

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE ANNUAL)
REVISION OF THE UNIVERSAL SERVICE) CASE NO. GNR-T-09-05
FUND SURCHARGES TO BECOME)
EFFECTIVE OCTOBER 1, 2009.) NOTICE TO USF RECIPIENTS
) THAT FUNDING LEVELS MUST
) BE ADJUSTED**

On July 16, 2009, the Administrator of the Idaho Universal Service Fund (USF) filed her Annual Report to the Commission for the period July 1, 2008 through June 30, 2009. Funds from the USF are distributed to eight rural telecommunications companies to assist the companies in meeting their residual revenue requirement as determined by the Commission in past rate cases. For a company to continue to receive USF funding its average one-party, single-line service rate must be revised if the difference in the company's average rate and the statewide average threshold rate (125% of the statewide average) is greater than three percent. IDAPA 31.46.01.106. In addition, a company's rate for switched access service must be revised if it is more than three percent below the weighted statewide average rate, and the difference in the company's annual revenue for switched access service and the statewide average is greater than \$6,000. IDAPA 31.46.01.106.02.

The Administrator reported that the 2009 statewide weighted average is \$20.61 for residential service and \$32.43 for business service, bringing the threshold rates for companies to maintain USF eligibility to \$25.76 for residential service, and \$40.54 for business service. The USF Administrator noted that none of the eight companies receiving USF funding currently meet the eligibility requirements established by *Idaho Code* § 62-610 and Commission USF Rule 106. The residential service rates for each company are more than 3% below the threshold rates for USF eligibility.

The Commission's rules state that the Commission may by Order change a telephone company's funding from the USF after issuing notice that USF funding is at issue and providing an opportunity to be heard in person or in writing. IDAPA 31.46.01.106.04. *Idaho Code* § 62-610 requires the Commission to adjust the funding received by the eight eligible telephone companies. Accordingly, the Commission issues this Notice to the eight companies that their

USF funding is at issue and provides an opportunity for them to file written comments in response to the notice.

NOTICE THAT USF FUNDING IS AT ISSUE

YOU ARE HEREBY NOTIFIED that, to be eligible for USF funding, a company's average one-party, single-line rate must be revised to equal or exceed the 125% threshold line rate if the difference in the company's current average rate and the statewide average threshold is greater than 3%, and the difference in the annual revenue associated with the company's current rate and the revenue associated with the statewide average threshold rate is over \$6,000. IDAPA 31.46.01.106. After review of the USF Administrator's Annual Report, the Commission has determined that none of the eight telephone companies receiving USF funds currently meet these threshold eligibility requirements.

YOU ARE FURTHER NOTIFIED that the USF funding for each company will be adjusted as if the company's rates meet the minimum threshold required rates. The Commission proposes the following for each of the eight companies to comply with the requirements of *Idaho Code* § 62-610:

1. ATC Communications must increase its local residential rates. The Company's annual USF funding would be reduced by \$63,850.
2. Cambridge Telephone Company must increase its local residential rates. The Company's annual USF funding would be reduced by \$29,218.
3. Direct Communications Rockland must increase its local residential rates. The Company's annual USF funding would be reduced by \$19,446.
4. Fremont Telecom must increase its local residential rates. The Company's USF funding would be reduced by \$66,636.
5. Inland Telephone Company must increase its local residential rates. The Company's annual USF funding would be reduced by \$15,557.
6. Midvale Telephone Company must increase its local residential rates. The Company's annual USF funding would be reduced by \$28,875.
7. Rural Telephone Company must increase its local residential rates. The Company's annual USF funding would be reduced by \$13,907.
8. Silver Star Telecom must increase its local residential rates. The Company's annual USF funding would be reduced by \$7,424.

YOU ARE FURTHER NOTIFIED that *Idaho Code* § 62-610 requires each USF recipient company to increase its residential rates to remain eligible to receive USF disbursements.

YOU ARE FURTHER NOTIFIED that the Commission will accept written comments on the proposed adjustments to the USF funding if filed within twenty-one (21) days from the date of this Notice. The comment must contain a statement of reasons supporting the comment. Written comments shall be mailed to the Commission at the address reflected below:

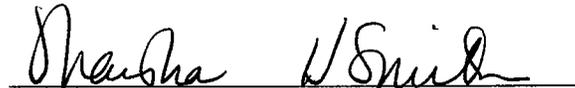
Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

DATED at Boise, Idaho this *1st* day of September 2009.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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