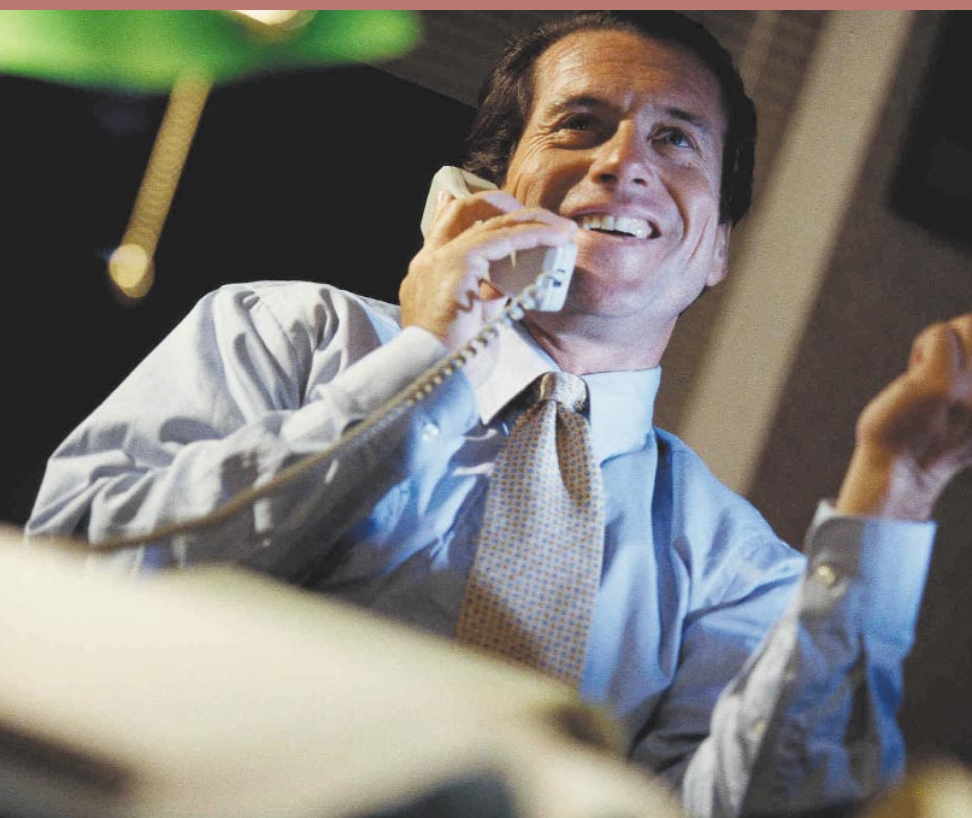




PUBLIC SERVICE COMMISSION
OF UTAH
2003 Annual Report

for the period July 1, 2002 to June 30, 2003





PUBLIC SERVICE
COMMISSION OF UTAH
2003 ANNUAL REPORT

for the period July 1, 2002 to June 30, 2003

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LETTER TO THE GOVERNOR,
MEMBERS OF THE SENATE
AND MEMBERS OF THE
HOUSE OF REPRESENTATIVES

November 5, 2003

Honorable Olene S. Walker

Governor, State of Utah

Honorable Members of the Senate

Honorable Members of the House of Representatives

It is a pleasure to present you the Annual Report for Fiscal Year 2003 of the Public Service Commission of Utah. This report has been prepared in accordance with Utah Code § 54-1-10, which requires the Commission submit to you a report of its activities during the fiscal year ending June 30, 2003.

This annual report highlights the issues and activities the Commission has focused on during the year.

We express our appreciation for your encouragement and assistance during this past year. We look forward to your continued support and gladly accept our duties in serving the Utah public.

Respectfully submitted,

Richard M. Campbell, Commission Chairman

Constance B. White, Commissioner

Ted Boyer, Commissioner

PUBLIC SERVICE COM



**COMMISSION CHAIRMAN
RICHARD M. CAMPBELL**

Original Term: March 1, 2001 - March 1, 2007
Designated Chairman: June 1, 2003

Ric Campbell was appointed to the Public Service Commission on March 1, 2001 and was designated chairman of the Commission on June 1, 2003. His term expires March 1, 2007. Chairman Campbell is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Committee on Energy Resources and the Environment.

Prior to his appointment, he was an advisor to Governor Michael O. Leavitt on energy issues and had served as the Director of the Utah Division of Public Utilities since 1995. While at the Division, Ric also served as a member of the Utah Telecommunications Advisory Council and on the Utah Rural Telecommunications Task Force. He was also a member of the Staff Subcommittee of Executive Directors for NARUC.

Before joining the Division, Ric was the Executive Director of the Utah Health Policy Commission. This Commission was charged with recommending market-based health care reforms. Prior to Ric's public service in state government, he worked for Shell Oil Company. Ric has a B.S. degree in Accounting from Brigham Young University and a M.S. degree in Economics from the University of Utah.



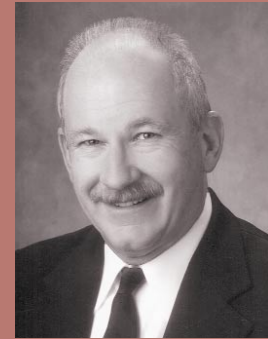
**COMMISSIONER
CONSTANCE B. WHITE**

Original Term: March 1, 1995 - March 1, 1999
Reappointed: March 1, 1999 - March 1, 2005

Constance B. White was appointed to her first term as Commissioner of the Public Service Commission of Utah by Governor Michael O. Leavitt on March 1, 1995. She was re-appointed to a second term, ending March 1, 2005.

Commissioner White currently serves as Treasurer of the Board of Directors of the National Association of Regulatory utility Commissioners (NARUC), sits on its executive committee and Board of Director, and was appointed to its Committee of Electricity. She serves as a member of the steering committee for the Rocky Mountain Area Transmission Study (RMATS); member of the National Council on Electric Policy, and on the Citizens Energy Council of America. She also is active in the Western Conference of Public Service Commissioners (WCPSC).

Prior to coming to the Public Service Commission, Ms. White served in Governor Leavitt's cabinet as the Executive Director for the Utah Department of Commerce. Before that, she practiced law in the private sector, worked for the Securities Division of the Department of Commerce, and served as legal counsel to the Department.



**COMMISSIONER
TED BOYER**

Original Term: June 20, 2003 - March 1, 2009

Ted Boyer was appointed to his first term as a commissioner of the Public Service Commission on June 20, 2003 by Governor Michael O. Leavitt. His term expires March 1, 2009.

Commissioner Boyer is a member of the National Association of Regulatory Utility Commissioners (NARUC) and serves on the Telecommunications Committee and International Committee, as well as Chair of the Telecommunications Committee of the Western Conference of Public Service Commissioners (WCPSC).

Prior to his appointment, Commissioner Boyer served on the Cabinet of Governor Leavitt as Executive Director of the Utah Department of Commerce and before that as Director of the Utah Real Estate Division. After receiving his BS and MS degrees from Brigham Young University, he earned his Juris Doctorate from the University of Utah and practiced law in Salt Lake City for over 20 years.

MISSION

2003

PSC PERSONNEL

JUNE 30, 2003

CHAIRMAN

RICHARD M. CAMPBELL

COMMISSIONER

CONSTANCE B. WHITE

COMMISSIONER

TED BOYER

COMMISSION SECRETARY

JULIE P. ORCHARD

EXECUTIVE STAFF DIRECTOR

DOUGLAS C. W. KIRK

LEGAL COUNSEL

SANDER J. MOOY

ADMINISTRATIVE LAW JUDGE

DOUGLAS TINGEY

TELECOM ANALYST

JOHN S. HARVEY

CHIEF UTILITY ECONOMIST

JAMES A. LOGAN

UTILITY ECONOMIST

REBECCA WILSON

PARALEGAL

BARBARA STROUD

ACCOUNTING TECHNICIAN

JOANI F. STEVENS

OFFICE TECHNICIAN

LINDSAY MATHIE

OFFICE TECHNICIAN

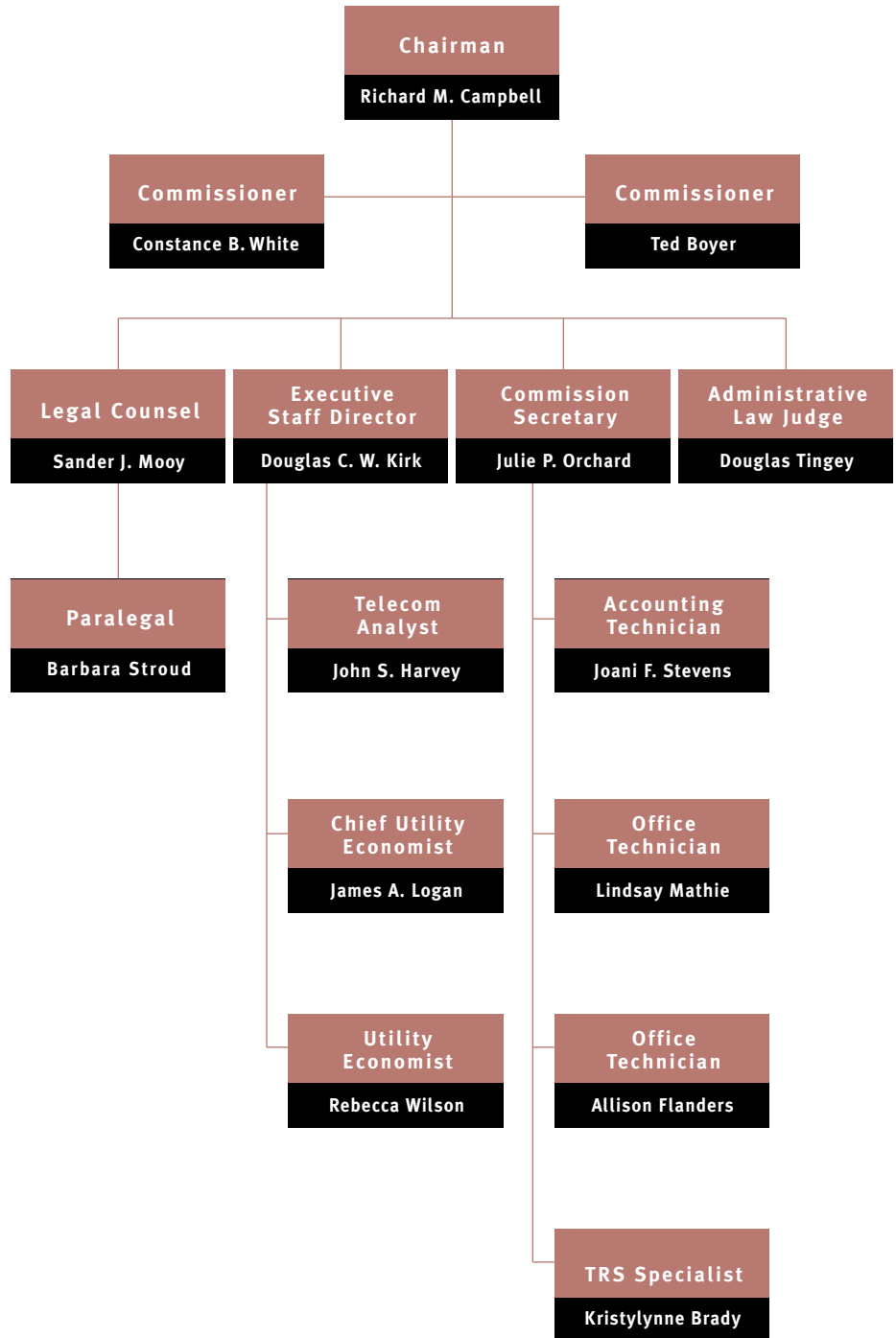
ALLISON FLANDERS

TRS SPECIALIST

KRISTYLYNNE BRADY

PSC ORGANIZATION

JUNE 30, 2003



HISTORY & REGULA



ORIGINS OF THE PSC

SINCE ITS ORIGIN IN THE PUBLIC UTILITIES ACT OF 1917, the Commission has served the citizens of the State through technical, economic regulation of Utah's public utility companies. These privately owned but government-regulated companies provide the telecommunications, electricity, natural gas, water, and sewerage systems over which important services are delivered to Utah households and businesses.

Utility systems are key structural elements of Utah's economy. Collectively, all such structural elements, whether provided by public authorities or regulated private companies, are known as "infrastructure." Roads, railways and other modes of transportation, and communications and other network-based services like electricity, natural gas and water, facilitate the flow of goods and services between buyers and sellers, making this infrastructure a prerequisite for economic growth.

