

NOTICE OF
PROPOSED RULE AMENDMENT

- The agency identified below in box 1 provides notice of proposed rule change pursuant to Utah Code Section 63G-3-301.
- Please address questions regarding information on this notice to the agency.
- The full text of all rule filings is published in the Utah State Bulletin unless excluded because of space constraints.
- The full text of all rule filings may also be inspected at the Division of Administrative Rules.

Rule Information

DAR file no: _____ Date filed: _____
 State Admin Rule Filing Key: 148707
 Utah Admin. Code ref. (R no.): R746-360-4
 Changed to Admin. Code ref. (R no.): R

Agency Information

1. Agency: PUBLIC SERVICE COMMISSION - Administration
- Room no.: _____
 Building: HEBER M WELLS BLDG
 Street address 1: 160 E 300 S
 Street address 2: _____
 City, state, zip: SALT LAKE CITY UT 84111-2316
 Mailing address 1: PO BOX 45585
 Mailing address 2: _____
 City, state, zip: SALT LAKE CITY UT 84111-5585

Contact person(s):

Name: _____ Phone: _____ Fax: _____ E-mail: _____ Remove: _____

(Interested persons may inspect this filing at the above address or at DAR during business hours)

Rule Title

2. Title of rule or section (catchline):
 Application of Fund Surcharges to Customer Billings

Notice Type

3. Type of notice: Amendment

Rule Purpose

4. Purpose of the rule or reason for the change :
 The proposed amendment will reduce the Universal Public Telecommunications Service Support Fund surcharge fro .05 percent to 0.25 percent. This will more closely match future anticipated funds and fund balance to future anticipated expenditures.

Response Information

5. This change is a response to comments by the Administrative Rules Review Committee.

No Yes

Rule Summary

6. Summary of the rule change:
 The intrastate retail surcharge will be reduced from 0.5 percent to 0.25 percent.

Aggregate Cost Information

7. Aggregate anticipated cost or savings to:

A) State budget:

Affected: No Yes

There will be a reduction in costs. The surcharge is assessed on all retail intrastate telecommunications services. A reduction in the surcharge will result in a decrease in the amount paid by state government for retail intrastate telecommunications services. While the Commission has information concerning the periodic surcharge amounts collected by telecommunications carriers, it does not have the ability to disaggregate those amounts to determine the amounts paid by specific customers of the telecommunications carriers. The overall reduction in the fund balance over a two year period is expected to be \$4 million, while still retaining a \$4 million balance in the fund.

B) Local government:

Affected: No Yes

There will be a reduction in costs. The surcharge is assessed on all retail intrastate telecommunications services. A reduction in the surcharge will result in a decrease in the amount paid by local governments for retail intrastate telecommunications services. While the Commission has information concerning the periodic surcharge amounts collected by telecommunications carriers, it does not have the ability to disaggregate those amounts to determine the amounts paid by specific customers of the telecommunications carriers.

C) Small businesses:

Affected: No Yes

("small business" means a business employing fewer than 50 persons)

There will be a reduction in costs. The surcharge is assessed on all retail intrastate telecommunications services. A reduction in the surcharge will result in a decrease in the amount paid by all businesses for retail intrastate telecommunications services. While the Commission has information concerning the periodic surcharge amounts collected by telecommunications carriers, it does not have the ability to disaggregate those amounts to determine the amounts paid by specific customers of the telecommunications carriers.

D) Persons other than small businesses, businesses, or local government entities:

Affected: No Yes

("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an agency)

There will be a reduction in costs. The surcharge is assessed on all retail intrastate telecommunications services. A reduction in the surcharge will result in a decrease in the amount paid by all customers for retail intrastate telecommunications services. While the Commission has information concerning the periodic surcharge amounts collected by telecommunications carriers, it does not have the ability to disaggregate those amounts to determine the amounts paid by specific customers of the telecommunications carriers.

Compliance Cost Information

8. Compliance costs for affected persons:

The Commission will make the rule effective at a future date which will allow telecommunications carriers collecting the surcharge adequate time to become aware of the reduction and change their billing systems to accommodate the change. This date is anticipated to be November 1, 2009. Costs for telecommunications carriers to collect the reduced surcharge are expected to remain the same as before the proposed amendment. However, there could be a reduction in telecommunications costs. The surcharge is assessed on all retail intrastate telecommunications services. A reduction in the surcharge will result in a decrease in the amount paid by for retail intrastate telecommunications services purchased from telecommunications carriers which are not self-provided by a carrier. While the Commission has information concerning the periodic surcharge amounts collected by telecommunications carriers, it does not have the ability to disaggregate those amounts to determine the amounts paid by specific customers of the telecommunications carriers.

