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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

September 8, 2010

Shani Pines
Administrative Law Judge
Public Utility Commission of Oregon
550 Capitol St NE – Suite 215
Salem OR 97301

Re: UM 1481 Consolidated Issues List

Dear Judge Pines,

In accordance with your previously-adopted procedural schedule, staff submits the enclosed Consolidated Issues List. Please note this List represents staff's best effort at consolidating and organizing the various issues presented by the parties for consideration in this docket. Staff recognizes that it may have inadvertently omitted or misstated one or more requested issues. As such, staff takes this opportunity to remind the parties that any party may file a motion with you to add, amend or remove one or more issues.

Sincerely,

Michael T. Weirich
Assistant Attorney General
Business Activities Section

MTW:nal/2244610-v1
Enclosure
c: all parties

1 **CERTIFICATE OF SERVICE**

2 I certify that on September 8, 2010, I served the foregoing Issues List upon the parties in
3 this proceeding by electronic mail and by sending a true, exact and full copy by regular mail,
4 postage prepaid, or by hand-delivery/shuttle, to the parties accepting paper service.

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Neoma Lane
Legal Secretary
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Regulated Utility & Business Section

CONSOLIDATED ISSUES LIST

Need For an OUSF:

1. Is there a need for an Oregon Universal Service Fund (OUSF)?
2. Is there a need for an OUSF to fund narrowband telecommunications service?
3. Is there a need for an intrastate mechanism to fund broadband?
4. Assuming there is a need for an OUSF to fund both narrowband and broadband services, should there be a separate Fund for each?

The Current OUSF:

5. Has the current OUSF met the statutory goal found in ORS 759.425 of ensuring basic telephone service is available at a reasonable and affordable rate?
6. Should the Commission retain the status quo until it knows what the FCC is doing and how the National Broadband Plan and American Recovery and Reinvestment Act are implemented?
7. What services should be supported as basic telephone service in 2010?
8. Should OUSF support all lines? If not what lines should be supported (e.g. primary, residential)?
9. What is a reasonable and affordable rate for basic telephone service in 2010? Should the Commission revisit the current benchmark rate for basic telephone service?
10. The 2003 order permitting small carriers to draw from the OUSF (Docket UM 1071, Order No. 03-082) contemplated that the fund would be used to offset access rate reductions, Has such offset occurred? If not, why not?

11. Is the OUSF money currently provided to companies spent for the intended purpose of the fund?
12. How does the Commission insure that the OUSF money provided to the companies is spent for the intended purpose? Is documentation required? Is a report required? Is an attestation required? Is documentation currently subject to audit and, in fact, audited.
13. Can the Commission verify today that the OUSF money provided to companies has historically been spent for the intended purpose?

Future Objectives of an OUSF:

14. What key public policy objectives should be supported through an OUSF?
15. How do Oregon Universal Service fund(s) advance the Commission's universal service goals?
16. How is progress toward OUSF goals measured?
17. Should the OUSF support multiple funds, each fund targeting a specific goal (e.g. compensation for access rates reduction, broadband expansion, special projects or voice service vouchers to offset access rate reduction rate rebalancing)?
18. Should access reform be an integral part of OUSF reform? Should any portion of the OUSF fund be used to offset access rate reductions?
19. Should any portion of the OUSF be directed to providing vouchers to individuals, who qualify based on income, impacted by increases in basic service charges resulting from mandatory access rate reductions?
20. Should any portion of the fund be used for loans or grants for specific voice grade or broadband projects? If a portion of the fund is used for such a purpose, what qualifications must the grantee possess to receive funding?

21. Can the cost of providing service in high cost areas be recovered by increasing rates to the customers in those high cost areas while meeting the affordability test under 47 U.S.C. §254(b)(1) and (2) and others, while providing vouchers to customers who meet the income/wealth tests? If so, should it?
22. As a larger number of households opt for wireless service instead of wire-line service, is there a need to support the wireline network in rural Oregon?
23. Should one of the purposes of the OUSF be to fund worthy communications-related projects, similar in scope to those that were being funded by ARRA?
24. Should it be a specific objective of the fund to ensure that underserved areas get the needed communication services to create parity throughout the state of Oregon?
25. Should there be OUSF funding where a large percentage of the funded area has unsubsidized competition today?

Future Size of the Fund:

26. Should the size of the fund be directly tied to its objectives (e.g. supporting voice service in high cost areas, expanding broadband service to currently unserved areas, providing on-going support for voice and broadband service in high cost areas).
27. Should there be a stated limit on the size of the OUSF? If so, how should it change over time or as the federal jurisdiction assigns more cost to the state jurisdiction? Should there be: 1) mechanisms to reduce the fund over time; 2) mechanisms to periodically review whether the fund is still needed; or 3) associated triggers for determining whether unfunded competitive offerings are sufficient to do away with funding?
28. Before determining the size of the universal service fund, should local service rates for companies receiving money from the fund be

brought up to a minimum, state-wide, zone specific rate? If yes, how should these rates be determined?

Future Requirements for Receiving Money from the Fund:

29. Should there be a revenue test or a profitability test as well as a cost test for determining eligibility of a company to receive money from the fund? If yes, which revenues should be included?
30. Should competitive bidding, or other similar mechanisms, be considered in order to ensure the smallest burden possible on all consumers who support the fund?
31. If the fund provides ARRA type grants, what qualifications are required of the bidding companies and what are the requirements for information to be included in the bid?

