rates, AND **TARIFF** UBTA-UBET Communications Inc.'s Proposed Tariff Revisions.

## Recommendation (Approval)

The Division of Public Utilities (DPU or Division) has reviewed the Petition and Tariff filing and recommends the Public Service Commission (PSC or Commission) approve UBTA-UBET Communications Inc.'s d/b/a Strata Networks (Strata or Company) Petition to Restructure its Extended Area Service Rates (EAS), and its request for proposed tariff revisions. The Division, therefore, recommends the tariff change become effective on October 16, 2022.

## Issue

On August 26, 2022, Strata filed with the Commission, a Petition for Restructuring Extended Area Service Rates, in Docket No. 22-053-02, with Proposed Tariff Sheets showing revisions to UBTA-UBET Communications, Inc.'s P.S.C. Utah No. 1, Sheet No. 20, in Docket No. 22-053-T04. The purpose of the filing is to eliminate the EAS rate component from the tariff and streamline network access service rates within the company. The

Division of Public Utilities

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Commission issued an Action Request on August 26, 2022, for the Division to review the petition and investigate the proposed tariff changes and report its findings and recommendation to the Commission by September 9, 2022. This memorandum represents the Division's response to the Commission's Action Request.

## **Background**

Strata is a rate of return regulated carrier of last resort, operating as a telephone cooperative as defined under Utah Code § 54-2-1(30). As such, Strata's board of directors can set rates by filing updated tariff sheets with the Commission after the rates have been approved at a public meeting for all Strata's members and customers.

On October 28, 2021, the board of directors voted to combine the R1 Rate and Federal Subscriber Line Charge (SLC) into one R1 and B1 Rate element. The Company held a public meeting and on November 16, 2021, Strata filed with the Commission, 1<sup>st</sup> Revised Sheet No. 28 which rolled the Subscriber Line Charge (SLC) in with the residential and business rates.

On May 26, 2022, Strata's board of directors approved additional tariff restructuring which included combining the EAS Rate element with the R1 and B1 Rates. The Company believed it would be beneficial to consolidate the EAS Rate charge since it had become obsolete with modern switching technology. On July 8, 2022, Strata filed a reformatted tariff which was approved by the Commission on August 10, 2022.

When the SLC charge was rolled into the R1 and B1 rates, it became necessary to increase the ARC rate<sup>1</sup> by \$1.00 so that federal USF revenue would not be lost. The revised B1 rate, when added with the EAS Rate, totaled \$37.50 per month which is \$1.00 more than the rate previously paid by multi-line business customers. The Company's board of directors did not approve an overall increase to the B1 rate, rather they agreed to a modification of the rate elements. Consequently, Strata submitted another tariff revision on August 15, 2022, which proposed a \$1.00 reduction of the B1 rate to accommodate the increased ARC rate and

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<sup>1</sup> Rate of Return carriers are not required to charge the full ARC rate, but it will be imputed against them for federal USF purposes. 47 CFR 51.917(f).

keep the overall business rate at \$36.50. This is consistent with the goals of the Company's board of directors and does not create an increase to customers.

## **Discussion**

The Division reviewed the petition and the redlined version of the tariff sheets submitted with the Company's filing. The consolidation of the EAS Rate charge is consistent with the Company's goal to simplify and update the tariff because EAS charges are no longer necessary. Also, simplification is in the public interest and an objective of the Division to make the regulatory process as simple and understandable as possible.<sup>2</sup> No other rates were affected by the order and no other rate changes were proposed.

## **Conclusion**

The Division has no objections to the petition and the proposed revisions. Therefore, the Division recommends the Commission approve the petition and tariff revisions as submitted, with an effective date of October 16, 2022, as requested.

cc: Kira Slawson, Blackburn & Stoll, LC.  
Bruce Todd, UBTA-UBET Communications, Inc.  
Jason McKee, UBTA-UBET Communications, Inc.

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<sup>2</sup> U.C.A. 54-4a-6(3) make the regulatory process as simple and understandable as possible so that it is acceptable to the public; feasible, expeditious, and efficient to apply; and designed to minimize controversies over interpretation and application.