Department Head Comments

9. A) Comments by the department head on the fiscal impact the rule may have on businesses:

Although there will be a reduction in the amount of the surcharge, the exact impact upon businesses is difficult to project beyond the absolute percentage reduction, from 0.5 to 0.25 percent, a reduction of one half the surcharge amount previously applied to intrastate retail telecommunications services. The dollar amount of the reduction for any individual entity will depend upon the amount of retail intrastate telecommunications services used by the customer.

B) Name and title of department head commenting on the fiscal impacts: Ted Boyer, Chairman

Citation Information

10. This rule change is authorized or mandated by state law, and implements or interprets the following state and federal laws. State code or constitution citations (required) (e.g., Section 63G-3-402; Subsection 63G-3-601(3); Article IV) :
54-8b-15

Incorporated Materials

11. This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to DAR; if none, leave blank) :

| | |
|--|--|
| | Official Title of Materials Incorporated (from title page) |
| | Publisher |
| | Date Issued |
| | Issue, or version |
| | ISBN Number |
| | ISSN Number |
| | Cost of Incorporated Reference |
| | Adds, updates, removes |

Comments

12. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. The agency is required to hold a hearing if it receives requests from ten interested persons or from an association having not fewer than ten members. Additionally, the request must be received by the agency not more than 15 days after the publication of this rule in the Utah State Bulletin. See Section 63G-3-302 and Rule R15-1 for more information.)

A) Comments will be accepted until 5:00 p.m. on (mm/dd/yyyy) :

09/14/2009

B) A public hearing (optional) will be held:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

C) Public hearing(s) added after the publication of the rule in the Bulletin:

On (mm/dd/yyyy): At (hh:mm AM/PM): At (place):

Indexing Information

13. Indexing information - keywords (maximum of four, one term per field, in lower case, except for acronyms (e.g., "GRAMA") or proper nouns (e.g., "Medicaid")):
public utilities, telecommunications, universal service

File Information

14. Attach an RTF document containing the text of this rule change (filename):

There is a document associated with this rule filing.

To the Agency

Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the Utah State Bulletin, and delaying the first possible effective date.

Agency Authorization

Agency head or designee, and title: Sandy Mooy

Date (mm/dd/yyyy): 07/20/2009

R746. Public Service Commission, Administration.

R746-360. Universal Public Telecommunications Service Support Fund.

R746-360-4. Application of Fund Surcharges to Customer Billings.

A. Commencement of Surcharge Assessments -- Commencing June 1, 1998, end-user surcharges shall be the source of revenues to support the fund. Surcharges will be applied to intrastate retail rates, and shall not apply to wholesale services.

B. Surcharge Based on a Uniform Percentage of Retail Rates -- The retail surcharge shall be a uniform percentage rate, determined and reviewed annually by the Commission and billed and collected by all retail providers.

