

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Division of Public Utilities' Compliance Audit of Emery Telephone)
)
) DOCKET NO. 06-042-01
) REPORT AND ORDER TERMINATING
) STATE USF PAYMENTS
)

ISSUED: June 13, 2006

SYNOPSIS

Emery Telephone having requested termination of all State universal support fund ("USF") payments to Emery Telephone effective immediately, and the Division of Public Utilities having recommended said termination, the Commission terminated the State USF payments as requested.

By The Commission:

PROCEDURAL HISTORY, DISCUSSION, AND FINDINGS

On May 23, 2006, Emery Telephone filed a memorandum requesting to withdraw from State Universal Service Support Fund ("USF") support, effective immediately. Emery Telephone based its request on the results of the Division of Public Utilities' ("Division") compliance audit and Emery Telephone's own internal audit of its USF eligibility.

On May 26, 2006, the Division filed a memorandum recommending the Commission stop State USF payments to Emery Telephone until a future rate review demonstrates that high cost fund support is necessary. The Division based its recommendation on the results of the aforementioned compliance audit using Emery Telephone's 2005 financial data. The Division's examination disclosed that when 2005 Utah interstate and intrastate

earnings were adjusted to reflect a reasonable cost of capital model and return on equity, the proforma results did not justify continuation of high cost fund USF payments to Emery Telephone.

As Emery Telephone requests termination of its State USF payments, and the Division recommends said termination, the Commission hereby issues the following

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, that:

- Payments from the State Universal Service Support Fund to Emery Telephone shall be, and are, terminated effective June 1, 2006.
- Pursuant to *Utah Code Annotated* §§ 63-46b-12 and 54-7-15, agency review or rehearing of this order may be obtained by filing a request for review or rehearing with the Commission within 30 days after the issuance of the order. Responses to a request for agency review or rehearing must be filed within 15 days of the filing of the request for review or rehearing. If the Commission fails to grant a request for review or rehearing within 20 days after the filing of a request for review or rehearing, it is deemed denied. Judicial review of the Commission's final agency action may be obtained by filing a Petition for Review with the Utah Supreme Court within 30 days after final agency action. Any Petition for Review must comply with the requirements of *Utah Code Annotated* §§ 63-46b-14, 63-46b-16 and the Utah Rules of Appellate Procedure.

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DATED at Salt Lake City, Utah, this 13th day of June, 2006.

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary
G#49370