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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 731

Phase IV

In the Matter of the Investigation of )  
Universal Service in the State of Oregon. )

ORDER

**DISPOSITION: SURCHARGE/CONTRIBUTION RATES CHANGED**

On June 16, 2000, we issued Order No. 00-312 resolving issues raised in Phase IV of this proceeding. At our July 10, 2000, public meeting we established the end user surcharge rate at 2.35 percent of all retail telecommunications sales. The end user surcharge is the rate that telecommunications providers may bill end users for recovery of universal service contributions. We also established the contribution rate due from telecommunications carriers at 2.30 percent. The contribution rate is the rate that the universal service administrator applies to Oregon retail telecommunications revenues to be collected from the telecommunications carriers. The rates were effective as of September 1, 2000. Owing to lower than expected Oregon retail revenues, on November 7, 2000, we increased the end user surcharge rate to 3.24 percent and the contribution rate to 3.14 percent, effective on January 1, 2001.

At our August 7, 2001, public meeting, Staff recommended that the surcharge and contribution rates be reduced. The recommendation was made after consultation with the Oregon Universal Service Advisory Board. The reasons for the recommendation are detailed in the Staff Report attached to this order. Staff recommended that the end user surcharge rate be reduced to 3.00 percent and the corresponding contribution rate be reduced to 2.91 percent. The recommended change date is October 1, 2001. We adopted Staff's recommendation at the public meeting; this order memorializes our decision.

**ORDER**

IT IS ORDERED that:

- 1. The end user surcharge rate of 3.24 percent effective since January 1, 2001, is reduced to 3.00 percent effective October 1, 2001; and
- 2. The contribution rate for Oregon telecommunications carriers of 3.14 percent effective since January 1, 2001, is reduced to 2.91 percent effective for Oregon Universal Service funds collected by the Oregon Universal Service Administrator commencing with the fourth quarter 2001 retail revenues. The first contribution under the new rate is due on February 28, 2002.

Made, entered, and effective \_\_\_\_\_.

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**Roy Hemmingway**  
Chairman

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**Roger Hamilton**  
Commissioner

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**Joan H. Smith**  
Commissioner

A party may appeal this order to a court pursuant to ORS 756.580.