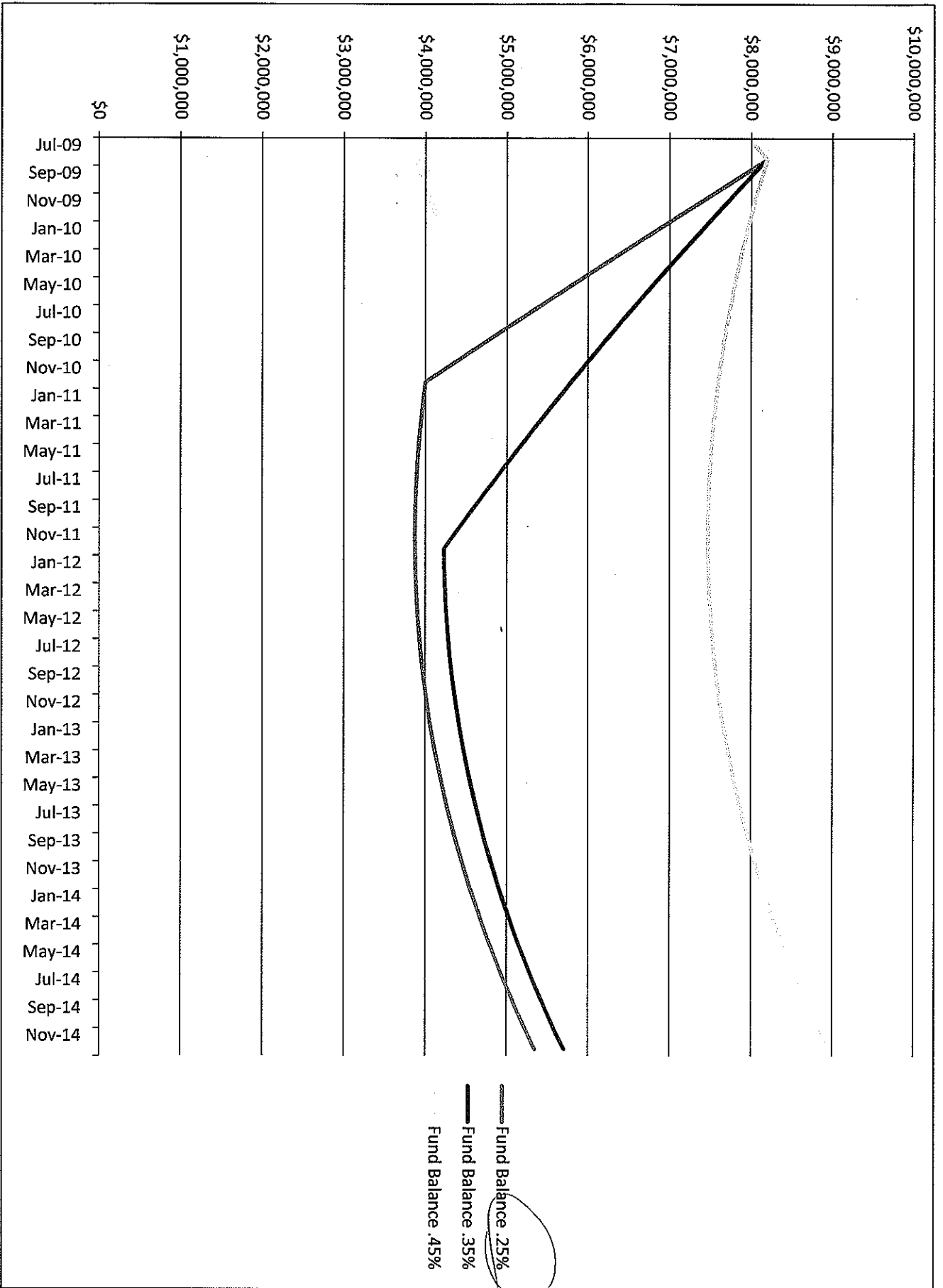
C. Surcharge -- The surcharge to be assessed shall equal [~~0.5~~] 0.25 percent of billed intrastate retail rates.

KEY: public utilities, telecommunications, universal service

Date of Enactment or Last Substantive Amendment: August 8, 2005

Notice of Continuation: November 25, 2003

Authorizing, and Implemented or Interpreted Law: 54-3-1; 54-4-1; 54-7-25; 54-7-26; 54-8b-12; 54-8b-15