Utility companies are certificated monopolies. With recent exceptions primarily in the telecommunications industry, each is the sole provider of utility service in designated geographic areas of the State called "certificated service territories."

Because there is no competition, Federal and State law obligates the Commission to promote and protect the public interest by ensuring that public utility service is adequate in quality and reliability, and is available to everyone at just and reasonable prices. This is the Commission's goal. The prices, terms and conditions of utility service affect the quality of the State's infrastructure.

T O R Y P R O C E S S

of the Utah Public Service Commission

ORGANIZATION OF THE REGULATORY FUNCTION IN UTAH TODAY

SINCE 1983, when the legislature last reorganized Utah's public utility regulatory function, the Commission has been an independent entity with a small clerical, legal, and technical advisory staff. The office of the Commission consists of a three-member commission, each commissioner appointed by the Governor to a six-year term; an administrative secretary and clerical staff; an executive staff director and technical staff; a legal counsel and paralegal staff; and an administrative law judge. Currently the Commission employs 15 persons.

The Division of Public Utilities, Department of Commerce, performs public utility audits and investigations, helps to resolve customer complaints, and enforces Commission orders. Since the 1983 reorganization, the Division has been empowered to represent an impartially determined, broad public interest before the Commission. It does so with legal assistance from the Office of the Attorney General. Also functioning within the Department of Commerce is the Committee of Consumer Services, the state agency advocate before the Commission for the interests of residential, small commercial and agricultural customers. The Committee, established by the legislature in 1977, consists of

six citizens appointed by the Governor. It employs an administrative secretary and an eight-member clerical and technical staff. Legal assistance is provided by the Attorney General.

HOW THE COMMISSION WORKS

AS A REGULATORY decision making body, the Commission exercises a delegated legislative power. Each regulatory decision is reached quasi-judicially — that is to say, the decision must be based on evidence of record gathered in open public hearings in docketed proceedings. All dockets are closely scheduled, but the due process rights of parties, carefully observed by the Commission, mainly govern their timing.

In the course of a hearing, parties participating may include the subject public utility, the Division of Public Utilities (representing an impartial view of the overall public interest), and the Committee of Consumer Services (representing the particular group interests of residential, small commercial, and agricultural customers).

Parties present the sworn testimony and evidence of expert witnesses on matters at issue. Witnesses will be cross-examined by the attorneys assisting each party.

In cases where tens of millions of dollars may be at stake, or important issues of regulatory policy arise, a

number of other intervenors, representing interests as diverse as low-income customers and large industrial customers, may also participate. They too will employ expert witnesses and attorneys. They will want to be involved because regulatory decisions distribute outcomes as gains or losses to particular parties. Cases raise issues of law, economics, accounting, finance, and engineering.

Reaching decisions, which balance the often-competing interests of concerned parties, in pursuit of outcomes, which protect and promote the overall public interest, is the Commission's task. These decisions, reviewable by the Utah Supreme Court, must be drawn directly from the evidentiary record created in open public hearings.

During fiscal year 2003, 488 cases were docketed. Of these, 57 were resolved by written Commission order, following hearing and deliberation on the evidentiary record. Of the 515 cases that were docketed before this fiscal year, the Commission resolved 48 by formal written order during the year. Many of the remaining cases were handled informally. The more important cases, whether for regulatory policy or financial implications, are highlighted in discussions of electricity, natural gas, telecommunications, and water, which follow in the next section of the report.

ELECTRIC

Utility Overview



PACIFICORP

THE PRINCIPAL ELECTRIC UTILITY REGULATED BY THE COMMISSION IS PACIFICORP, an investor-owned utility doing business in the state as Utah Power and Light Company. PacifiCorp also serves retail customers in five other western states and wholesale customers throughout the west. PacifiCorp provides about 80 percent of the electricity consumed by Utah's households and businesses. Other Utah customers are served either by municipal utilities,

which are not regulated by the Commission, or by rural electric cooperatives, which are subject to minimal state regulation. Thus, most of the Commission's work in the electric industry arises from regulation of PacifiCorp.

PLANNING FOR LEAST COST AND RELIABLE POWER SUPPLY

FOLLOWING TWO YEARS of costly reliance on the wholesale market to meet its growing demand, in fiscal year 2003, PacifiCorp focuses on resource additions and on power supply planning. "Integrated resource planning" ("IRP") is required by the Commission every two years and entails evaluation of both additional power supply and reduced customer demand through customer efficiency programs to determine the least cost way to provide adequate and reliable service. The planning process is open to the public and then public input meetings were held. The final report and action plan were filed with the Commission on January 23, 2003. Entitled Integrated Resource Plan 2003 ("IRP 2003"), the Report presents PacifiCorp's plan to supply and manage growing demand for electricity throughout its six state service territory over the next 20 years. The report identifies as its least cost plan, investment in a diversified portfolio of power plants and power purchases, coupled with customer efficiency programs and direct-control load management. The type, timing and magnitude of resource additions is noted and an action plan is provided.

Based on its assumptions of plants retired, contracts expired and load

growth, PacifiCorp identifies a deficiency between existing resources and peak system requirements plus a 15% planning margin that grows from 1,257 megawatts in 2004 to 4,116 megawatts in 2013. Absent the 15% planning margin, there is a slight surplus of 59 megawatts in 2004 and the deficiency grows to 2,559 megawatts in 2013.

PacifiCorp identifies "Diversified Portfolio I" as its least cost plan to meet this deficiency. PacifiCorp bases this selection on its analysis of the present value of future revenue requirement, load growth uncertainty, fuel and market price volatility, firm transmission transfer capability, hydro variability, mitigation of environmental impact and lead time required for plant construction or bidding. To serve system-wide peak hour demand over the next ten years, cumulative additions in this portfolio range from 1,790 megawatts in 2004 to 6,602 megawatts in 2013: 4,715 megawatts from investment in long-term peaking, wind and base load power plant; 1,650 megawatts in short to intermediate-term power purchases; and 237 megawatts in demand side management through customer efficiency and direct-control load management programs. All additions in the near term come from firm power purchases of less than 5 years duration and demand side management. Long-term investments begin in 2006. By 2013, the additional resources are 50% conventional power plant (18% peaking, 32% base load), 25% purchases of less than 5 years, 22% wind and 4% customer efficiency and direct-control load management. By fuel type, the conventional power plant is 41% natural gas and 9% coal.

Following regulatory review and public comment, on May 30, 2003, the Commission acknowledged that the plan meets its required standards and guidelines for IRP.

ADDITIONAL POWER SUPPLY IN UTAH

IN ORDER to contribute to its growing load requirements, the Utah Associated Municipal Power Systems, a consortium of Utah municipalities, requested and received Commission approval for a Certificate of Convenience and Necessity to build the Payson Power Project, a 140 megawatt power plant. The gas-fired, combined-cycle power plant is scheduled for completion in June 2004.

POWER DISTRIBUTION NETWORK IMPROVEMENTS

ALSO IN FISCAL YEAR 2003, PacifiCorp launches an ambitious multi-year investment project to upgrade and expand the distribution network in the Wasatch Front region. Robust growth in demand, especially from increased use of electric air conditioning, drives the additional investment. The \$200 million project is scheduled for completion in December 2004.

UTAH POWER RATES

IN ORDER to include in rates its new investments for the Gadsby power plant built in FY 2002, and the distribution network upgrades, among other cost increases, PacifiCorp filed May 15, 2003 for a \$125 million rate increase. This case is pending outcome in FY 2004.

ELECTRIC

RESTRUCTURING

“RESTRUCTURING”

generally refers to splitting the generation, transmission, and distribution functions now vertically integrated and performed internally by the utility into separate functional entities, perhaps even separate companies. Though both transmission and distribution would remain monopoly functions, generation, once deregulated, would be subject to market forces. Activity in Utah in fiscal year 2003 is related to wholesale market restructuring.

In 2000, the Federal Energy Regulatory Commission (FERC) issued Order 2000 which encouraged the formation of regional transmission organizations by December 15, 2002; an organization that it would then regulate. These organizations would be responsible for the monopoly transmission function, removing it from the long-time control of integrated electric public utility companies, with the object of lessening utilities’ market power of generation facilities. On March 29, 2002, PacifiCorp filed with other utilities their Stage 2 proposal to FERC to form “RTO West”, a regional transmission organization spanning the states of Utah, Wyoming, Nevada, Idaho, Montana, Oregon and Washington. On September 18, 2002, FERC issued a declaratory order on the Stage 2 proposal. The order approves the majority of the Stage 2 proposal, but defers consideration of other issues to a compliance filing to be made within 120 days of the September order.

However, on July 31, 2002, FERC also issued a proposed rule which would require independent

control of transmission facilities and impose nationally standard market design governing wholesale markets. In this proposed rule, the FERC preempts state commission jurisdiction of retail customer transmission rates and thus assumes responsibility to ensure that those rates are just and reasonable. In response to critical comments on its proposed rule on standard market design, FERC issued a white paper in April 2003. The white paper shifted FERC direction away from mandatory requirement and instead encouraged regional stakeholders to identify and propose appropriate regional solutions for wholesale market or transmission related problems. This new federal direction put the RTO West proposal back on the drawing board for further discussion among regional stakeholders.

ELECTRIC UTILITY DOCKETS

KEY:

Docket Number

Short Title

Status as of June 30, 2003

02-2167-01

In the Matter of the Application of Strawberry Electric Service District for Authority to Issue Securities and Enter Into Contracts

Order issued August 2, 2002 approving the application.

02-035-07

In the Matter of the Acknowledgment of PacifiCorp Integrated Resource Plan (RAMP-6)

Order issued August 21, 2002. PacifiCorp’s updated action plan for RAMP-6 is on record until replaced by PacifiCorp’s December 2002 IRP action plan.

02-035-05

In the Matter of the Petition of Geneva Steel for Approval or Determination of a New Contract for Electric Service and an Infrastructure Agreement

Order issued September 30, 2002 approved the Electric Supply Agreement and the Infrastructure Agreement. When Geneva has secured financing for the construction of the New Furnace as required by Section 3 of the Act, Utah Code Section § 54-16-201(1)(b), Geneva shall submit evidence of such financing and the Commission will issue a Supplemental Order finding that Geneva has secured financing as required by the Act. All reasonable costs incurred by PacifiCorp in connection with the Geneva-Specific Infrastructure and the Infrastructure after the issuance of the Supplemental Order shall be Covered Expenses under the Act and PacifiCorp will be entitled to recover the entire amount of such Covered Expenses in rates solely from its Utah customers, except to the extent that the Covered Expenses are paid by Geneva under the Infrastructure Agreement.

02-035-02

In the Matter of the Petition of Magnesium Corporation of America to Require PacifiCorp to Purchase Power from Magcorp and to Establish Avoided Cost

Order issued November 8, 2002. Approved the agreement for purchase of energy from Magcorp. The costs incurred for the purchase of energy under the Agreement which are assigned to the Utah jurisdiction shall be allowed to be recoverable by PacifiCorp as prudently incurred expenses for ratemaking purposes.

02-2011-01

In the Matter of Utah Associated Municipal Power Systems Request for Authority to Construct an Electric Generation Facility

The Commission on January 15, 2002, granted a certificate of public convenience and necessity authorizing Utah Associated Municipal Power Systems (“UAMPS”) to construct and operate a 140 MW natural gas-fired power plant, and associated transmission facilities. The power plant will be located in Payson, Utah.

02-2035-02

In the Matter of PacifiCorp’s Major Event Claims

Approved major event claim four. Denied major event claim five. Major event claim six was neither approved nor denied pending further investigation.

03-035-02**In the Matter of the Application of PacifiCorp for an Accounting Order Regarding Treatment of Pension Liability**

Ordered on March 31, 2003 that the Company is authorized to create and maintain a regulatory asset equal to the pre-tax non-cash charge to Accumulated Other Comprehensive Income otherwise necessitated by the Company's recognition of its Additional Minimum Liability under FAS 87. The size or value of this regulatory asset may be changed as the Company accounts for its Additional Minimum Liability through each appropriate accounting period after its initial creation authorized by this order.

03-2035-02**In the Matter of the Application of PacifiCorp for Approval of its Proposed Electric Service Schedules and Electric Service Regulations**

The Public Service Commission of Utah approved, with modifications to the proposed schedule, a stipulation which resolved test period, rate effective date and scheduling issues.

