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Revised 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
Gary Smith, Utility Technical Consultant
Annette Orton, Utility Analyst

Date: September 3, 2025

Re: **Docket No. 25-051-01**, Review of 2024 Annual Report for Beehive Telephone Company, Inc. and Recommendations for 2026 Utah Universal Service Fund assistance.

Recommendation (Approve)

The Utah Division of Public Utilities ("Division" or "DPU") recommends the Public Service Commission of Utah ("Commission" or "PSC") adjust the annual Utah Universal Service Fund ("UUSF") amount payable to Beehive Telephone Company, Inc. ("Beehive" or "Company") to \$2,579,638 annually, or \$214,969.81 monthly, effective January 1, 2026. This is an increase of \$76,543 from the prior year's recommendation.

Issue

PSC Rule R746-8-401 requires the DPU to make annual recommendations to the PSC for adjustments to the monthly UUSF distribution to each provider based on an established FCC rate of return and the provider's financial information from its last Annual Report filed with the Commission. On April 15, 2025, the Company filed its annual report of operations in compliance with this rule. The Commission issued an Action Request on April 15, 2025, for the Division to review the filing and make recommendations by September 2, 2025. This memo is the Division's response to the Commission's Action Request. Included with this



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memo is a comprehensive audit report with details of the Company's 2024 operations and recommended changes to the UUSF distribution for Beehive.

Background

The Division has reviewed the annual report of Beehive received on April 14, 2025. Pursuant to PSC Rule R746-8-401(4), the Division has calculated the amount of UUSF eligibility to be \$2,579,638 annually. This is an increase of \$76,543 from the amount currently approved by the Commission.

Discussion

In calculating the UUSF eligibility for Beehive, the Division noted the following:

- 1) The Company receives model based ACAM support. In 2024 Beehive received [REDACTED] in federal USF support, remaining unchanged over the five years. The Company's state USF support increased \$533,688 in 2024 from the prior year and reported Utah Lifeline reimbursements averaged approximately [REDACTED] annually. 2024 state USF support revenues were approximately [REDACTED] of the Company's total revenue.
- 2) The Company's 2024 total operating revenues were [REDACTED] (\$2.4 million from state USF), an increase of [REDACTED] from the previous year.
- 3) Beehive's operating expenses for 2024 totaled [REDACTED], a decrease of [REDACTED] from 2023.
- 4) The total amount of regulated telecommunications plant in service reported on the Company's 2024 balance sheet was [REDACTED].
- 5) Beehive reported a total of [REDACTED] in retired assets with a total accumulated depreciation of [REDACTED] for 2024.
- 6) The Company reported a 2024 net rate base of [REDACTED], with [REDACTED] in new assets were placed in service in 2024.
- 7) The Company provides service to residential and business customers in [REDACTED] exchanges statewide. The Company reported that it only provides voice only service in its areas.

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- 8) The Company's access connections were charged at rates at the minimum set by the Commission, resulting in \$0 imputed revenues.
- 9) The Company had no Accumulated Deferred Income Tax (ADIT) and no Excess Deferred Income Tax (EDIT).

Conclusion

The DPU recommends adjusting the 2026 Utah USF distribution for Beehive Communications Co., Inc. to \$2,579,638 annually, or \$214,969.81 monthly, effective January 1, 2026.

cc: Cameron Francis – Beehive Telephone Company, Inc.
Larry Mason – Beehive Telephone Company, Inc.