USEF PROJECTION CALCULATION (with rate reduction)
for years 2008-2012

| Month | Year | Estimated | | Actual | | Estimated | | Actual | | Estimated | | Actual | | Estimated | | Actual | |
|-------|------|-----------|---------|---------|---------|---------------|---------|---------------|---------|---------------|---------|---------------|---------|---------------|-----------|---------------|-----------|
| | | Revenue | USF | Revenue | USF | Distributions | USF | Distributions | USF | Distributions | USF | Distributions | USF | Distributions | USF | Distributions | USF |
| 1 | 2008 | 667,882 | 667,882 | 298,430 | 298,430 | 590,522 | 590,522 | 298,430 | 298,430 | 590,522 | 590,522 | 298,430 | 298,430 | 888,952 | 888,952 | 888,952 | 888,952 |
| 2 | 2008 | 481,380 | 485,586 | 298,430 | 298,430 | 27,879 | 28,879 | 298,430 | 298,430 | 28,879 | 28,879 | 298,430 | 298,430 | 326,309 | 327,309 | 327,309 | 327,309 |
| 3 | 2008 | 516,012 | 511,806 | 298,430 | 298,430 | 35,743 | 35,743 | 298,430 | 298,430 | 35,743 | 35,743 | 298,430 | 298,430 | 334,173 | 334,173 | 334,173 | 334,173 |
| 4 | 2008 | 441,950 | 442,465 | 298,430 | 298,430 | 113,071 | 113,071 | 298,430 | 298,430 | 113,071 | 113,071 | 298,430 | 298,430 | 411,501 | 411,501 | 411,501 | 411,501 |
| 5 | 2008 | 508,131 | 676,437 | 298,430 | 298,430 | 113,502 | 113,502 | 298,430 | 298,430 | 113,502 | 113,502 | 298,430 | 298,430 | 411,932 | 411,932 | 411,932 | 411,932 |
| 6 | 2008 | 510,071 | 586,929 | 298,430 | 298,430 | 113,936 | 113,936 | 298,430 | 298,430 | 113,936 | 113,936 | 298,430 | 298,430 | 473,449 | 1,117,369 | 1,117,369 | 1,117,369 |
| 7 | 2008 | 460,816 | 544,412 | 298,430 | 298,430 | 114,370 | 114,370 | 298,430 | 298,430 | 114,370 | 114,370 | 298,430 | 298,430 | 473,883 | 536,524 | 536,524 | 536,524 |
| 8 | 2008 | 462,574 | 683,398 | 298,430 | 298,430 | 114,807 | 114,807 | 298,430 | 298,430 | 114,807 | 114,807 | 298,430 | 298,430 | 524,758 | 359,511 | 359,511 | 359,511 |
| 9 | 2008 | 464,340 | 349,621 | 298,430 | 298,430 | 115,245 | 115,245 | 298,430 | 298,430 | 115,245 | 115,245 | 298,430 | 298,430 | 525,198 | 359,511 | 359,511 | 359,511 |
| 10 | 2008 | 466,112 | 543,323 | 298,430 | 298,430 | 115,685 | 115,685 | 298,430 | 298,430 | 115,685 | 115,685 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 11 | 2008 | 467,891 | 602,347 | 298,430 | 298,430 | 116,127 | 116,127 | 298,430 | 298,430 | 116,127 | 116,127 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 12 | 2008 | 469,677 | 535,555 | 298,430 | 298,430 | 117,015 | 117,015 | 298,430 | 298,430 | 117,015 | 117,015 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 13 | 2009 | 471,470 | 441,414 | 298,430 | 298,430 | 117,461 | 117,461 | 298,430 | 298,430 | 117,461 | 117,461 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 14 | 2009 | 473,269 | 277,685 | 298,430 | 298,430 | 117,910 | 117,910 | 298,430 | 298,430 | 117,910 | 117,910 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 15 | 2009 | 475,075 | 498,761 | 298,430 | 298,430 | 118,360 | 118,360 | 298,430 | 298,430 | 118,360 | 118,360 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 16 | 2009 | 476,889 | 654,651 | 298,430 | 298,430 | 118,811 | 118,811 | 298,430 | 298,430 | 118,811 | 118,811 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 17 | 2009 | 478,709 | 435,045 | 298,430 | 298,430 | 119,262 | 119,262 | 298,430 | 298,430 | 119,262 | 119,262 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |
| 18 | 2009 | 480,536 | 263,859 | 298,430 | 298,430 | 120,000 | 120,000 | 298,430 | 298,430 | 120,000 | 120,000 | 298,430 | 298,430 | 525,640 | 359,511 | 359,511 | 359,511 |

NOTES

- 1 Surcharge Rate changed to .45% effective October 2009 instead of July 2009
- 2 Direct Communications - estimated monthly disbursements of \$61,083 July thru December 2008. No retroactive payments.
Estimated monthly disbursements of \$49,000 beginning January 2009.
Based on total annual distribution of \$733,000 for 2008 and \$588,000 beginning 2009.
- 3 Mantel Telecom - estimated monthly disbursements of \$50,000 beginning October 2008
Based on total annual distribution of \$600,000.
- 4 Qwest Corporation - estimated one-time disbursement of \$500,000 in September 2008 for Logan Canyon improvements was not approved.
- 5 Carbon-Emery Telecom - estimated monthly disbursements starting January 2009 of \$58,333 was never paid.

LIFELINE TOTALS - as of 4/30/08

| | |
|-------------|--------------------------|
| \$1,418,360 | 2004 Lifeline Total |
| \$1,232,851 | 2006 Lifeline Total |
| \$1,419,339 | 2007 Lifeline Total |
| \$1,356,850 | Average Annual Lifeline |
| \$113,071 | Average Monthly Lifeline |

| | | | |
|-----------------|-------------------------------|---------------|-------------|
| \$931,259,722 | CLEC/RSLRWRLS | \$288,255,435 | ILECs |
| \$1,219,515,157 | 2007 Revenue | \$101,625,263 | Avg Mon Rev |
| 103.02% | Growth Rate 2006-2007 | | |
| 104.58% | Average Growth Rate 2005-2007 | | |
| \$748,607,770 | CLEC/RSLRWRLS | \$318,997,527 | ILECs |
| \$1,067,605,297 | 2004 Revenue | \$88,967,108 | Avg Mon Rev |
| \$289,845,127 | ILECs | | |
| \$797,348,349 | CLEC/RSLRWRLS | \$289,845,127 | ILECs |
| \$1,087,193,476 | 2005 Revenue | \$90,599,456 | Avg Mon Rev |
| 101.83% | Growth Rate 2004-2005 | | |
| \$897,782,251 | CLEC/RSLRWRLS | \$285,942,704 | ILECs |
| \$1,183,724,955 | 2006 Revenue | \$98,643,746 | Avg Mon Rev |
| 108.89% | Growth Rate 2005-2006 | | |