03-066-01**In the Matter of the Application of Dixie-Escalante Rural Electric Association, Inc. for Authority to Issue Securities to Renew Secured Line of Credit**

Authorized Dixie-Escalante to execute such documents and take such actions as may be reasonably necessary or convenient for the completion of the transactions described in its application.

03-2035-01**In the Matter of the Acknowledgement of PacifiCorp's Integrated Resource Plan 2003**

Order issued May 30, 2003, acknowledging that the Integrated Resource Plan 2003 and Action Plan conform to applicable Standards and Guidelines.

02-035-T11**In the Matter of Proposed PACIFICORP Tariff P.S.C.U. No. 44, for Schedule 38 Qualifying Facility Procedures**

Order issued February 24, 2003 approving Electric Service Schedule No. 38 as modified in PacifiCorp's December 13, 2002 reply comments, ordered PacifiCorp to file for approval avoided cost method for developing indicative power prices for purchases of power from Qualifying Facilities

greater than one megawatt and a generic power purchase agreement for use in the development of a final contract for purchases of power pursuant to Schedule 38. PacifiCorp to convene a work group including the Division, the Committee and other interested parties to provide input on the avoided cost method and generic power purchase agreement and to identify other issues of concern.

**ELECTRIC UTILITY
COMPANIES OPERATING IN
THE STATE OF UTAH UNDER
THE JURISDICTION OF THE
PUBLIC SERVICE COMMISSION**

Bridger Valley Electric Association Inc

40014 Business Loop I-80
PO Box 399
Mountain View WY 82939-0399
Tel: (307) 786-2800
(800) 276-3481
Web: www.bvea.net

Deseret Generation & Transmission Cooperative

10714 South Jordan Gtwy Ste 300
South Jordan UT 84095-3921
Tel: (801) 619-6500
(800) 756-3428
Web: www.deseretgt.com

Dixie Escalante Rural Electric Association Inc

71 E Hwy 56
HC 76 Box 95
Beryl UT 84714-5197
Tel: (435) 439-5311

Empire Electric Association Inc

801 N Broadway
PO Drawer K
Cortez CO 81321-0676
Tel: (970) 565-4444
(800) 709-3726
Web: www.empireelectric.org

Flowell Electric Association Inc

495 N 3200 W
Fillmore UT 84631
Tel: (435) 743-6214

Garkane Energy Cooperative Inc

120 West 300 South
PO Box 465
Loa UT 84747
Tel: (435) 836-2795
(800) 747-5403
Web: www.garkaneenergy.com

Moon Lake Electric Association Inc

188 W 200 N
PO Box 278
Roosevelt UT 84066-0278
Tel: (435) 722-2448
SLC: (801) 619-3700
(800) 437-9056
Web: www.mleainc.com

Mt Wheeler Power Inc

1600 Great Basin Blvd
PO Box 1511000
Ely NV 89301-1000
Tel: (775) 289-8981
(800) 977-6937
Web: www.mwpower.net

PacifiCorp

825 NE Multnomah St Ste 2000
Portland OR 97232
Tel: (503) 813-5000
Web: www.pacificorp.com

PacifiCorp

dba Utah Power & Light Company
One Utah Center
201 S Main St Ste 700
Salt Lake City UT 84140-0007
Tel: (801) 220-2000

Raft River Rural Electric Cooperative Inc

155 N Main St
PO Box 617
Malta ID 83342-0617
Tel: (208) 645-2211
Tel: (800) 342-7732

Strawberry Electric Service District

803 N 500 E
PO Box 349
Payson UT 84651-0070
Tel: (801) 465-8020
Web: www.strawberryelectric.com

Strawberry Water Users Association

745 N 500 E
PO Box 70
Payson UT 84651-0070
Tel: (801) 465-9273

Wells Rural Electric Company

1451 N Humboldt Ave
PO Box 365
Wells NV 89835-0365
Tel: (775) 752-3328
Web: www.wellsrec.com

NATURAL GAS

Utility Overview



QUESTAR GAS COMPANY

QUESTAR GAS COMPANY IS THE ONLY OPERATING NATURAL GAS UTILITY REGULATED BY THE UTAH PUBLIC SERVICE COMMISSION. Questar Gas acquired Utah Gas Service Company in 2001 and currently serves over 700,000 customers in Utah. Questar Gas is a local natural gas distribution company that also owns natural gas production property that provides about half of its supply needs.

QUESTAR GAS RATES

TWICE ANNUALLY, as permitted by law, Questar Gas files a “pass-through” application to adjust the commodity and associated cost portions of its Utah natural gas rates. The remaining costs, are recovered in general rate case proceedings. About half of the total costs of providing natural gas service to customers in Utah, some \$300 million annually, is for the gas itself. Expedited pass-through proceedings allow timely recovery of gas costs actually incurred. New rates are established on a projected basis. When actual costs vary from those projected, the difference is maintained in a special balancing account and an appropriate rate adjustment is made in the following pass-through proceeding.

During this fiscal year, Questar Gas’ rates saw minimal change. On December 30, 2002 the Public Service Commission issued an order that combined an \$11.1 million non-gas cost rate increase with a \$6.5 million gas cost pass-through rate decrease, resulting in a net increase of about 1% in customer rates. The non-gas cost rate proceeding was initiated by Questar Gas’ request for a \$23 million rate increase (5.65%). The proceeding, which lasted eight months, resulted in a stipulated settlement of all issues except for Questar Gas’ authorized rate of return on equity which the Commission set at 11.2%.

NATURAL GAS UTILITY DOCKETS

02-057-02

In the Matter of the Application of Questar Gas Company for a General Increase in Rates and Charges

Order issued December 30, 2002. The Commission increased Questar Gas Company’s revenue requirement by \$11,162,650 based on an allowed rate of return on equity of 11.2 percent. The Commission approved a stipulated settlement of all issues except for rate of return on equity. The Low-Income Weatherization program previously approved by this Commission shall be continued and funded with \$250,000. The Division of Public Utilities shall audit the program as it determines necessary. The Demand-Side Resource Task Force shall study the program to consider the optimal level of state funding.

02-057-07

In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah This application was Questar Gas Company’s semi-annual gas pass-through filing.

Interim Order issued December 30, 2002 lowering Questar Gas Company rates by \$6,468,000.

01-057-14, 98-057-12

In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah

Order issued August 14, 2002. The Commission approved a stipulation making tariff changes covering partial bad debt expense recovery through the 191 Account and modifying some of the account descriptions associated with the regulatory accounting practices which Questar Gas is to follow in the Account 191 process. The Division shall continue to analyze Questar’s bad debt to ensure its reasonableness and propose normalization or any other regulatory adjustments, as necessary to ensure that rates are just and reasonable. Questar may recover \$3.76 million for CO₂ plant expenses incurred for the June 1, 1999 through August 10, 2000 time period.

KEY:

Docket Number

Short Title

Status as of June 30, 2003

02-2394-01

In the Matter of the Request for a Certificate of Convenience and Necessity to Allow the Formation of a Natural Gas Delivery Company

Based on the scarcity of information given by the Applicant, the Commission dismissed the Application without prejudice.

02-057-04

In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah

Ordered that the interim rate changes for the I-2, IS-2, and T-1 rate classes placed in effect on an interim basis on July 1, 2002, are made final.

01-057-07

In the Matter of the Application of Questar Gas Company to adjust rates for Natural Gas Service in Utah

The interim rates made effective July 1, 2001, are made final.

NATURAL GAS UTILITIES OPERATING IN THE STATE OF UTAH UNDER THE JURISDICTION OF THE PUBLIC SERVICE COMMISSION

Questar Gas Company

180 E 100 S
PO Box 45360
Salt Lake City UT 84145-0360
Tel: (801) 324-5111
(800) 323-5517
Web: www.questar.com

Wendover Gas Company

460 Mesa St
West Wendover, NV 89883
Tel: (775) 664-2291

TELECOMMUNIC



INDUSTRY CHANGES

THE 1995 UTAH TELECOMMUNICATIONS REFORM ACT AND THE 1996 FEDERAL TELECOMMUNICATIONS ACT substantially alter the purposes and practices of telecommunications regulation and practice in Utah. During the fiscal year 2003, the telecommunications industry continued to see increased competition develop. Qwest has received federal approval to move into long-distance markets in Utah

ACTIONS

Utility Overview

and now is competing “head-to-head” with competitors by offering bundled services at various rates. Additionally Qwest has been granted pricing flexibility for much of its business and residential service areas within Utah. This has further increased the number of choices available to customers. The Commission is still responsible to see that long-run development of the market occurs in a manner consistent with legislative intent, and that the services offered by telecommunications corporations are at rates, terms and conditions which are consistent with the public interest.

PRICE REGULATION

THE COMMISSION

continues to apply the Price Index form of regulation to the areas and services offered by Qwest which are not offered under the pricing flexibility model. Rather than relying on traditional rate-of return prices for these telecommunications services, prices are now set by means of an industry wide productivity and inflation index. Operation of the price index has resulted in modest decreases in the price many consumers pay for extended area service and other basic business services.

FROM MONOPOLY TO COMPETITION

MOVING from regulated monopoly to competition is complex because the industry is a capital-intensive, network-based business. Significant fixed costs and up front investment are required of all providers of telecommunications networks. As a result, new entrants and would-be competitors often rely on using the infrastructure of the existing incumbent provider in order to provide services to their own customers. The state and federal laws contemplate that necessary or essential facilities will be provided to competitors at TSLRIC or TELRIC prices.* Currently the Commission is involved in a proceeding to determine the extent that certain elements of the network are available from providers other than Qwest. The FCC has directed the State Commissions to undertake this investigation to determine the future obligations of the incumbents with respect to leasing portions of their network. Federal and state law basically appoints the Commission as both referee and judge (at a first pass level), to prevent or resolve conflicts among incumbents and new entrants, to impose reasonable standards of service quality and business conduct, and to ensure fair treatment of customers.

CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY AND INTERCONNECTION AGREEMENTS

CURRENTLY 77 competitive telecommunications companies hold a Certificate of Public Convenience and Necessity (CPCN) from the Commission allowing them to provide local telephone service to Qwest’s customers. Additionally, 57 CPCNs that were granted by the Commission have been cancelled or withdrawn, either because the company requested that action, or the company ceased operations.

The Commission has arbitrated or reviewed 130 “interconnection agreements” —terms by which the incumbent and the competitor will interconnect facilities to provide effective and efficient service. The Commission has approved 94 agreements, with the remainder either denied by the Commission or withdrawn by the companies involved. The interconnection agreements facilitate competition by providing a means for the competitors and Qwest’s networks to communicate. This allows the competitor to provide service to its customers in one of four ways:

1. Using primarily its own facilities.
2. Assembling a combination of its own facilities and the incumbent’s facilities.

*TSLRIC stands for total-service, long-run incremental cost; and TELRIC stands for total element long-run incremental cost. Both standards are designed to determine the minimum price that covers all long-run economically relevant costs for a given piece of the network.

TELECOMMUNICATIONS



3. Leasing the required components of the incumbent's network and network elements.
4. Reselling the incumbent's service under the competitor's own name.

STATE OF THE INDUSTRY

OUR ANNUAL Telecommunications Reports to the Governor and Legislature describe our efforts to shepherd the industry along the path to a competitive market, and our annual assessments of the status of the transition. The Commission issued its most recent report in October 2002. Significantly, we found that the percentage of the market controlled by competitors has continued to grow in every year since our first report in 1998. This year has seen an increase in the number of customers served by competitive providers. Significant inroads by competitors have been made serving business customers. In addition, a small but growing residential pool of customers is being served by competitors.

At the end of the fiscal year, one incumbent firm, Qwest, Inc. (previously US West Communications Inc.), provided about 80 percent of the 1.1 million telephone lines in its service territory, competitors provide the rest. Other incumbent telecommunications companies (generally in "rural" areas of the state) provide about 93,000 lines. As of June 2003 competitors operated in Qwest's service territory only, where they provided about 221,000 lines, of these approximately 144,000 are business lines, and 77,000 are residential lines.

As the largest incumbent, Qwest remains a regulated company. But the 1995 State Act, in the interest of promoting the transition to competition, provides a facilitating regulatory regime. Thus, after just and reasonable prices for Qwest's (US West's at the time) services were established in the last general rate case (completed December 4, 1997) a three-year price freeze was imposed. In early 2001 the Commission finished implementing the Price Index form of regulation specified in a Title 54 8b. Prices now change according to the interrelationship among inflation, changes in industry productivity, and quality of service, or in areas where pricing flexibility has been granted they are set directly by Qwest (subject to a rate cap in the case of basic residential service).

