

OPEN MEETING AGENDA ITEM



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Chief Administrative Law Judge

ARIZONA CORPORATION COMMISSION
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2014 OCT 10 PM 2 02

October 10, 2014

ORIGINAL

TO: ALL PARTIES OF RECORD

RE: IN THE MATTER OF THE APPLICATION OF SOUTH CENTRAL UTAH TELEPHONE ASSOCIATION, INC. A UTAH NON-PROFIT CORPORATION, FOR A HEARING TO DETERMINE THE EARNINGS OF THE COMPANY, THE FAIR VALUE OF THE COMPANY FOR RATEMAKING PURPOSES, AND TO INCREASE RESIDENTIAL RATES AS NECESSARY TO COMPENSATE FOR THE RATE IMPACTS OF THE FCC'S USF/ICC TRANSFORMATION ORDER. DOCKET NO. T-01923A-13-0428

The Recommended Opinion and Order in the above-captioned matter that was mailed to you on September 29, 2014, contained a typographical error. The following change is being made to the original Recommended Opinion and Order:

Page 2, line 22 (Footnote 1):

DELETE: "2001"
INSERT: "2011"

Please make a note of this change on your copy of the Recommended Opinion and Order. The deadline for filing exceptions is unchanged.

Sincerely,

Jane L. Rodda
Jane L. Rodda
Administrative Law Judge

Arizona Corporation Commission

DOCKETED

OCT 10 2014

DOCKETED BY *[Signature]*

SERVICE LIST FOR: SOUTH CENTRAL UTAH TELEPHONE
ASSOCIATION, INC.

DOCKET NO.: T-01923A-13-0428

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1 Code ("A.A.C.") R14-2-103 for an increase in its residential rates in order to compensate for the rate
2 impacts of the Federal Communication Commission's ("FCC") November 18, 2011, *USF/ICC*
3 *Order*.¹ In its Application SCU requested that the Commission approve a basic residential local
4 exchange rate of the lower of \$19.00, or the floor rate to be set by the FCC. SCU requested that the
5 new rates go into effect by June 1, 2014 in order to avoid the loss of federal funding for high-cost
6 loop support.²

7 2. On December 17, 2013, SCU filed a Time Clock Waiver in order to allow additional
8 time for the Commission to determine procedures for processing the Application.

9 3. In a Special Open Meeting on January 14, 2014, the Commission agreed to adopt a
10 proposal by the Commission's Utilities Division ("Staff") that would not require SCU to file all of
11 the schedules normally required under A.A.C. R14-2-103 for rate applications because of the short
12 time frame when new rates must be in effect under the FCC directive.³

13 4. By Procedural Order dated January 15, 2014, a Procedural Conference was held on
14 January 22, 2014, to discuss the timing of the hearing in this matter and other procedural matters.
15 SCU and Staff appeared through counsel and agreed on a process to govern this matter.

16 5. By Procedural Order dated January 23, 2014, the matter was set for hearing on March
17 25, 2014, and other procedural guidelines established.

18 6. On January 29, 2014, SCU docketed a "Supplemental Filing" that included a schedule
19 showing the effect on the Cooperative's rate of return if the FCC's Wireline Competition Bureau set
20 \$17.50 as the monthly residential rate floor to be in effect as of June 1, 2014.⁴

21 _____
22 ¹ FCC 11-161, Connect America Fund, WC Docket No. 10-90 et al., *Report and Order and Further Notice of Proposed*
Rulemaking, 26 FCC Rcd 17663 (November 18, 2011) ("*USF/ICC Order*").

23 ² Six rural Arizona incumbent local exchange carriers ("ILECs") filed similar rate case applications around the same time
24 period in order to comply with the FCC's *USF/ICC Order*. All six were represented by the same legal counsel and several
25 of the carriers have common ownership. Although separate hearings were held for each entity, the proceedings were
26 coordinated to promote efficiency. The dockets are: Docket No. T-02063A-13-0411 (Arizona Telephone Company);
Docket No. T-01072A-13-0412 (Southwestern Telephone Company); Docket No. T-01923A-13-0428 (South Central
Utah Telephone Association, Inc.); Docket No. T-02724A-13-0416 (Table Top Telephone Company, Inc.); Docket No.
T-01847A-13-0457 (Valley Telephone Cooperative, Inc.); and Docket No. T-02727A-13-0458 (Copper Valley
Telephone, Inc.). Arizona Telephone Company and Southwestern Telephone Company have the same parent company,
and Valley Telephone Cooperative, Inc. owns Copper Valley Telephone, Inc.

27 ³ The streamlined filing, as recommended by Staff, included schedules showing: adjusted test year results; adjustments;
year 2 *USF/ICC Order* impacts; rate base; working capital; and rate design.

28 ⁴ SCU made the filing at Staff's request. At that time, the rural ILECs believed that \$17.50 was a likely target for the
FCC's new benchmark.