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UTAH DEPARTMENT OF COMMERCE

Division of Public Utilities

MARGARET W. BUSSE
Executive Director

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Action Request Response

To: Public Service Commission of Utah

From: Utah Division of Public Utilities

Chris Parker, Director
Brenda Salter, Assistant Director
Abdinasir Abdulle, Utility Technical Consultant Supervisor
Shauna Benvegnu-Springer, Utility Technical Consultant

Date: September 3, 2024

Re: **Docket No. 24-576-01**, Review of 2023 Annual Report of Skyline Telecom, Inc. d/b/a Centracom and Recommendation for Utah Universal Service Fund Assistance for Calendar Year 2025.

Preliminary Recommendation

The Division of Public Utilities (“Division” or “DPU”) recommends the Public Service Commission of Utah (“PSC” or “Commission”) adjust the annual Utah Universal Service Fund (“UUSF”) payable to Skyline Telecom (“Skyline” or “Company”) to \$0 annually, or \$0 monthly, effective January 1, 2025. For the 2023 calendar year, Skyline received \$0 annually, or \$0 monthly. Skyline does not qualify for UUSF for 2025.

Issue

On April 17, 2024, the Company filed its 2023 Annual Report for UUSF assistance. On April 15, 2024, the Commission issued an Action Request to the Division to provide analysis, evaluation results, and the basis for conclusions and recommendations regarding the Company’s report. This memorandum represents the Division’s response to the Commission’s Action Request.

Division of Public Utilities

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Discussion

In calculating the UUSF eligibility for Skyline, the Division utilized the following:

- 1) Rate of Return –The DPU used a 9.75% rate, the rate of return prescribed by the FCC.
- 2) Depreciation – Skyline utilizes a group asset depreciation method rather than single asset straight-line depreciation.
- 3) After reviewing the 2023 Annual Report, Skyline did not qualify for UUSF, and it has not qualified for the past five years.
- 4) Deferred Regulatory Liability – Skyline used accelerated depreciation in 2018. Because of the changes in federal and state tax rates and accelerated depreciation in prior years, the Company has a Deferred Regulatory Liability that should be returned to the UUSF. Skyline calculated an amortization schedule for the Excess Deferred Income Tax. Since Skyline does not qualify for UUSF, the EDIT adjustment is not used.

Conclusion

The DPU recommends keeping Skyline’s current UUSF payment of zero. Skyline did not qualify for UUSF in 2024 or 2025.

Attachments (2) 2023 Audit Report and 2023 Annual Report with Adjustments

cc: Bawb Nielsen, Senior Accountant, CentraCom
Chad Wray, Controller, CentraCom
Mike Plows, CFO, CentraCom
Brad Welch, COO, CentraCom