Of the approximately 400 telecommunications dockets, a significant portion dealt with the interaction of incumbents and competitors as the market transitioned from monopoly to competition. These dockets addressed topics such as certificate applications, mergers and acquisitions, approval and enforcement of interconnection agreements, resolution of complaints, approval of special contracts for regulated services, and other service issues.

As may be noticed in the following enumeration of orders, such cases were in addition to the Commission's regulatory responsibilities.

TELECOMMUNICATIONS
UTILITIES DOCKETSCERTIFICATES OF PUBLIC
CONVENIENCE AND
NECESSITY FOR NEW
TELECOMMUNICATIONS
COMPANIES

KEY:

Docket Number
Short Title

Status as of June 30, 2003

02-2389-01

In the Matter of the Petition of Cypress Communications Operating Company, Inc. for the Authority to Compete as a Telecommunications Corporation and to offer Interexchange and Public Local Exchange Telecommunication Services

The Commission grants the request of Cypress Communications Operating Company, Inc., for a Certificate of Public Convenience and Necessity authorizing Applicant to provide public telecommunications services within the State of Utah, excluding those local exchanges having fewer than 5,000 access lines of an incumbent telephone corporation with fewer than 30,000 access lines in the state.

02-2321-02

In the Matter of the Name Change of Allied Riser of Utah, Inc. to Cogent Communications of Utah, Inc.

The proposed name change is approved and that the records of the Commission are amended to reflect that the holder of Certificate of Convenience and Necessity granted to Allied Riser of Utah, Inc. on February 13, 2001, is Cogent Communications of Utah, Inc.

02-2398-01

In the Matter of the Application of Sorenson Media, Inc. for a Certificate of Public Convenience and Necessity to Provide Switched and Dedicated, Resold And Facilities-Based Local Exchange and Facilities-Based Interexchange Services Within the State of Utah

The Commission grants the request of Sorenson Media, Inc., for a Certificate of Public Convenience and Necessity author-

izing Applicant to provide public telecommunications services within the State of Utah, excluding those local exchanges having fewer than 5,000 access lines of an incumbent telephone corporation with fewer than 30,000 access lines in the state.

02-2395-01

In the Matter of the Petition of iLOKA Inc. d/b/a Microtech-tel for Authority to Compete as a Telecommunications Corporation and to Offer Interexchange and Public Local Exchange Telecommunications Services

The Commission grants the request of iLOKA Inc. for a Certificate of Public Convenience and Necessity authorizing Applicant to provide public telecommunications services within the State of Utah, excluding those local exchanges having fewer than 5,000 access lines of an incumbent telephone corporation with fewer than 30,000 access lines in the state.

03-2401-01

In the Matter of the Application of IDAComm, Inc. for a Certificate of Public Convenience and Necessity to Provide Local Exchange Service and Emerging Telecommunications Services on a Facilities-Based and Resold Basis Within the State of Utah

The Commission grants the request of Idacomm, Inc., for a Certificate of Public Convenience and Necessity authorizing Applicant to provide public telecommunications services within the State of Utah, excluding those local exchanges having fewer than 5,000 access lines of an incumbent telephone corporation with fewer than 30,000 access lines in the state.

03-2400-01

In the Matter of a Certificate of Public Convenience and Necessity to Provide Nonfacilities-Based Resold Local Exchange within the State of Utah for GTC Telecom

The Commission grants the request of GTC Telecom, for a Certificate of Public Convenience and Necessity authorizing Applicant to provide public telecommunications services within the State of Utah, excluding those local exchanges having fewer than 5,000 access lines of an incumbent telephone corporation with fewer than 30,000 access lines in the state.

01-2385-01

In the Matter of the Application of Simply Cellular and Telephone Reconnections, LLC., for a Certificate of Public Convenience and Necessity to Provide Resold Local Exchange Telecommunications Services

The Application in this matter is dismissed without prejudice.

01-2383-01

In the Matter of the Application of AT&T Broadband Phone of Utah, LLC for a Certificate of Public Convenience and Necessity to Provide Switched and Dedicated, Resold and Facilities-Based Local Exchange and Resold and Facilities-Based Interexchange Services with the State of Utah

The Public Service Commission of Utah grants pricing flexibility to Qwest Corporation for specified retail business services in the areas served by the American Fork, Brigham City, Farmington, Layton, Lehi, Logan, Magna, Ogden West, Park City, Pleasant Grove, Riverton, Smithfield, Spanish Fork, Springville and Tooele Central Offices. The Commission conditions the grant of pricing flexibility for the Tooele Central Office to being subject to a price cap equal to the current tariffed prices. The Commission also grants pricing flexibility to Qwest Corporation for certain residential services in areas served by AT&T Broadband. The grant of pricing flexibility for residential services is subject to a price cap at the current tariffed prices.

98-2250-01

In the Matter of the Petition of Comm South Companies, Inc. for an Amendment to its Certificate of Public Convenience and Necessity for Additional Authority to Operate as a Facilities-Based and Resale Provider of Local Telecommunications Service in the State of Utah

The petition of motion of Comm South Companies, Inc. For an Amendment to its Certificate of Public Convenience and Necessity for Additional Authority to Operate as a Facilities-Based and Resale Provider of Local Telecommunications Service in the State of Utah, is dismissed.

00-2313-01

In the Matter of the Application of Arrival Communications, Inc., for a Certificate of Public Convenience and Necessity to Provide Switched and Dedicated, Resold and Facilities-Based Local Exchange and Facilities-Based Interexchange Services Within the State of Utah

Arrival Communications, Inc. having requested that its certificate of public convenience and necessity be canceled, the Commission so orders.

00-2349-01

In the Matter of the Application of Essex Communications, Inc. dba eLEC Communications, for a Certificate of Public Convenience and Necessity for the Purpose of Providing Facilities-Based Local Exchange Services

Essex Communications, Inc. dba eLEC Communications having requested that its certificate of public convenience and necessity be canceled, the Commission so orders.

QWEST MAJOR ORDERS

00-049-08

In the Matter of the Application of Qwest Corporation for Approval of Compliance with 47 U.S.C. § 271(d)(2)(B)

The Commission recognizes that the ultimate determination of Qwest's compliance with Section 271 requirements will be made by the Federal Communications Commission. On the basis of the record before us, the Commission concludes that Qwest has met the requirements of Section 271(c)(1)(A) and (B), the requirements of the 14-point competitive checklist, the public interest standard, and the Section 272 requirements.

97-049-14

In the Matter of the Petition by U S West Communications, Inc. for a One-Time Distribution From the Universal Service Fund for the Snow Basin Road Project

Ordered that the June 16, 1997, Order in this Docket is hereby modified to provide for a one time distribution from the State Universal Public Telecommunications Service Support Fund, in an amount up to \$102,636.50. Subscribers in the area com-

TELECOMMUNICATIONS



mencing service within one year of installation of the facilities will be required to pay \$500 per line toward the cost of the project. Qwest shall make a good faith effort to survey all potential customers in the area and offer them service at the \$500 per line rate before the beginning of construction. Qwest shall commence the project upon receipt of \$9,500 in contributions in aid of construction from customers. Any additional subscribers that sign up in the area of this extension one year after completion of the project, or later, will pay a customer contribution payment of \$2,365.00.

02-049-76

In the Matter of the Petition of Quest Corporation for Declaratory Ruling or, in the Alternative, for Approval of the Sale of the Utah Assets of Qwest Dex, Inc.

By this Order, the Public Service Commission of Utah approves the sale by Qwest Dex, Inc. (Dex), together with Qwest Communications International Inc. and Qwest Services Corporation, of the Utah assets and business of Dex to Dex Holdings, LLC, on the terms and conditions set forth in the Purchase Agreement dated August 19, 2002, and the terms and conditions of the Stipulation between Qwest Corporation (Qwest), the Division of Public Utilities and the Committee of Consumer Services dated February 26, 2003. Pursuant to the Stipulation, Qwest will provide a one-time credit to certain of its retail customers following closing of the sale in the total amount of \$22 million. In addition, the parties have agreed that Qwest's prices to its customers will not change as a result of the sale.

03-049-30

In the Matter of the 2003 Price Cap Compliance Filing of Qwest Corporation Pursuant to R746-352-7

Ordered that the Commission accepts Qwest's amended 2003 Price Cap Compliance filing, subject to any further adjustment that may be required as detailed in Qwest's reply comments, and in this Order.

MISCELLANEOUS TELECOMMUNICATIONS ORDERS

02-2391-01

In the Matter of the Joint Application of U.S. TelePacific Corp D/B/A TelePacific Communications and Sipco Limited for Approval of Acquisition by SIPCO Limited of Indirect Control Over U.S. TelePacific Corp.

The proposed transfer of control appearing to be in the public interest, the Commission approved the same.

02-2397-01

In the Matter of the Application of Global Crossing Ltd. (Debtor-in-Possession) and GC Acquisition Limited or Approval of the Transfer of Control of Global Crossing Ltd. (Debtor-in-Possession)'s Utah Operating Subsidiaries to GC Acquisition Limited

The Commission approved transfer of control of Global Crossing Telemanage-ment, Inc.

02-2371-01

In the Matter of the Petition of the Division of Public Utilities for an Order to Show Cause Why HSA Telecom Operating Co., Inc. Should Not be Penalized for Failure to File its Annual Report and Pay its Public Utilities Regulation Fee.

Respondent having failed to file its annual report and to pay its Public Utilities Regulation Fee, the Commission canceled its operating authority.

02-2350-01

In the Matter of the Petition of the Division of Public Utilities for an Order to Show Cause Why Telera Communications, Inc. Should Not be Penalized for Failure to File its Annual Report and Pay its Public Utilities Regulation Fee

Respondent having failed to file its annual report and to pay its Public Utilities Regulation Fee, the Commission canceled its operating authority.

02-2336-01

In the Matter of the Petition of the Division of Public Utilities for an Order to Show Cause Why Pathnet Operating, Inc. Should Not be Penalized for Failure to File its Annual Report and Pay its Public Utilities Regulation Fee

Respondent having failed to file its annual report and to pay its Public Utilities Regulation Fee, the Commission canceled its operating authority.

02-2325-01

In the Matter of the Petition of the Division of Public Utilities for an Order to Show Cause Why OnRamp Telecom LLC. Should Not be Penalized for Failure to File its Annual Report and Pay its Public Utilities Regulation Fee

Respondent having failed to file its annual report and to pay its Public Utilities Regulation Fee, the Commission canceled its operating authority.

02-2214-01

In the Matter of the Application of Excel Telecommunications, Inc. for and Amendment to its Authority to Provide Competitive Facilities-Based Local Exchange Telecommunications Service in the State of Utah

The Application of Excel Telecommunications, Inc. for an amendment to its authority is denied on grounds that Excel already has the authority it seeks.

02-2208-01

In the Matter of the Application for Approval of the Transfer of Control of XO Communications, Inc., Sole Shareholder of XO Long Distance Services, Inc. and XO Utah, Inc., Pursuant to a Corporate Restructuring Involving the Issuance and Sale of New Common Stock

The Commission approved transfer of control.

02-087-02

In the Matter of Joint Application of AT&T Corp., AT&T Broadband Phone of Utah, LLC, and AT&T Comcast Corp. for Approval of a Change in Control of AT&T Broadband Phone of Utah, LLC

The relief requested in the March 6, 2002 joint Application is granted. The proposed transactions are approved to obtain the change in control of AT&T Broadband—Utah.

KEY:

Docket Number

Short Title

Status as of June 30, 2003

00-2319-01**In the Matter of the Petition of Advanced Telcom, Inc., for Authority to Compete as a Telecommunications Corporation and to Offer Interexchange and Public Local Exchange Telecommunications Services**

Advanced TelCom, Inc. having requested that its certificate of public convenience and necessity and intrastate tariffs be canceled, the Commission so orders.

02-2208-02**In the Matter of the Application of Approval of the Transfer of Control of XO Communications, Inc., Sole Shareholder of XO Long Distance Services, Inc., and XO Utah, Inc., Pursuant to Corporate Restructuring Involving the Issuances and Sale of New Stock**

The Commission approved transfer of control of XO Communications, Inc.

02-2286-01**In the Matter of the Petition of the Division of Public Utilities for an Order to Show Cause Why IG2, Inc. Should Not be Penalized for Failure to File its Annual Report and Pay its Public Utilities Regulation Fee**

Respondent having failed to file its annual report and to pay its Public Utilities Regulation Fee, the Commission canceled its operating authority.

