



Oregon

Kate Brown, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

November 9, 2020



TO: UM 2040 Stakeholders

RE: Second Workshop for UM 2040 – In the Matter of PUBLIC UTILITY COMMISSION OF OREGON, Investigation of the Oregon Universal Fund.

Staff of the Public Utility Commission of Oregon is convening a second workshop to further discuss the questions for stakeholders issued on September 18, 2020. Staff encourages all affected by the OUSF program to participate.

Workshop Information

DATE: November 16, 2020
TIME: 9:30 AM-12:30 PM (or until finished)
LOCATION: Zoom meeting: See below

Participation Options

Zoom meeting details:

Topic: UM 2040 Workshop #2

Join Zoom Meeting

<https://opuc-state-or-us.zoom.us/j/82912087142?pwd=ME5lekRsbjNqMk1YbDhaZytpdmxJZz09>

Meeting ID: 829 1208 7142

Passcode: wELmN3.C0A

One tap mobile

+19712471195,,82912087142#,,,,,0#,,4450519821# US (Portland)

Meeting ID: 829 1208 7142

Passcode: 4450519821

Find your local number: <https://opuc-state-or-us.zoom.us/u/kiw1YxM6J>

Join by Skype for Business

<https://opuc-state-or-us.zoom.us/skype/82912087142>

Who Might be Interested in Attending?

- Contributors to the Oregon Universal Service Fund (OUSF)
- Interconnected VoIP providers that serve Oregon and their customers
- Wireless providers and their customers
- Broadband and Cable providers and customers
- Associations that represent contributors to the Oregon Universal Service Fund and/or Interconnected VoIP, Wireless, Broadband, Cable providers that serve Oregon
- Public interest advocates and coalitions
- Interested members of the public

Planned Agenda

- Introductions
- Staff – UM2040 updated timeline
- Staff – Summary of Nov 2, 2020 workshop
- Roundtable discussion
 - The methodology for calculating cost
 - Federal support to be deducted
 - The calculation of the benchmark.
- Staff – Next steps

Proposed Updated Timeline

Phase	Date	Event
Phase I - Distributions	9/18/2020	Staff shares list of questions to be discussed at next workshop, requesting written comment
	10/26/2020	Stakeholder Comments on Staff Questions Requested
	11/2/2020	1 st Workshop to discuss Questions/Comments
	11/16/2020	2 nd Workshop to discuss Questions/Comments, additional issues
	11/30/20	3 rd Workshop to discuss Questions/Comments, additional issues (if needed)
	12/14/20	Staff circulates strawman proposal on recommendations
	2/5/21	Stakeholder Comments on Staff proposal requested
	2/15/21	Workshop to discuss staff proposal
	2/23/21 or 3/9/21	Tentative – public meeting Staff presentation on recommendations
	TBD	Further Steps if needed
Phase II – Operating/Accounting	3/9/21	
	TBD	Workshop to solicit comments on issues.

Summary of November, 2 2020 Workshop
with Additional Requests for Further Comment from Stakeholders

1.	<p>How should the Commission determine the cost of providing this service? Staff seeks comment on the use of a general methodology, other methodologies and what information/reporting should be required.</p>
	<p>Participants discussed: Use of existing Form I and 1017 model for the rural companies. Staff noted additional caps would be required on both the bottom and on the top for fairness. Use of the Cost Proxy model, which was used previously for the price plan companies and the CAM model which is the updated version. RLECs' use of alternative CAM model (ACAM). Participants may potentially agree on use of CAM model for large ILECs and maybe ACAM for some RLECS. OTA counsel was requested to confirm with how many RLECs are using ACAM (estimated at about a third). Issue with trying to allocate the network between services Allocation Capacity Percentage of network capable to use vs required. Proposal of using take rate to capture that difference. Form I based on old separation rules. Need for further discussion as to how to separate voice from non-voice costs .</p> <p>Staff would appreciate further input on this question of how to separate voice from non-voice costs and also consideration of other potential cost models e.g. Cost Quest.</p>
2.	<p>What federal support amounts should be deducted?</p>
	<p>Participants discussed: Whether to deduct all federal support or exclude Broadband only loop support. Tentatively agreed on using a form of CAM, but modifications needed ACAM RLECs support would need allocating This needs to be in line with the costs included. Subject of including total revenues derived from loop and therefore total cost of loop introduced.</p> <p>Staff would like to ensure federal support amounts deducted are in line with the cost calculations and requests further comment.</p>
3.	<p>How should the benchmark be defined and calculated?</p>
	<p>Participants discussed: Use of the existing benchmark (Currently \$21).</p>

	<p>Use of two standard deviations above the weighted average cost of CAM/A-CAM generated census block cost estimates. Two standard deviations is a way to measure what is significantly different from the average.</p> <p>Staff would prefer to consider other benchmarks than the existing \$21.</p>
4.	How shall the Commission identify high cost areas and at what geographic level?
	<p>Participants discussed: Areas with costs above benchmark. Use of census block or wire center. CLEC areas better aligned to census blocks. Need for granularity in this assessment.</p> <p>Staff agrees that a high cost area is one where costs are above a benchmark and that this question is dependent on questions 1-3 above.</p>
5.	Should the Commission link support to the current high cost areas?
	High cost areas will need to be reassessed.
6.	How should the Commission define competition? What information should be considered in evaluating the existence of competition? How often should an area be evaluated?
	<p>Participants discussed: Statutory language relevant to this issue. Potential internal subsidies that are occurring. Difficulty of definition. Implications of COLR relief. COLR report conclusion - we don't have a solid means for determining competition in many areas of the state. FCC has studies on competition.</p> <p>Staff believes this subject should be considered at a later date in the docket.</p>
7.	Are there areas that can be classified as ineligible or eliminated from consideration for eligibility because of non-subsidized competition or specific federal support?
	See above.
8.	Should the definition of Basic Telephone Service be changed? If so, what should this definition include? Should a new definition be used in determining the benchmark?
	<p>Participants discussed: Current definition.</p>

	FCC definition reflects basic ability to make a telephone call. Staff is happy to accept the FCC definition or otherwise update the definition.
9.	If the amount of calculated support exceeds the amount of available funds, how should the funds be allocated?
	Prorated.
10.	Should a distribution be made directly to carriers or be passed through to individuals?
	Carriers.
11.	By what methods can the Commission encourage Broadband service availability?
	Fully funded OUSF.
12.	Are there classes of companies the Commission should classify as not eligible for support?
	Removing price cap carriers was suggested in the comments by OTCA.
13.	Should the Commission tie eligibility to maintaining COLR obligations?
	Participants seemed to agree we should link COLR to the OUSF.
OTHER	
	Review OUSF board duties To discuss at the next OUSF board meeting AR640 “gross revenue” issue of uncollectibles Staff recommends new rulemaking docket Timeline Updated Non-contested case/rulemaking vs. contested case process Discussion on process for addressing issues of general policy. Difference in access to information and discovery process and cross examination.

/s/Nicola Peterson
 Sr. Telecommunications Analyst
 Oregon Public Utility Commission
 201 High St. SE | Salem | Oregon 97308-1088

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nicola.peterson@state.or.us | 503 586 9531