

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
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FROM: WELDON STUTZMAN

DATE: JANUARY 10, 2002

**RE: CASE NO. RUR-T-01-01; APPLICATION BY RURAL TELEPHONE
COMPANY FOR AN INCREASE IN ITS USF FUNDING; PROCESS BY
MODIFIED PROCEDURE**

On May 30, 2001, Rural Telephone Company (Rural) filed a Motion for an Order to increase the amount it receives each year from the Universal Service Fund (USF). Rural's request for increased USF support follows its implementation of extended area service (EAS) local calling area approved by the Commission in Order No. 28114. The Commission in that Order stated Rural would recover some of the implementation costs through higher rates, but recognized that some EAS costs might be recovered through increased USF support. Rural requests an additional \$81,043 per year from the USF.

After the Application was filed, Staff and the Company discussed the Application, including the need for Staff to complete an audit. Staff met with representatives of the Company on August 22, 2001, at which time the Company provided new figures as part of its Application, revising its initial request. The Company subsequently provided additional information to Staff as part of its audit request, and Staff visited the Company headquarters October 11, 2001, to

complete its onsite audit. Staff has completed its audit and provided a draft of the final audit report to the Company.

Staff recommends that the Commission issue a notice of the application filed by Rural Telephone Company and that the application be processed by Modified Procedure. During the usual 21 day comment period, Staff recommends that parties be given an opportunity to file comments within 14 days, and file reply comments within seven days.

Commission Decision

Should the Application of Rural Telephone Company for an increase in USF funding be processed by Modified Procedure, with a 14-day comment period for initial comments and a seven day period for reply comments?



Weldon Stutzman

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