02-2250-01**In the Matter of the Notification of Transfer of Control — Comm South Companies, Inc., and ARBOS Communications, Inc. to Arcomm Holdings Co.**

The Commission approved transfer of control of Comm South Companies, Inc.

02-2249-06**In the Matter of the Investigation of Customer Complaints and Compliance with Commission Administrative Rules by McLeod USA Telephone Services**

The Settlement Agreement is accepted and approved, and is adopted as part of this Order. McLeod shall pay to the State of Utah \$50,000 within 30 days of the date of this Order.

03-2214-01**In the Matter of the Investigation of Customer Complaints and Compliance with Commission Administrative Rules by Excel Telecommunications Inc.**

The Settlement Agreement is accepted and approved, and is adopted as part of this Order. Excel shall pay to the State of Utah \$10,000 within 30 days of the date of this Order.

01-2378-01**In the Matter of the Application of TeleCents Communications, Inc. for Authority to Compete as a Telecommunications Corporation and to Offer Public Local Exchange and Interexchange Telecommunications Services**

TeleCents Communications, Inc. having requested that its certificate of public convenience and necessity be canceled, the Commission so orders.

03-095-01**In the Matter of the Investigation of Customer Complaints and Compliance with Commission Administrative Rules by MCI WorldCom Communications, Inc.**

The Settlement Agreement is accepted and approved, and is adopted as part of this Order. MCI shall pay to the State of Utah \$30,000 within 30 days of the date of this Order.

99-999-05**In the Matter of the Request of the North American Numbering Plan Administrator for a New Area Code within the (801) Area Code**

The previous permissive and mandatory dialing dates associated with the 801 Area Code split, contained in our October 23, 2001 Order are vacated. The beginning date for permissive dialing is March 30, 2005, and that the permissive dialing period will end close to the exhaust of number resources, now expected September 30, 2005.

INDEPENDENT ("RURAL") INCUMBENT LOCAL EXCHANGE CARRIERS' DOCKETS

02-041-01**In the Matter of the Request for a One-Time Distribution for Service in Millard County for Dale and Pat Wood**

The Public Service Commission of Utah grants a one time distribution from the State Universal Public Telecommunications Service Support Fund to facilitate the provision of telecommunications service, by Frontier Telephone Company, to Dale and Pat Wood in Kanosh, Millard County, Utah.

02-046-01**In the Matter of the Request for a One-Time Distribution for Service in Sanpete County for Evan G. Bingham**

The Public Service Commission of Utah grants a one time distribution from the State Universal Public Telecommunications Service Support Fund to facilitate the provision of telecommunications service, by Manti Telephone Company, to Evan G. Bingham in Sanpete County, Utah.

03-041-02**In the Matter of the Petition for a One-Time Distribution for Chris Shummway in Grand County**

The Public Service Commission of Utah grants a one-time distribution from the State Universal Public Telecommunications Service Support Fund to facilitate the provision of telecommunications service, by Frontier Communications of Utah, for service to Chris Shummway in Grand County, Utah.

03-041-01**In the Matter of the Petition for a One-Time Distribution for Ann McDonald in Box Elder County**

The Public Service Commission of Utah grants a one-time distribution from the State Universal Public Telecommunications Service Support Fund to facilitate the provision of telecommunications service, by Frontier Communications of Utah, for service to Ann McDonald in Box Elder County, Utah.



TELECOMMUNICATIONS RELAY SERVICES &

IN THE FISCAL YEAR 2003 the Public Service Commission (PSC) hired an advertising agency to help with outreach, marketing, and public relations for Relay Utah. Penna Powers Cutting Haynes/Proclix (PPCH) was chosen after an RFP was issued with the goal to increase awareness in Utah for relay services.

A new logo and tag line have been developed in the campaign. A commercial aired on KSL and brochures were distributed statewide. In conjunction with PPCH, during fiscal year 2003, the Public Service Commission made many presentations throughout the state to increase knowledge of relay and the equipment distribution program. The presentations were made at retirement centers, senior citizen centers, Utah Speech and Hearing Association conferences, Self Help for the Hard of Hearing meetings, schools, and emergency response trainings to name a few. To the right is the presentation schedule for fiscal year 2003:

PRESENTATIONS COMPLETED IN 2003

7/09/03	Murray Clark Cushing Heritage Center (SLC)
7/22/03	Clearfield Heritage Center
8/05/03	Liberty Senior Center (SLC) Woodland Park Care Center (SLC)
8/06/03	Kaysville Autumn Glow Center
8/08/03	Tooele Senior Center
8/11/03	Hazen Nursing Home (West Valley)
8/12/03	Harmon Home Community Center (West Valley)
8/14/03	Midtown Manor Care Center (SLC) Golden Years Center (Bountiful)
8/15/03	Federal Heights (SLC)
8/28/03	Seville Retirement Residence (Orem)
9/16/03	Weber Senior Nutrition Center (Ogden)
10/16/03	Taylorsville Senior Center Cove Point Retirement (Provo)
10/27/03	Milford Senior Citizens Center
10/28/03	St. George Senior Citizens Center
11/03/03	Hurricane Senior Citizens Center
12/12/03	Orem Senior Friendship Center
12/07/03	Jacobs Senior Center, Pleasant Grove



OUTREACH

IN MARCH OF 2003 the PSC held an open house for Relay Utah consumers. As stated earlier, PPCH developed a logo and tag line to create a new image for Relay Utah. Individuals who are deaf, hard of hearing, speech disabled and the general public were invited to the open house. Approximately 160 people attended the open house event. The relay consumers in Utah took part in choosing the tag line and logo for Relay Utah. Relay Utah users voted to keep the familiar tag line "Helping Utah Connect" and add a new logo that shows the two worlds connecting or coming together. The new logo and tag line are an effective means of educating the state about relay services, and it was a very successful outreach event for the people of Utah.

The open house was a "first of its kind" in the state. The Public Service Commission connected individuals who are deaf, hard of hearing and speech disabled throughout the state at one meeting location. The open house was held in four cities, Taylorsville, Logan,

EQUIPMENT DISTRIBUTION PROGRAM

Overview

Provo, and St. George. Each site was connected through the new video conferencing technology housed at the Utah Community Center for the Deaf and Hard of Hearing. The Commission was able to reach out to the various locations at once to receive questions and comments applicable to the entire group.

FCC CERTIFICATION

ANOTHER MAJOR accomplishment of the Public Service Commission was being re-certified as a state provider for the relay service. Every five years each state must re-certify with the Federal Communications Commission. The year 2003 was Utah's turn to re-certify and we were successful.

VIDEO RELAY SERVICE

VIDEO RELAY SERVICES (VRS) is one of the newest developments in the field of telecommunications relay services that has been introduced in the state of Utah. VRS is a method of communication that allows a deaf individual to see an interpreter through a screen (computer or TV) using a high-speed internet connection. The interpreter is at a remote location and can see the deaf person on a screen. The phone conversation is interpreted and allows deaf people to clearly express their message in their own language. Sprint was the

first company to establish a video relay service for the deaf in July 2002. The deaf and hard of hearing community can access Sprints VRS by contacting their web page www.utvrs.com. Utah Video Relay Service continues to gain momentum as more companies set up services for the deaf in Utah and throughout the country. During 2003, a local Utah company, Sorenson Media, entered the VRS arena. They have introduced new technology that will impact how VRS develops in the future. Sorenson VRS can be contacted at www.sorensonvrs.com.

FUNDING

FUNDING FOR RELAY

Utah and the Equipment Distribution Program comes from a monthly surcharge on Utah residential and business telephone lines, with a mandated maximum not to exceed \$.25 per month per telephone line. This rate is set by Public Service Commission rule. The current surcharge is \$.10 per line per month. During the FY 2003 the total amount received from the local exchange carriers was approximately \$1,345,000. The surcharge collections pay for Relay Utah services, finance the equipment distribution program, outreach and education programs, and cover administrative expenses.

LOCAL EXCHANGE CARRIERS THAT REMITTED A SURCHARGE TO THE STATE OF UTAH'S PUBLIC SERVICE COMMISSION IN 2003 INCLUDE:

AT&T

All West/World Connect
America Fiber Network
Beehive Telephone Co.
Bear Lake Communications
Carbon Emery Telecom
Central Utah Telephone
Citizens Telecom Of Utah
Comcast Phone of Utah
Comm South Companies
Electric Lightwave
Emery Telecom
Gunnison Telephone Co.
Hanksville Telcom
Integra Telecom
Manti Telephone Co.
MCI
Navajo Communications
Qwest
SBC Telecom
Skyline Telecom
South Central Utah Tel.
TCG Utah
UBET Telecom
Uintah Basin Telephone ASN
Universal Access, Inc.
Vartec Telecom, Inc.
XO Utah, Inc.
Z-Tel, Inc.

TELECOMMUNICATIONS



COMMUNITY FEEDBACK

UTAH CODE 54-8b-10 (7) states, “The commission shall solicit the advice, counsel, and physical assistance of severely hearing or speech impaired persons and the organizations serving them in the design and implementation of the program.” In order to comply with this law, during FY 2003 the Public Service Commission held quarterly meetings (Relay Utah Consumer Council or RUCC) with representatives and organizations who include individuals who are deaf, hard of hearing, or speech disabled.

The RUCC meetings were held in conjunction with Sprint who provides the Telecommunications Relay Services in Utah. The members of the RUCC were very active in providing feedback and ideas on how the needs of the relay consumers in Utah could be better served. Through these meetings and continued contact with relay consumers, the Public Service Commission is able to gather information to better design and implement the Telecommunications Relay Service.

The Public Service Commission is committed to improving and maintaining the quality of the Relay Utah service. Telecommunications Relay Service is in a period of rapid growth and change. With the introduction of VRS, steps are being taken in Utah to provide the most functionally equivalent form of telecommunication for deaf and hard of hearing people. All of the new rules and increased services that have come about in the last year bring Utah Relay closer to what standard telephone users experience

and enjoy every day. These new rules and services expand Relay Utah to many new groups who were unable to use Telecommunications Relay Services in the past.

CLECs OPERATING IN THE STATE OF UTAH UNDER THE JURISDICTION OF THE PUBLIC SERVICE COMMISSION

1-800-Reconex Inc
fka Sterling International Funding Inc
2500 Industrial Ave
PO Box 40
Hubbard OR 97032

Advanced Telecommunications Inc
730 Second Ave S Ste 410
Minneapolis MN 55402

AirSwitch Corporation
717 N Main St Ste 205
PO Box 513
Springville UT 84663

All West / Utah Inc
50 W 100 N
PO Box 588
Kamas UT 84036-0588

AT&T Communications of the Mountain States Inc
Attn: L J Godfrey
675 E 500 S Ste 330
Salt Lake City UT 84102

Brooks Fiber Communications of Utah Inc
Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202

CCCUT Inc
dba Connect
124 W Capitol Ave Ste 250
Little Rock AR 72201

Citizens Telecommunications Company
dba Citizens Telecom
Attn: Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Comm South Companies Inc
Attn: Toby Wilson
6830 Walling Ln
Dallas TX 75231

Convergent Communications Services Inc
Attn: Karen Bedell
400 Inverness Dr E Ste 400
Englewood CO 80112

DIECA Communications Inc
dba Covad Communications Company
2330 Central Expy
Santa Clara CA 95050

DSLnet Communications LLC
545 Long Wharf Dr 5th Fl
New Haven CT 06511

Eclipse Communications Corporation
3650 131st Ave SE Ste 400
Bellevue WA 98006

Electric Lightwave Inc
Attn: Kathleen Beigh
4400 NE 77th Ave
PO Box 4678
Vancouver WA 98662

Emery Telecommunications & Video Inc
dba Emery Telecommunications
455 E Hwy 29
PO Box 629
Orangeville UT 84537-0629

Excel Telecommunications Inc
C/O Excel Communications Inc
Attn: Brenda Owens—Tax Dept
8750 N Central Expy Ste 1500
Dallas TX 75231
Ron McClenan, Regulatory
Joel Ballew, Complaints

FirstWorld Communications Inc
Attn: Victoria Aguilar
8390 E Crescent Pky Ste 300
Greenwood Village CO 80111

Frontier Telemanagement Inc
Attn: Michael J Nighan
180 S Clinton Ave
Rochester NY 14646

GST Telecom Utah Inc
fka GST Lightwave (UT) Inc
Attn: Jane Delahanty—Regulatory Dept
4001 Main St
Vancouver WA 98663

ICG Telecom Group Inc
161 Inverness Dr W
Englewood CO 80112

Intellicall Operator Services Inc
dba ILD
16200 Addison Rd Ste 100
Addison TX 75001

