

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition for a One Time)
Distribution for Bald Mesa Region in Grand)
and San Juan Counties)

DOCKET NO. 00-2218-02

REPORT AND ORDER

ISSUED: April 23, 2002

SYNOPSIS

The Public Service Commission of Utah grants a one time distribution from the State Universal Public Telecommunications Service Support Fund to facilitate the provision of telecommunications service, by Citizens Communications, for subscribers in the Bald Mesa Region in Grand and San Juan Counties, Utah, and grants a waiver of Rule R746-360.

By The Commission:

This matter was originated by a request from potential customers for an investigation into whether Universal Service Fund support would be available to extend telephone service to the Bald Mesa Region, located in Grand and San Juan Counties. There is currently no telephone service in the area. There are currently seven potential subscribers in the area, with the possibility of two more in the near future. On March 22, 2002, the Commission received the results of the Division of Public Utilities' investigation, which included a recommendation for a one-time USF distribution for the requested service extension. The Division's recommendation provided the expected costs of constructing facilities to provide telecommunications service, through a combination of microwave radio and cable by Citizens Communications. Citizens is the service provider certificated to serve the area. The Division's recommendation also contained suggested contributions from the seven potential customers currently residing in the area, Citizens Communications, and the State Universal Public Telecommunications Service Support Fund (the "Fund").

Total construction costs are estimated to be \$166,040. According to the Division's application of Rule 360, the funds, per line, would be paid as follows: \$2,365 from the subscriber, \$2,865 from Citizens Communications, and \$23,720 from the Fund. In total this would be \$20,055 from Citizens Communications, \$16,555 from subscribers, and \$129,430 from the Universal Service Fund. Citizens Communications would be responsible for submitting the actual incurred costs to the Division for verification of the costs' reasonableness and necessity, with the final payment from the Fund being for those costs deemed to be reasonable and necessary for the project.

We conclude that the proposed extension of land line based telephone service is in the public interest in providing telephone service to an unserved area, and furthers universal service goals. We do not agree, however, with the application of Rule 360 contained in the Division's recommendation. The intent of Rule 360 was for customers to pay five percent of all costs exceeding two times the statewide average loop investment for all rate-of-return regulated companies. In this case, however, the customer has been informed that their contribution will be less than the rule would require. In the circumstances of this case, we will grant a waiver of Rule 360, and approve the USF distribution as set forth in the Division's recommendation.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The request for a one time distribution from the State Universal Public Telecommunications Service Support Fund, in

an amount estimated to be \$129,430, is in the public interest and is approved.

2. The subscribers identified in the request will pay \$2,365 toward the cost of the project before the start of construction.
3. Citizens Communications shall make a good faith effort to survey all potential customers in the area and offer them service at the \$2,365 rate per line before the beginning of construction.
4. Any additional subscribers that sign up in the area of this extension within five years of completion of the project will pay a customer contribution payment in accordance with Rule 360-9.
5. Citizens Communications shall place the same type of facilities and technology as was assumed in developing the construction costs estimate, and will size its facilities to accommodate future growth. Construction should be completed prior to the end of 2002.
6. Pursuant to Utah Code Ann. § 63-46b-13, an aggrieved party may file, within 20 days after the date of this Order, a written request for reconsideration by the Commission. Pursuant to Utah Code Ann. § 54-7-15, failure to file such a request precludes judicial review of the Order. If the Commission fails to issue an order within 20 days after the filing of such a request, the request shall be deemed denied. Judicial review of this Order may be sought pursuant to the Utah Administrative Procedures Act (Utah Code Ann. §§ 63-46b-1 et seq.)

DATED at Salt Lake City, Utah this 23rd day of April, 2002.

/s/ Stephen F. Mecham, Chairman

/s/ Constance B. White, Commissioner

/s/ Richard M. Campbell, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#29176