Future Requirements: Company, Customer, or Specific Geographic Area:

32. Should the support go to communication consumers in the form of vouchers in a high cost area or should the support go to the specific company serving that consumer?
33. If vouchers are provided to consumers, should providers price their service in high cost areas at cost?
34. How should on-going support be targeted to high cost areas that contain no unsubsidized competitor?

Future Accountability:

35. How should the Commission ensure that the money provided to the companies is spent for the intended purpose?
36. What type of accountability measures should be in place to ensure that money paid out from the fund is used for the purposes for which the fund is established, including that the OUSF receipts are spent in Oregon?

37. How should the Commission ensure that the money provided to the customers in the form of vouchers is spent for the intended purpose?
38. Should the companies receiving money from the fund be required to show the total Oregon earnings of the company?
39. Should the companies that have been receiving money from the fund be required to itemize how they have spent the money?
40. If one of the goals of the fund is to distribute the funds in an efficient, targeted manner that avoids waste and minimizes the burden on Oregon customers, how should this be executed?
41. If a benchmark for voice grade service is used to determine support, such as it is presently done, should that benchmark include mandatory EAS?
42. Should all or part of the money received by a company for the support of a specific wire center be spent on that wire center?

Future Look at Carrier of Last Resort (COLR) Obligations:

43. Should a company receiving support be a required to be a COLR?
44. What role does the COLR play going forward? Should there be a new definition of the COLR obligations to reflect current expectations of communications customers?
45. Should the COLR be required to provide service to all potential customers in its service territory?
46. Should COLR obligations be based on any one technology such as wire-line or wireless?

Future Broadband Deployment:

47. Should a company receiving money from a broadband fund be required to be a COLR?

48. Should one of the objectives of a broadband fund be to have every home that has broadband be able to access it at a minimum standard upload and download speed? Other objectives?
49. How should the standard for broadband service be determined? Should there be multiple standards depending on customer distance from the serving location?
50. Should the level of support be tied to the speed of the service?
51. Should the focus of a broadband fund be on the middle-mile, the last-mile, or something else?
52. With most of the small companies already providing broadband service to a high percentage of their customers and the large companies being required to do the same as part of settlement conditions, is there a need for a fund focused on broadband service?
53. Should a company that receives OUSF be required to provide access to all its customers at the same speeds, ensuring that customers in rural or poorer communities receive the same quality of broadband throughout Oregon?

Future Look at Companies Receiving Support:

54. Should there be a restriction on the size of the companies that can draw money from the fund?
55. Should the number of companies receiving support be restricted? If yes, what criteria should be used?
56. What geographic coverage requirements should there be to qualify for OUSF support? How should this coverage be defined?
57. For companies receiving OUSF, should the companies be required to provide services to customers in high cost areas without these customers paying higher rates or receiving lesser quality services than other company's customers in urban or suburban settings? What are just, reasonable and affordable rates? What are reasonable line extension charges? Should rural customers needing

a line extension be required to pay additional installation costs, above and beyond those of urban customers?

58. Should companies be able to use fixed wireless facilities to provide high speed services to residents in geographically difficult areas and receive OUSF funding?
59. Should companies receiving OUSF be required to provide the same level of advanced services to all of its customers, or is it enough just to "provide access" to any level of these services?
60. Should low-income consumers and those in rural, insular, and high cost areas, have access to telecommunications and information services, including inter-exchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas?
61. Should support be provided in an area with an unsubsidized competitor?

Future Level of Support:

62. Should support be based on the least cost provider of service in a given geographic area?
63. What should be the basis for a benchmark for affordable rates for voice grade service? For broadband service?
64. Should the level of support be the difference between the cost of providing service in the area and a benchmark rate?
65. Should the level of support for expanding a network into an unserved area be the lowest bid? If so, how should the lowest bid be examined for reasonability if it is the only bid in the area?

Future Funding:

- 66. Should all communications service providers operating in Oregon contribute to the fund, including wireless and VoIP providers?
- 67. Should the basis for contributing to the fund be revenues, telephone numbers (or their equivalent), or some other basis?
- 68. If categories of companies are ineligible for support, should they or their customers be required to pay into the fund?
- 69. Should contributions be collected based on revenues, lines, or the equivalent of telephone numbers?
- 70. How should the amount of support be determined?
- 71. If the fund supports broadband or its deployment, should all broadband providers be assessed?

Transitioning of the Fund:

- 72. Should companies that have made investments under the assumption that the current structure would continue to exist in the future be compensated from the fund? If yes, how should this be done?
- 73. If there is a need for an intrastate mechanism for funding broadband, should it be separate and apart from any OUSF fund?
- 74. If broadband is to be funded using the OUSF, what steps should be taken to transition from the present fund to a broadband fund and over what timeframe?

Tribal Lands:

- 75. Should the Tribal Sovereign Nations located within Oregon have the right to determine which telecommunications providers serve their Reservations?

76. If a provider receiving OUSF is not providing adequate service, should a Tribal Council be able to work with the PUC to compel the company to provide better service or decertify the company as to the OUSF funding?
77. Assuming Tribes have the sovereign right to provide telecommunications services on their Reservation, when a tribe asserts that right, should the Tribe be eligible for OUSF funding?
78. If an incumbent provider on tribal lands is currently receiving ETC support, should the Tribally-owned provider also be eligible for ETC status and related OUSF funding?