

-BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH-

DOCKET NO. 02-053-02

In the Matter of Extended Area Service)
(EAS) for Uintah and Duchesne Counties)

ORDER GRANTING RECONSIDERATION,
MODIFICATION AND CLARIFICATION

ISSUED: June 13, 2003

By The Commission:

On May 13, 2003, the Commission issued an Order approving the creation of an Extended Area Service (EAS) plan that would provide local calling within all of Uintah and Duchesne Counties and the Strawberry Valley portion of Wasatch County. On June 2, 2003, the Committee of Consumer Services filed a petition for Agency Review and Reconsideration. No other petitions for review or reconsideration were filed in this Docket. The primary issues the Committee raises fall into five broad categories:

First, that the Companies and the Division have used a stimulation rate of eight, which the Committee feels is too high;

Second, that the combined Companies may earn a windfall profit because of the pricing decision adopted in our Order;

Third, that the ordered rates are not cost-based at the individual exchange level;

Fourth, that the survey the Companies submitted to show support for the EAS proposal is neither statistically valid nor sufficiently on-point;

Fifth, that the decision making process for this Docket has been fatally flawed due to the failure of the Companies to provide sufficient data in a timely manner.

In our May 13, 2003, Order approving the EAS proposal we address most of these points. The Committee's arguments and additional data, analysis or opinions do not persuade us that our initial findings are wrong regarding the necessity of requiring a new survey, or that the proposed spread between individual exchanges, or between business and residential customers is in error. We are interested however, in the Committee's argument on the stimulation factor, the impact on reasonable costs and the possibility that the companies may over recover their EAS costs. We adopt, but modify, the Committee's suggestion that an actual traffic and cost study should be conducted. We modify the Committee's suggestion so that the study shall cover a six-month period following implementation. The Companies shall provide the results of the study to the Committee, Division, and Commission. This study shall monitor all types of network usage from all sources.

The Commission directs the Division to use the actual traffic and cost study to determine recommendations for possible adjustments to the EAS rates. Specifically, the Division should examine the spread between residential and business users, the allocation of costs among exchanges, and the allocation of costs between EAS and other services that use the facilities, such as DSL, Intra-LATA toll, or other uses. Further, the Division should determine if the Companies as a whole are over collecting under the current EAS rate structure.

The Commission will use the traffic and cost studies, the Division's analysis, and analyses from other parties, to conduct a true-up of EAS rates. We modify our earlier Order by making the rates interim. We note that the Companies' own comments have represented that revenue neutrality was a goal of their proposal. By setting interim rates the Commission can move the EAS approval forward, and retain the ability to ensure that the final rates will be both just and reasonable and revenue neutral. After receiving the recommendations from the Division and other parties the

Commission will adjust the EAS rates if necessary.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

1. The conditions and actions discussed in this Order shall modify the Commission's May 13, 2003 Order granting the Application of UBTA and UBET to provide a Uintah Basin EAS.
2. The EAS rates approved in our May 13, 2003, Order shall be interim rates.
3. As previously stated in our May 13, 2003 Order the EAS service shall be made available, and the ordered interim rates be effective, at the same time as any rate changes that may arise from the conclusion of the Companies' current reviews.

DATED at Salt Lake City, Utah, this 13th day of June 2003.

/s/ Richard M. Campbell, Chairman

/s/ Constance B. White, Commissioner

Attest:

/s/ Julie Orchard

Commission Secretary

G#34071