Intermedia Communications Inc

Attn: Prince Jenkins
3625 Queen Palm Dr
Tampa FL 33619-1309

JATO Operating Corp

fka JATO Communications Corp
1099 18th St Ste 700
Denver CO 80202-1908

LCI International Telecom Corp

dba Qwest Communications Services
Attn: David LeNard
4250 N Fairfax Dr
Arlington VA 22203-1607

Level 3 Communications LLC

Attn: Thomas Stortz
1450 Infinite Dr
Louisville CO 80027

MCI Metro Access Transmission Services LLC

Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202

MCI WorldCom Communications Inc

fka Worldcom Technologies Inc
Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202
Tom Dixon, Complaints
Randeel Klindworth, Tariff A

McLeodUSA Telecommunications Services Inc

Attn: Kay Noeth
215 S State St 10th Fl
Salt Lake City UT 84111

New Edge Network Inc

dba New Edge Networks
fka Access 21 Corporation
Attn: Stacey Waddell
3000 Columbia House Blvd
Vancouver WA 98661

NEXTLINK Utah Inc

Attn: Rex Knowles
111 E Broadway Ste 1000
Salt Lake City UT 84111

NorthPoint Communications Inc

222 Sutter St 7th Fl
San Francisco CA 94108

NOW Communications Inc

1695 High St Ste B
Jackson MS 39205

Quintelco Inc

1 Blue Hill Plz
PO Box 1665
Pearl River NY 10965

Qwest Communications Corporation

Attn: Carol P Kuhnow
4250 N Fairfax Dr
Arlington VA 22203-1607

Rhythms Links Inc

fka Accelerated Connections Inc
7337 S Revere Pky
Englewood CO 80112

Sprint Communications Company LP

Attn: Natalie Wales
1850 Gateway Dr 7th Fl
San Mateo CA 94404

Supra Telecommunications and Information Systems Inc

2620 SW 27th Ave
Miami FL 33133

TCG Utah

2440 S 1070 W Ste B
Salt Lake City UT 84119-1554

Telco Holdings Inc

dba Dial & Save
C/O Excel Communications Inc
Attn: Brenda Owens—Tax Dept
8750 N Central Expy Ste 1500
Dallas TX 75231

Teligent Services Inc

Terri Natoli
8065 Leesburg Pike Ste 400
Vienna VA 22182

Tel-Link LLC

Michelle McKay
1001 Third Ave W Ste 354
Bradenton FL 34205

Tel-Save Inc

dba The Phone Company of New Hope
6805 Route 202
New Hope PA 18938

Williams Communications Inc

2600 One Williams Ctr
Tulsa OK 74172

WinStar Wireless Inc

fka WinStar Wireless of Utah Inc
1577 Spring Hill Rd Ste 600
Vienna VA 22182

Z-Tel Communications Inc

Attn: Robert Curtis
777 S Harbour Island Blvd Ste 990
Tampa FL 33602

ILECs OPERATING IN THE STATE OF UTAH UNDER THE JURISDICTION OF THE PUBLIC SERVICE COMMISSION

Albion Telephone Company Inc

Hwy 77 PO Box 98
Albion ID 83311

Bear Lake Communications Inc

45 W Center St
PO Box 7
Fairview UT 84629

Beehive Telephone Company Inc

2000 E Sunset Rd
Lake Point UT 84074-9779

Century Tel of Eagle Inc

fka Eagle Telecommunications Inc/Colorado
805 Broadway
PO Box 9901
Vancouver WA 98668-8701

Central Utah Telephone Inc

45 W Center St
PO Box 7
Fairview UT 84629

Citizens Telecommunications Company of Utah

Attn: Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Emery Telephone

455 E Hwy 29
PO Box 629
Orangeville UT 84537-0629

Farmers Telephone Company Inc

26077 Hwy 666
PO Box 369
Pleasant View CO 81331-0369

Gunnison Telephone Company

29 S Main St
PO Box 850
Gunnison UT 84634-0850

Industrial Communications

dba David R Williams
PO Box 25670
Honolulu HI 96825

TELECOMMUNICATIONS

**Manti Telephone Company Inc**

34 W Union St
Manti UT 84642

Navajo Communications Company Inc

Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Skyline Telecom

45 W Center St PO Box 7
Fairview UT 84629

South Central Utah Telephone Association Inc

45 N 100 W PO Box 555
Escalante UT 84726

Uintah Basin Telecommunications Association Inc

dba UBTA Communications
3800 S US 40 PO Box 398
Roosevelt UT 84066

Union Telephone Company

850 N Hwy 414
PO Box 160
Mountain View WY 82939

US WEST Communications Inc

Regulatory Affairs
250 Bell Plaza Rm 1603
PO Box 30960
Salt Lake City UT 84130-0960

TELECOMMUNICATIONS —
ILEC**Albion Telephone Company Inc**

dba ATC Communications
225 W North St
PO Box 98
Albion ID 83311
Tel: (208) 673-5335
Web: www.atccomm.com

All West Communications Inc

dba All West Communications
50 W 100 N
PO Box 588
Kamas UT 84036-0588
Tel: (435) 783-4361
(888) 292-1414
Web: www.allwest.net

Bear Lake Communications Inc

35 S State St
PO Box 7
Fairview UT 84629
Tel: (435) 427-3331
(800) 427-8449
Web: www.cutel.com

Beehive Telephone Company Inc

2000 E Sunset Rd
Lake Point UT 84074-9779
Tel: (801) 250-6639
(800) 629-9993
Web: www.beehive.net

Carbon / Emery Telecom Inc

455 E Hwy 29
PO Box 421
Orangeville UT 84537-0421
Tel: (435) 748-2223
Web: www.emerytel.com.net

Central Utah Telephone Inc

35 S State St
PO Box 7
Fairview UT 84629
Tel: (435) 427-3331
(800) 427-8449
Web: www.cutel.com

CenturyTel of Eagle Inc

100 CenturyTel Dr
PO Box 4065
Monroe LA 71211-4065
Tel: (318) 388-9000
(800) 562-3956
Web: www.centurytel.com

Citizens Telecommunications Company of Utah

dba Frontier Communications of Utah
4 Triad Center Ste 200
Salt Lake City UT 84180-1413
Tel: (801) 924-6360
(800) 373-5627
Web: www.frontieronline.com

Emery Telephone, dba Emery Telecom

455 E Hwy 29
PO Box 629
Orangeville UT 84537-0629
Tel: (435) 748-2223
Web: www.emerytel.com.net

Farmers Telephone Company Inc

26077 Hwy 666
PO Box 369
Pleasant View CO 81331-0369
Tel: (970) 562-4211
(877) 828-8656
Web: www.farmerstelcom.com

Gunnison Telephone Company

29 S Main St
PO Box 850
Gunnison UT 84634-0850
Tel: (435) 528-7236
Web: www.gtclco.net

Hanksville Telecom Inc

455 E Hwy 29
PO Box 711
Orangeville UT 84537-0711
Tel: (435) 748-2223
Web: www.emerytel.com.net

Manti Telephone Company Inc

34 W Union St
Manti UT 84642
Tel: (435) 835-3391
(877) 835-3391

Navajo Communications Company Inc
dba Frontier Navajo Communications Co.

4 Triad Center Ste 200
Salt Lake City UT 84180-1413
Tel: (801) 924-6360
(800) 373-5627
Web: www.frontieronline.com

Qwest Corporation

250 Bell Plaza Rm 1603
Salt Lake City UT 84111
Tel: (801) 237-7634
(888) 244-1111
Web: www.qwest.com
Find Qwest Payment Locations

Skyline Telecom

35 S State St
PO Box 7
Fairview UT 84629
Tel: (435) 427-3331
(800) 427-8449
Web: www.cutel.com

South Central Utah Telephone Association Inc

dba South Central Communications
45 N 100 W
PO Box 555
Escalante UT 84726
Tel: (435) 826-4211
Web: www.socen.com

UBET Telecom Inc

211 E 200 N
PO Box 398
Roosevelt UT 84066
Tel: (435) 646-5007
(888) 546-8282
Web: www.ubtanet.com

Uintah Basin Telecommunications Association Inc

dba UBTA Communications

211 E 200 N
PO Box 398
Roosevelt UT 84066
Tel: (435) 646-5007
(888) 546-8282
Web: www.ubtanet.com

Union Telephone Company

850 N Hwy 414
PO Box 160
Mountain View WY 82939
Tel: (307) 782-6131
(800) 646-2355
Web: www.union-tel.com

TELECOMMUNICATIONS — ILEC

1-800-Reconex Inc

2500 Industrial Ave
PO Box 40
Hubbard OR 97032
Tel: (503) 982-8000
(800) 732-6639
Web: www.reconex.com

360networks (USA) inc

867 Coal Creek Circle, Ste 160
Louisville CO 80027
Tel: (303) 854-5000
(800) 576-1959
Web: www.360.net

AboveNet Inc

fka MFN of Utah LLC

360 Hamilton Ave
White Plains NY 10601
Tel: (914) 421-6700
(888) 636-2778
Web: www.mfn.com

ACN Communications Services Inc

32991 Hamilton Court
Farmington Hills MI 48334
Tel: (248) 699-4000
(877) 226-1010

All West / Utah Inc

dba All West World Connect

50 W 100 N
PO Box 588
Kamas UT 84036-0588
Tel: (435) 783-4361
(866) 255-9378
Web: www.allwest.net

American Fiber Network Inc dba AFN

9401 Indian Creek Pky Ste 140
Overland Park KS 66210-2005
Tel: (913) 338-2658
(800) 864-0583
Web: www.afnltld.com

American Fiber Systems Inc

100 Meridian Centre Ste 250
Rochester NY 14618-3979
Tel: (585) 340-5400
Web: www.americanfibersystems.com

AT&T Communications of the Mountain States Inc

1875 Lawrence ST, Ste 1405
Denver CO 80202-1847
Tel:
Web: www.att.com

Broadweave Networks of Utah LLC

1520 W 3600 N
Lehi UT 84043
Tel: (801) 766-7699

Brooks Fiber Communications of Utah Inc

201 Spear St 9th Fl
San Francisco CA 94105-1634
Tel: (415) 228-1072
(800) 893-7589
Web: www.mci.com

BT Communications Sales LLC

fka Concert Communications Sales LLC

11440 Commerce Park Dr
Reston VA 20191-1555
Tel: (703) 755-6730
Web: www.bt.com

BullsEye Telecom Inc

25990 Greenfield Road Ste 330
Oak Park MI 48237
Tel: (248) 784-2500
(877) 638-2855

CeriStar Inc

50 W Broadway Ste 2100
Salt Lake City UT 84101
Tel: (801) 350-2017

Ci2 Inc

200 Galleria Pky NW Ste 1200
Atlanta GA 30339
Tel: (770) 425-2267
(888) 657-3278
Web: www.ci2.com

Ciera Network Systems Inc

1250 Wood Branch Park Dr Ste 600
Houston TX 77079-1212
Tel: (281) 529-4600
Tel: (800) 525-9510

Cogent Communications of Utah Inc

fka Allied Riser of Utah Inc

1015 31st St NW
Washington DC 2007
Tel: (202) 295-4200
Tel: (877) 726-4368

Comcast Phone of Utah LLC

fka AT&T Broadband Phone of Utah LLC

440 Yauger Way SW
Olympia WA 98502-8153
Tel: (360) 705-2537 ext 3404
(800) 288-2085
Web: www.comcast.com

Cypress Communications Operating Co. Inc

15 Piedmont Center
3575 Piedmont Rd Ste 100
Atlanta GA 30305
Tel: (404) 869-2500
(888) 528-1788
Web: www.cypresscom.net

DIECA Communications Inc

dba Covad Communications Company

3420 Central Exp
Santa Clara CA 95051
Tel: (408) 616-6500
(888) 462-6823
Web: www.covad.com

dPi Teleconnect LLC

2997 LBJ Fwy Ste 225
Dallas TX 75234
Tel: (972) 488-5500
(800) 687-6727
Web: www.dpiteleconnect.com

DSLnet Communications LLC

545 Long Wharf Dr 5th Fl
New Haven CT 06511
Tel: (203) 772-1000
(877) 375-6691
Web: www.dsl.net

Electric Lightwave Inc

4 Triad Center Ste 200
Salt Lake City UT 84180-1413
Tel: (801) 924-3000
(888) 521-3001
Web: www.eli.net

eMeritus Communications Inc

1600 Viceroy Dr
Dallas TX 75235
Tel: (214) 424-1000
(800) 583-8811
Web: www.emerituscop.com

TELECOMMUNICATIONS

**Emery Telecommunications & Video Inc***dba Emery Telecommunications*

450 E Highway 29
PO Box 550
Orangeville UT 84537-0550
Tel: (435) 748-2223
Web: www.etv.net

Eschelon Telecom of Utah Inc

730 Second Ave South Ste 1200
Minneapolis MN 55402-3400
Tel: (612) 376-4400
(866) 372-4356
Web: www.eschelon.com

Excel Telecommunications Inc

1600 Viceroy Dr
Dallas TX 75235
Tel: (214) 424-1000
(800) 583-8811
Web: www.excel.net

FirstDigital Telecom LLC

90 S 400 W, Ste M-100
Salt Lake City UT 84101
Tel: (801) 456-1000
Web: www.firstdigital.com

France Telecom Corporate Solutions LLC

2300 Corporate Park Drive
Mailstop SPO606
Herndon VA 20171
Tel: (703) 375-4919

Frontier Communications of America*fka Citizens Telecommunications Company**dba Citizens Long Distance*

