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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
Tamra Dayley, Utility Analyst

Date: September 2, 2025

Re: **Docket No. 25-054-01**, Review of 2024 Annual Report for Union Telephone Company and Recommendations for Utah Universal Service Fund assistance for Calendar Year 2026.

Recommendation (No Action)

The Public Service Commission of Utah ("Commission") does not need to adjust the annual Utah Universal Service Fund ("UUSF") amount payable to Union Telephone Company ("Union" or "Company"). The Company did not receive UUSF support for 2025 and will not need support for 2026.

Issue

On May 14, 2025, the Commission asked the Division of Public Utilities ("Division") to review the 2024 Annual Report for compliance and provide recommendations by September 2, 2025.

Background

Under Utah Admin. Code R746-8-401, the Company filed its annual operations report on May 14, 2025, in accordance with this rule. In an email, the Company responded to the Division's request for additional information, stating that it "does not expect any USF from the State of Utah." This memo is the Division's response to the Commission's Action Request.



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Discussion

In reviewing the UUSF eligibility for the Company, the Division noted the following:

1. The Division received the annual report and some supporting financial information. However, the financial data received still lacked a few key elements to comprehensively determine UUSF eligibility. Based on the Company's response and because UUSF funding is not expected, the Division accepts the reporting as presented.
2. The Division notes that for 2024, Union received about [REDACTED] in Federal USF support.
3. Union's total operating revenue for 2024 was about [REDACTED], slightly more than the previous year.
4. Rate of Return – The FCC prescribed Rate-of-Return (ROR) effective on July 1, 2024, is 9.75%.
5. Depreciation – The Company does not utilize single asset straight-line depreciation. Depreciation expenses may be affected by future rule changes.
6. Increased Federal USF – The Company received a substantial increase in federal interstate USF funding in 2017. This increased federal support will continue for 10 years until 2028. This materially impacted the Company's draw on the UUSF.
7. Deferred Regulatory Liability – Due to the change in the federal tax rate in 2017, and using accelerated depreciation in prior years, the Company has a deferred regulatory liability. The total liability incurred is [REDACTED].

Conclusion

Based on the Company's request and lack of additional information, the Division recommends the UUSF distribution for Union Telephone Company remain at \$0.00 annually for 2026.

cc: DeEtte Wall, Union Telephone Company
Michelle Peden, Union Telephone Company