Oregon
Public Utility
Commission

UM 2040
Special Public
Meeting

February 9, 2023

UM 2040 OUSF Disbursement Calculation

Staff's 2023 calculation

Stakeholders' recommended changes

Implications to the disbursement amount if those changes are implemented

Staff's 2023 OUSF Disbursement Calculation

OUSF Basic calculation

Cost – Benchmark – Federal Support = Total Support (ORS 759.425)

For Cost we are using the Cost Quest Model (OAR 860-100)

The CQ model gives us:

For all census blocks in Oregon (97,795)
- The number of locations.
- The cost to maintain a FTTH network per location.
- If there is a competitor in that CB.

Because we are dealing with a FTTH network, the calculation was adjusted.

Cost – Benchmark – Federal Support = Total FTTH Support x Basic Telephone % = Total OUSF Support

Staff's 2023 OUSF Disbursement Calculation

Average monthly cost to maintain a FTTH network per census block - $94.74 - set as the benchmark

Calculated the Total FTTH annual support of all CB with costs over the benchmark - $133,698,784

Example

Census Blocks	Locations	Monthly Cost per location $	Support per location (Cost less 94.74) $	Total Monthly support (Locations X Support) $	Total Annual Support $
CB 410019501001023	26	134.18	39.44	1,025	12,305
CB 410019501001160	13	53.24			
CB 410059800001002	3	725.28	630.54	1,892	22,699

Staff's 2023 OUSF Disbursement Calculation

OUSF Basic calculation

Cost − Benchmark − Federal Support = Total FTTH Support x Basic Telephone % = Total OUSF Support

	$	$
Cost − Benchmark		133,698,784
Federal Support		
HCL	4,879,287	
ACAM	18,062,587	
BLS	22,810,990	
		(45,752,864)
TOTAL		**87,945,920**
Basic Telephone @ 30% of Total		**26,383,776**

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Stakeholders' Recommendations

- Splitting the network (OTA & OCTA)

- Benchmark (OTA & OCTA)

- Mechanics of the calculation/Deducting ACAM and BLS (OTA)

- Federal Support – specifically ICC & EUCL (OCTA)

- Areas with competition (OCTA)

- Support just locations that are currently receiving voice services (OCTA)

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Stakeholders' Recommendations

- Splitting the network

  - Staff calculated at FTTH support amount of $88m

  - Staff - 30% cost allocation – Fund Size $26m

  - OTA - no cost allocation – Fund Size $88m

  - OCTA – 1.2% cost allocation – Fund size $1m

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Benchmarks

- Staff calculated a FTTH benchmark of $94.74
- Staff - $94.74 - Cost less benchmark   = $133m
- OTA - $21.00 - Cost less benchmark   = $403m
- OCTA - $255.00 - Cost less benchmark   = $73m

Benchmark	$94.74 $	$21.00 $	$255.00 $
Cost less Benchmark	133,698,784	402,564,306	72,807,876
Federal Support	45,752,864	45,752,864	45,752,864
FTTH Support	**87,945,920**	**356,811,442**	**27,055,012**

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Stakeholders' Recommendations

- OTA Mechanics of the calculation –
  - Staff – (Cost – Benchmark) – Federal Support = Total FTTH Support x BTS% = Total OUSF Support
  - OTA – ((Cost X BTS%) – (Benchmark X BTS%))– BTS Federal Support = Total OUSF Support

  - ACAM and BLS not deducted. ACAM - $18m, BLS - $22m

  - **Support would increase by $2-3m.**

Stakeholders' Recommendations

OCTA

- Federal Support – current deduction $45.7m
  - ICC – additional $8.6m
  - EUCL – additional $1.3m- $5.6m

- Areas with competition
  - Removing Cable & Fiber will bring the Cost less Benchmark to $112m from $133m.
  - Removing Cable/Fiber & FW will bring the Cost less Benchmark to $35m from $133m.

- Support just locations that are currently receiving voice services - Lines per Stats report 300k.
  - 1.9m locations per model, supporting 3.5% - 67k lines ($94 BM), or 1%-17k lines ($255 BM).