4 Triad Center Ste 200
Salt Lake City UT 84180-1413
Tel: (801) 924-6360
(888) 535-4354
Web: www.czn.com

Global Crossing Telemanagement Inc

1080 Pittsford Victor Rd
Pittsford NY 14534
Tel: (585) 245-1427
(800) 414-1973
Web: www.globalcrossing.com

Granite Telecommunications LLC

234 Copeland St
Quincy MA 02169
Tel: (617) 847-1500
Web: www.granitenet.com

GTC Telecom

3151 Airway Ave Ste P-3
Costa Mesa CA 92626
Tel: (714) 549-7700

ICG Telecom Group Inc

161 Inverness Dr West
Ste 100
Englewood CO 80112
Tel: (303) 414-5000
(888) 424-1144
Web: www.icgcom.com

IDACOMM INC

1501 Federal Way Ste 400
PO Box 1162
Boise ID 83701
Tel: (208) 388-5710

iLOKA Inc*dba Microtech-tel*

4643 S Ulster St. Ste 1200
Denver CO 80237-2868
Tel: (303) 373-4444
Web: www.microtech-tel.com

Integra Telecom of Utah Inc

19545 NW Von Neumann Dr
Ste 200
Beaverton OR 97006-6902
Tel: (503) 748-1000
(888) 621-4239
Web: www.integratelecom.com

Intermedia Communications Inc

201 Spear St 9th Fl
San Francisco CA 94105
Tel: (415) 228-1072
(800) 893-7589
Web: www.intermedia.com

Intrado Communications Inc

1601 Dry Creek Rd
Longmont CO 80503-6493
Tel: (720) 494-5800
(877) 856-7504

Ionex Communications North Inc

15305 Dallas Pky Ste 1500
Addison TX 75001-6768
Tel: (214) 646-2300
(800) 783-9702
Web: www.ionextelecom.com

KMC Telecom V Inc

1755 N Brown Rd, 3rd Floor
Lawrenceville GA 30043
Tel: (908) 470-2100
(888) 562-8431
Web: www.kmctelecom.com

Level 3 Communications LLC

1025 Eldorado Blvd
Broomfield CO 80021-8869
Tel: (720) 888-1000
(877) 453-8353
Web: www.level3.com

MCI Metro Access Transmission Services LLC

201 Spear St 9th Fl
San Francisco CA 94105
Tel: (415) 228-1072
(800) 893-7589
Web: www.mci.com

MCI WorldCom Communications Inc

201 Spear St 9th Fl
San Francisco CA 94105
Tel: (415) 228-1072
(800) 893-7589
Web: www.mci.com

McLeodUSA Telecommunications Services Inc

6400 C St SW PO Box 3177
Cedar Rapids IA 52406-3177
Tel: (319) 799-7055
(800) 500-3453
Web: www.mcleodusa.com

NetTronix Inc*dba NuChoice Telecom*

2825 E Cottonwood Pky Ste 500
Salt Lake City UT 84121
Tel: (801) 990-3222
(800) 840-8708
Web: www.choicetelephone.com

New Edge Network Inc*dba New Edge Networks*

3000 Columbia House Blvd Ste 106
Vancouver WA 98661-2969
Tel: (360) 693-9009
(877) 725-3343
Web: www.newedgenetworks.com

North County Communications Corporation

3802 Rosecrans St Ste 485
San Diego CA 92110
Tel: (619) 364-4750

NOW Communications Inc

711 S Tejon St
stc 201
Colorado Springs CO 80903
Tel: (719) 633-3059
(888) 565-1011
Web: www.mynowline.com

O1 Communications of Utah LLC

1515 K St
Ste 100
Sacramento CA 95814-4052
Tel: (916) 554-2100
(888) 444-1111
Web: www.O1.com

Pac-West Telecomm Inc

1776 W March Ln Ste 250
 Stockton CA 95207
 Tel: (209) 926-3300
 (800) 399-3389
 Web: www.pacwest.com

Preferred Carrier Services Inc

14681 Midway Rd
 Ste 105
 Addison TX 75001-3147
 Tel: (972) 503-3388
 (800) 288-0910
 Web: www.phonesforall.com

Premiere Network Services Inc

1510 N Hampton Rd Ste 120
 DeSoto TX 75115
 Tel: (972) 228-8881
 (888) 739-4734
 Web: www.rewireit.com

QuantumShift Communications Inc

88 Rowland Way
 Ste 300
 Novato CA 94945
 Tel: (415) 893-7180
 (888) 800-1490
 Web: www.quantumshift.com

Qwest Communications Corporation

1801 California
 Denver CO 80202
 Tel: (303) 965-3524

Randy Sorenson & Associates

dba RSA Corp
 11576 S State St, Ste 303
 Draper UT 84020-7112
 Tel: (801) 768-2199
 Web: www.rsacorp.net

Reliant Communications Inc

fka HJN Telecom Inc
 PO Box 956744
 Duluth GA 30095-9513
 Tel: (678) 546-9302
 (800) 345-2214
 Web: www.hjntelecom.com

SBC Telecom Inc

1010 N St. Mary's, 13k
 San Antonio TX 78215
 Tel: (210) 246-8750
 (877) 430 7228
 Web: www.sbctelecom.com

Sierra Pacific Communications

5860 S Pecos Rd Bldg G Ste 100
 Las Vegas NV 89120-5429
 Tel: (702) 949-7947
 (800) 931-1791
 Web: www.spfiber.com

Sorenson Media Inc

4393 S Riverboat Rd Ste 300
 Salt Lake City UT 84123
 Tel: (801) 287-9400
 Web: www.sorenson.com

Sprint Communications Company LP

6391 Sprint Pkwy
 MS:KSOPHT0101Z2400
 Overland Park KS 66241-2400
 Tel: (913) 315-4279
 (800) 829-0965
 Web: www.sprint.com

Suburban Access LLC

7233 Church Ranch Blvd
 Westminster CO 80021
 Tel: (303) 446-1723

Talk America Inc

12001 Science Dr. Ste 130
 Orlando FL 32828
 Tel: (407) 313-1353
 (888) Talk-aol
 Web: www.talk.com

TCG Utah

1875 Lawrence St. Ste 1405
 Denver CO 80202-1847
 Web: www.att.com

Teligent Services Inc

460 Herndon Pky Ste 100
 PO Box 649
 Herndon VA 20170-0649
 Tel: (703) 326-4400
 (888) 411-1175
 Web: www.teligent.com

Tel West Communications LLC

3701 S Norfolk St Ste 300
 PO Box 94447
 Seattle WA 98124-6747
 Tel: (206) 933-1119
 (877) 463-9366 ext 302

Time Warner Telecom of Utah LLC

15303 Dallas Pkwy, Ste 610
 Addison TX 75001
 Tel: (972) 455-7833
 Web: www.twtelecom.com

United Communications Hub Inc

dba UC Hub Inc
 10390 Commerce Center Dr. Ste 250
 Rancho Cucamonga CA 91730-5860
 Tel: (909) 945-8563
 (800) 862-9970 ext 207
 Web: www.uchub.net

Universal Access Inc

Sears Tower
 233 S Wacker Dr Ste 600
 Chicago IL 60606-6307
 Tel: (312) 660-5000
 (888) 747-1744
 Web: www.universalaccess.net

US TelePacific Corp

dba TelePacific Communications
 515 S Flower St 47th Fl
 Los Angeles CA 90071-2201
 Tel: (213) 213-3000
 (877) 487-8722
 Web: www.telepacific.com

VarTec Telecom Inc

1600 Viceroy Dr
 Dallas TX 75235
 Tel: (214) 424-1000
 (800) 583-8811
 Web: www.vartec.com

Western CLEC Corporation

3650 131st Ave SE Ste 400
 Bellevue WA 98006
 Tel: (425) 586-8700
 (800) 545-4982
 Web: www.wwireless.com

Wiltel Communications LLC

fka Williams Communications LLC
 One Technology Center
 Mail Drop TC-7B
 Tulsa OK 74103
 Tel: (918) 547-6000
 (800) 924-8903
 Web: www.wiltelcommunications.com

WinStar Communications LLC

1850 M St NW Ste 300
 Washington DC 20036
 Tel: (202) 367-7600
 (888) 946-7827
 Web: www.winstar.com

XO Utah Inc

111 E Broadway Ste 1000
 Salt Lake City UT 84111
 Tel: (801) 983-1600
 (886) 963-9696
 Web: www.xo.com

Z-Tel Communications Inc

601 S Harbour Island Blvd Ste 220
 Tampa FL 33602
 Tel: (813) 273-6261
 (800) 511-4572
 Web: www.z-tel.com

WATER

Utility Overview



WATER SERVICE

THERE IS NO UTILITY SERVICE MORE CRUCIAL TO UTAH'S CITIZENS than safe, clean, culinary water at affordable rates. For this reason, privately owned water companies have been under the Commission's jurisdiction since its inception. However, for the overwhelming majority of Utahns, culinary water is delivered either by municipal systems or quasi-governmental special improvement or water districts. The Commission has no jurisdiction

over such entities. Irrigation water, delivered by irrigation cooperatives, is likewise not subject to Commission jurisdiction.

Nevertheless, there are Utah residents, primarily in sparsely populated rural areas, who receive their water from privately owned water utilities subject to Commission jurisdiction. In recent years, relatively few new culinary water companies have been organized, and most of these have been formed more with a view toward serving as a marketing tool for real estate development than as economically viable enterprises in their own right.

WATER COMPANIES

THIS BEING THE CASE, many of the new water companies have been set up as non-profit cooperatives with the intent that control and ownership, with all the responsibilities attendant thereto, will transfer to the lot owners as the lots are sold. In the meantime, many developers subsidize their water companies to enable them to offer attractive rates.

The Commission's policy is to exercise its jurisdiction, which under the law it is required to do, so long as the developer retains effective voting control of the water company. Once the lot owners/water users have attained voting control, the Commission relinquishes jurisdiction — again as required by law.

In uncontested cases, the Commission adjudicates the status of a water company informally, and those companies, which appear to be bona-fide cooperatives, are issued informal letters of exemption without the formal entry of a Commission order. Those companies found to be subject to Commission jurisdiction are issued Certificates of Convenience and Necessity by formal Commission order. Currently there are 35 certified water companies.

COMMISSION JURISDICTION

AS WITH OTHER UTILITIES, the Commission exercises regulatory jurisdiction over rates. Rate cases in the water context are relatively infrequent. Filing and prosecuting a rate case is somewhat costly, so companies tend to apply only when the need for an increase is acute. The Commission also entertains consumer complaints regarding water companies as it does other utilities.

During fiscal 2003, the Commission issued one new Certificate of Convenience and Necessity.

WATER DOCKETS

KEY:

Docket Number

Short Title

Status as of June 30, 2003

02-2245-01

In the Matter of the Petition for and Order to Show Cause Regarding Exemption from Commission Regulation of Boulder King Ranch Estates Water Company

The Letter of Exemption granted to Boulder King Ranch Estates Water Company is rescinded, and the Company is subject to the regulatory jurisdiction of this Commission. Boulder King may not collect assessments for any Improvement Packages, or interest thereon. All other rates and charges of the Company are to remain the same pending the further proceedings set herein. Boulder King is to provide to the Division of Public Utilities and this Commission all information it has regarding customers that have paid assessments, including the dates of each payment, and any interest accrued and/or paid by each customer.

02-2181-01

In the Matter of the Request of KWU, Inc./Kayenta Water User, Inc. for a Proposed Rate Adjustment

KWU, Inc./Kayenta Water Users, Inc. sought to increase various rates to be charged. The Commission established new rates.

