Utah Governor's Office of Economic Development

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Utah Broadband Advisory Council

Tuesday, July 9, 11:30 a.m.

NOTES

Welcome & Introductions

Utah Universal Public Telecommunications Service Support Fund (UCA 54-8b-15) - John Harvey, Public Service Commission Economist and Technical Advisor

- Presentation with key points is attached. The questions was asked if PAC has any oversight to VOIP providers, he said no. A comment was asked about Just and Reasonable. John said that at the end of the day this is how the commissioners interpret the law. It assists them in determining what a reasonable rate would be. Committee member said that if they were to survey those rural areas they are paying considerably more than urban areas. Another member said it costs can also be affected by the carrier that is being used. Question regarding their annual report and how the commission plans on dealing with broadband. They have been directed by the legislature to keep the fund solvent. The surcharge will be adjusted based on legislative outcomes and direction.

Strata Update - Dave Ryan, Plant Design Manager

- Started services in 1953. They invite anyone to come out to Roosevelt. They are working on a particular project with Daggett County and the Utah Telehealth Network. Today he is focusing a little more on the construction side of this project. It ended up being around 70 miles of very rugged construction. This project began on July 9 of 2018. Projected completion will be October 2020. Conduit is buried at a depth of 54 inches. These are 16mm center hollow conduit. They have worked with the Bureau of Reclamation and Homeland Security to utilize the tunnel below the Flaming Gorge dam to place the cable. A comment was made as to the good job they are doing with environmental footprint.

UETN Update - Jeff Egly, Associate Director Utah Education and Telehealth Network

- First successful project that was funded was Daggett. The next will be San Juan. The service provided is Emery Telcom. There will be two stages. The first will be 42 miles and the second will be 160. these projects will see fiber being laid down through the Navajo territory. They are still working on permitting with BLM, BIA, UTE mountain ute tribe and navajo nation. This project will require a drop into Arizona. A funding request was submitted to the legislature for a funding match. Permitting and the extensive rules with the FCC have made this a difficult project. Both of these stages have had to go through a competitive bid process. The question was asked as to how we will be getting this into the homes once the fiber has reached their end points. Jared said there will be things such as cell towers, (check recording) at 12:52). The question was asked if Emery was the only provider. Jeff said no, that once the fiber has reached the community they can hire vendors to connect. The question was asked about how many schools in Utah are not connected. Jeff said he believes all of them are.

Utah Rural Telecom Association - Kira Slawson, Esq., Blackburn & Stoll, LC

- Their association provides legislative and regulatory _____. She talked about the telecommuting pilot program that was done by the state, which will be expanded. This is a good example that shows citizens of rural Utah that they can apply for jobs "upstate". There are so many advantages to both rural and urban areas. Broadband connectivity and fiber with lend to this initiative. The question was asked about the fund increase.

Update Utah Broadband Plan - Rebecca Dilg, GOED Rural Outreach Manager

- This plan originated five years ago. It is time for it to be updated. Rebecca passed out a draft of the new plan and held up a copy of the booklet. She asked for comments or input. We will be putting the booklet online along with the plan. Their goal was to get this July 1 to give us time to review and approve it by September. She gave special thanks to Vikrum Robby, who volunteered to take this on and compile this draft. She appreciates this as she has been given a mandate to not spend any more time on this. She has also reached out to some other organizations for input. If anyone would like to contribute, please let Rebecca know and she will provide you with a copy for editing. This plan is not a "GOED Plan" it is a State of Utah Plan and needs to be owned by the providers.
- Rebecca walked through the draft with the group. She asked for comments to be given back to her by the end of the month, so in the next couple of weeks.
- Vikrum is working on creating a Digital Equity plan for Utah.

ADJOURN **Next meeting—October 8, 2019, 11:30 a.m.**

Public Service Commission of Utah

Presentation to the Utah Broadband Advisory Council
July 9, 2019

Presented by Dr. John S. Harvey
Economist, Technical Staff Member
Utah Public Service Commission

Public Interest Objective

In the late 1870's, the U.S. Supreme Court ruled:

"…when private property is devoted to a public use, it is subject to public regulation."

(Munn v Illinois, 1876)

Overview of Presentation

- Rationale for public utility regulation
- Overview of PSC office and mandate
- Telecommunication regulation in depth
  - Regulated Utilities
  - Non-Regulated Companies
  - Utah Universal Public Telecommunications Service Support Fund (UUSF)
  - Eligible Telecommunications Carriers

Public Interest Objective

- Infrastructure Industries
  - "Those structural elements of an economy which facilitate the flow of goods and services between buyers and sellers… regarded as a prerequisite for economic growth in an economy."
  - "… a country's infrastructure plays a very vital role in helping private firms produce … efficiently."

Rationale for Public Utility Rate Regulation

- Affected with the Public Interest
- Economic characteristics leading to monopoly market structure (with attendant harm to the public interest)

Economic Rationale

- Possession by utility plants of technical characteristics leading almost inevitably to monopoly or at least ineffective competition.
- Which in turn would lead to consumers of (unregulated) utility services potentially suffering significant economic losses.
- Stunted economic growth and development

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