02-2369-01

In the Matter of the Request of Mountain Valley Ranches North, Inc., to Increase Per Acre-Foot Water Rates

Mountain Valley Ranches North and South sought increase in two rates to be charged. The Commission established new rates.



**WATER UTILITIES
OPERATING IN
THE STATE OF UTAH
UNDER THE JURISDICTION
OF THE PUBLIC SERVICE
COMMISSION**

Boulder King Ranch Estates Water Company

30 E Center St Ste 200
Kanab UT 84741
Tel: (435) 644-2444

Bridgerland Water Co Inc

PO Box 314
Logan UT 84323-0314
Tel: (435) 755-3006

**Chekshani Water Company Inc
Chekshani Cliffs Corporation**

10921 Keymar Dr
Las Vegas NV 89135
Tel: (702) 878-7528

Color Country Owners Association

2364 N 2225 W
Cedar City UT 84720-8495
Tel: (435) 586-0677

Community Water Company Inc

C/O The Canyons Utah
1840 Sunpeak Dr
Park City UT 84098
Tel: (435) 615-4840

Dammeron Valley Water Works

Dammeron Valley Dr East
Dammeron Valley UT 84783
Tel: (435) 574-2295
Web: www.dammeroncorp@infowest.com

Duck Creek Pines LLC

dba Duck Creek Pines Water Company
2230 N University Pky Ste 7B
Provo UT 84604
Tel: (801) 377-0400

Durfee Creek Homeowners Association Inc

1941 E 6925 S
Liberty UT 84310
Tel: (801) 972-8666

Elk Ridge Estates Water Company

PO Box 723
Cedar City UT 84720
Tel: (435) 682-2515

Falcon Crest Water Company Inc

11660 Point Dr
Merritt Island FL 32952-7024
Tel: (321) 773-8111

Harmony Heights Water Company

722 E 200 S
PO Box 487
New Harmony UT 84757
Tel: (435) 586-9208

Hidden Creek Water Company

5225 Alvera Cir
Salt Lake City UT 84117-7105
Tel: (801) 272-3525

Highlands' Water Company Inc

Route 1 Box 160
Morgan UT 84050
Tel: (801) 876-2510

Homespun Village Water Company

2021 Hideout Cir
Riverton UT 84065
Tel: (801) 254-9050

Iron Town Property Owners' Association

2568 Elizabeth St. Ste 5
Salt Lake City UT 84106
Tel: (435) 586-2272

KWU Inc*dba Kayenta Water Users*

800 N Kayenta Pky
Ivins UT 84738
Tel: (435) 628-7234

Lake Front Estates Water Users Association

PO Box 567
Panguitch UT 84759
Tel: (435) 676-2349

Lake Mountain Mutual Water Company Inc

50 W Broadway, Ste 600
Salt Lake City UT 84101
Tel: (801) 363-1215 Ext 131

Lakeview Water Corporation

932 Ski Lake Dr
Huntsville UT 84317
Tel: (801) 745-3004

Legacy Sweet Water Inc

276 W 100 N
PO Box 201
Springville UT 84663
Tel: (801) 491-9414

Little Plains Water Company Inc

2894 S Cartland Dr Box 225-9
Apple Valley UT 84737
Tel: (435) 877-1023

Long Valley Estates Water Company

4067 Cody Road
Sherman Oaks CA 91403

Mountain Valley Ranches Water Service North Corporation

5874 N 2300 W
Cedar City UT 84720
Tel: (435) 865-9296

New Paria Water Company

PO Box 3688
Page AZ 86040
Tel: (520) 645-5401
(800) 520-5001

Pine Valley Irrigation Company

753 S Lexington Dr
Saint George UT 84770
Tel: (435) 673-3260

Shadow Mountain Estates*Danny A. Stevens dba*

2350 N 1250 E
Monroe UT 84754
Tel: (435) 896-9096

Sherwood Water Company

3140 N 2000 W
PO Box 565
Delta UT 84624-0565
Tel: (435) 864-2896

South Duchesne Culinary Water Inc

289 W Main St
PO Box 294
Duchesne UT 84021-0294
Tel: (435) 738-6000

Wanship Cottage Site Water Company

340 S Main St
PO Box 176
Coalville UT 84017-0176
Tel: (435) 336-5584

West Slope Water Company

94 E 2530 N
PO Box 1081
Cedar City UT 84721-1081
Tel: (435) 586-7688

White Hills Water Company Inc

PO Box 9440
Salt Lake City UT 84109-0440
Tel: (801) 485-5274

Wilkinson Water Company Inc

3940 W Old Hwy Rd
Morgan UT 84050
Tel: (801) 876-3113

Winchester Hills Water Company Inc

1090 W 5830 N
Saint George UT 84770
Tel: (435) 673-9403

Wolf Creek Ranch Water System

1132 S 500 W
Salt Lake City UT 84101
Tel: (801) 844-0101
Web: www.wolfcreekranch.com

COMBINATION WATER AND SEWER

Storm Haven Water Company Inc

4782 S Cove Ln
Heber City UT 84032-9641
Tel: (435) 654-3119

Wolf Creek Water & Sewer Co Inc

3900 N Wolf Creek Dr
PO Box 375
Eden UT 84310
Tel: (801) 745-3737

SEWER

Mountain Sewer Corporation

932 Ski Lake Dr
Huntsville UT 84317
Tel: (801) 745-3004

Complaint RESOLUTIONS



OPERATING UTILITIES

IF A PRIVATELY OWNED COMPANY IS A MONOPOLY, IT IS IN POSITION TO EXPLOIT ITS CUSTOMERS.

Since that company will be the sole source of a good or service, its dissatisfied customers have nowhere else to turn to acquire the monopolized service or product at better price or quality.

The customer takes what the monopoly offers or does without.

This picture changes in the case of services provided by regulated public utility companies, as it must, not least because public utility services are necessities of modern life. Households and businesses cannot do without these services. The Commission is the intermediary between public utility monopolies and customers.

THE ROLE OF THE DIVISION

A DISSATISFIED customer who cannot resolve service problems through contact with the utility comes to state regulators for help. Walk-in, a local call, or a toll-free 800 number connects the customer with the staff of the Division of Public Utilities. Division staff construct a factual statement, through discussions with both the complainant and the utility, of the problem. Often, this is enough to resolve the difficulty.

In other instances, the utility itself takes action to correct the problem upon Division contact. At times, a customer facing service difficulty may ask the Committee of Consumer Services for help. Through following the same sort of process the Division does, if the Committee learns that other cus-

tomers face similar problems, it may petition the Commission for action in a manner having wider applicability. An example might be changes in late payment arrangements to assist low-income customers or others having difficulty paying their bills.

THE ROLE OF THE COMMISSION

OFTENTIMES customers contact the Commission to converse directly with a Commissioner, the administrative secretary or a member of the technical staff. This has the dual benefit, whether or not the complaint is resolved this way, of giving the customer direct contact with either an expert or a decision-maker, while it keeps the Commission aware of circumstances of utility service current in the community. But in cases where informal processes do not satisfy the customer, he or she is free to pursue formal action at the Commission.

FORMAL COMPLAINTS

IN CASES involving factual disputes over which the Commission has jurisdiction, the Commission resolves a formal complaint by hearing before the administrative law judge, who establishes the facts on the record and renders a recommended decision.

By far the larger numbers of customer complaints are resolved, however, in the informal ways mentioned.

The following table shows the number of informal complaints processed by the Division of Public Utilities. Of these, 34 became formal complaints before the Commission requiring a hearing by an administrative Law Judge.

INFORMAL COMPLAINTS

<i>Utility Complaint</i>	<i>for Year 2003</i>
Electric	242
Natural Gas	371
Telecom – ILEC	861
Telecom – CLEC.....	670
Telecom – Long Distance	230
Water and Sewer	4
TOTAL	2,378

PERFORMANCE

of Utah's Regulated Utilities

PRICE CHANGES OF UTAH'S UTILITIES

A JULY 17, 2003 *Deseret News* article describes how prices for different goods and services have changed along the Wasatch Front compared to the nation in the past fifteen years.

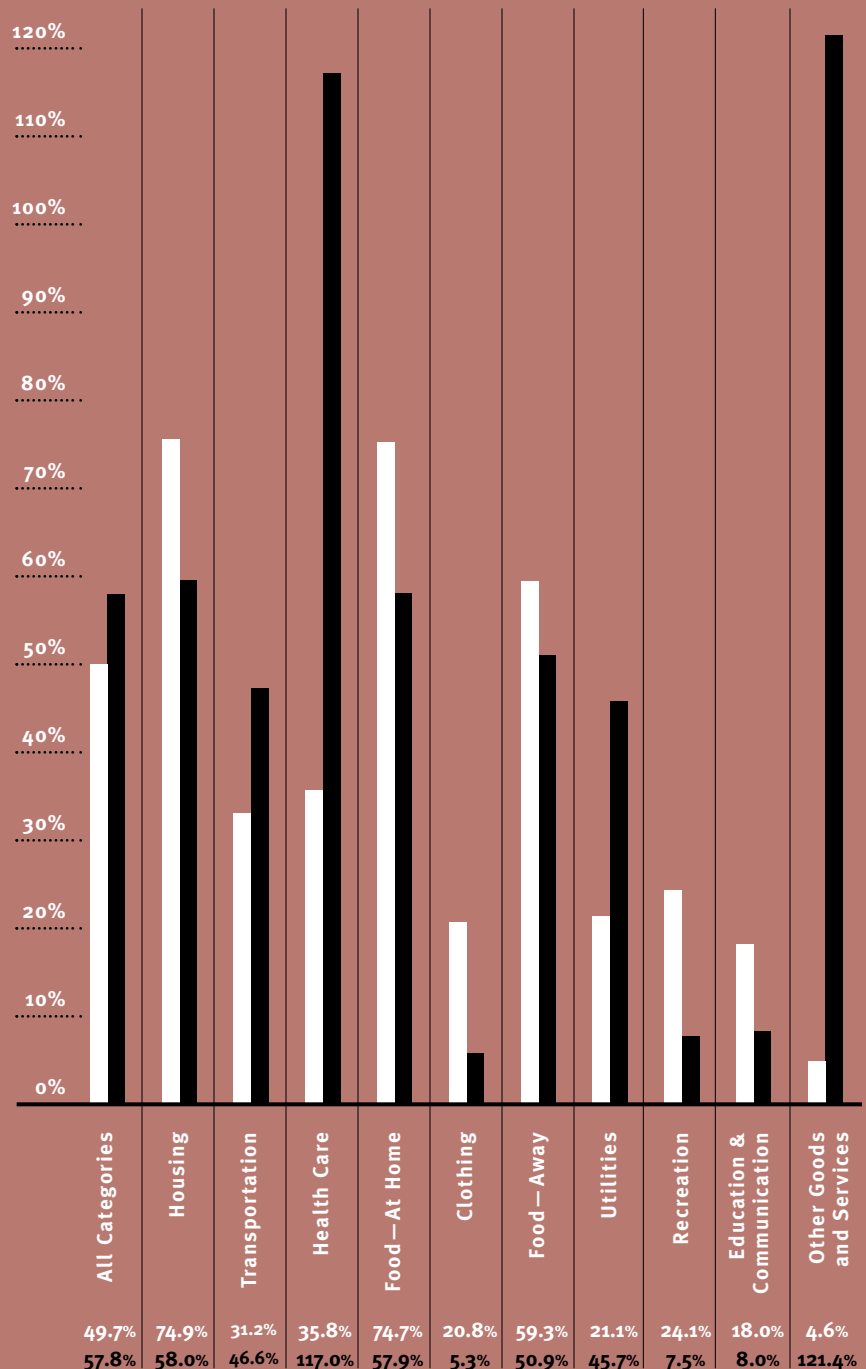
Wells Fargo Bank's analysis looks at ten different categories of goods and services and shows that utilities is one of only four categories that show percentage increases less for the Wasatch Front than nationally. Of those four categories, utilities shows the second smallest percentage increase.

Looking solely at utility services regulated by the Utah Public Service Commission, the typical residential customer has experienced a 21% decline in Utah Power's rates since 1988 and a 28% increase in Questar Gas' rates. It should be noted that about half of Questar Gas' rates are determined by the cost of the natural gas commodity, which is passed through to consumers at cost. The natural gas commodity market has become more volatile in recent years causing more variation in customer rates.

COST OF LIVING INCREASE

March 1988 - June 2003

■ WASATCH FRONT | ■ NATIONAL







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