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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 873

In the Matter of Applications to be)	
Designated Eligible Telecommunications)	ORDER
Carriers in the State of Oregon.)	

DISPOSITION: RECEIPT OF DISAGGREGATION PLANS CERTIFIED

The federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates to state commissions authority to designate Local Exchange Telecommunications Carriers (LECs) as eligible to receive federal Universal Service Fund (USF) support. The carriers must meet certain requirements to be eligible, including the offering of services supported by the federal universal service support mechanisms and advertising the availability of those services in media of general distribution.

Previously, in Order No. 97-481, we designated 34 rural and non-rural incumbent local exchange carriers as eligible for federal USF support. Later, in Order No. 01-819, we designated 32 rural telecommunications carriers as eligible to receive USF support. In addition, we certified that all federal high cost support would be used only for facilities and services consistent with Section 254(e) of the Act.

The Federal Communications Commission, in Order No. 01-157, requires eligible rural LECs to elect one of three alternative disaggregation paths to target federal USF support for high cost areas. A summary of the three alternative paths is included in the Staff Report attached to this order as Appendix A. The LECs must file their elections with this Commission and with the Universal Service Administrative Company (USAC). The LECs who elect Paths 1 or 3 self-certify their election to this Commission and the USAC. All Oregon LECs elected Paths 1 or 3.

Under federal rules, this Commission is required only to certify the receipt of the elections. The certification does not prevent the Commission from modifying disaggregation elections at a later time.

At the Commission's May 7, 2002, Public Meeting, we certified receipt of path elections from eligible Oregon rural LECs.

ORDER

IT IS ORDERED that we hereby certify the receipt of Path elections from Oregon LECs as shown on Appendix A to this order.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. CA 3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 7, 2002**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** July 1, 2002

DATE: April 29, 2002

TO: John Savage

FROM: Tom Turner through Dave Booth through Phil Nyegaard

SUBJECT: FEDERAL UNIVERSAL SERVICE FUND: (Docket No. UM 873)
Certification for Disaggregating and Targeting of Federal Universal
Service Support for Rural Local Exchange Carriers Pursuant to FCC
Order 01-157 and CFR 54.315

STAFF RECOMMENDATION:

Staff recommends that the Commission certify the rural local exchange carriers (LECs) listed in Exhibit A to this report as eligible to receive high-cost support from the federal Universal Service Fund (USF) under the disaggregating and targeting plans requested by the carriers.

DISCUSSION:

UM 873 deals with the federal high-cost USF and associated carrier eligibility issues. Section 214(e)(2) of the Telecommunications Act of 1996 (the Act), delegates to State Commissions authority to designate eligible LECs to receive federal USF support. To qualify for federal USF support a carrier shall, throughout the service area for which designation is received:

A. Offer the services that are supported by the federal USF mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's service; and

B. Advertise the availability of such services and the charges therefor using a media of general distribution. (Section 214(e)(1) of the Act)

The Commission has issued two prior orders in this docket. The first, Order 97-481, issued on December 17, 1997, designated 34 rural and non-rural incumbent LECs as

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eligible for federal USF support. The designation was based on compliance with these federal requirements.

The second prior Commission order, Order No. 01-819, was issued on September 24, 2001. This order was in compliance with FCC Order No. FCC 01-157, issued on May 23, 2001. The FCC order adopted certain changes in the cost methodology used by eligible rural LECs to compute the level of USF support. Importantly, the order required that states file annual certifications with the FCC certifying the use of federal universal service funds consistent with Section 254(e) of the Act.

The current matter before the Commission also follows from FCC Order No. 01-157. Under federal rule 47 CFR 54.315, adopted by the order, eligible rural LECs must elect one of three alternative disaggregation paths to target federal USF support for high cost areas. All three paths require that LECs file their election to this Commission and to the Universal Service Administrative Company (USAC). The three alternative paths are:

Path 1: A LEC may elect not to disaggregate and target USF support below the study area level. A study area is a LEC's total service territory in Oregon. This election is effective upon certification by the LEC to the state commission.

Path 2: A LEC may propose to disaggregate support below the study area level in a manner of its own choosing. This election requires an order approving the proposal by the PUC before it can be effective.

Path 3: A LEC may elect to disaggregate support to the wire center level or into not more than two cost zones per wire center. This election is effective upon certification by the LEC to the PUC.¹

On March 26, 2001, I mailed a letter to each rural LEC reminding them of the federal certification requirement. I requested that the disaggregation path certifications be submitted to the PUC by no later than April 19, 2002. On April 23, I contacted each of the delinquent LECs by phone to remind them to file. As of April 29, 2002, each of the companies listed in Exhibit A responded with a letter designating its path election with the exception of CenturyTel. CenturyTel submitted a late filing on May 1, 2002.

¹ Because Paths 2 and 3 are changes from the current study area approach to the federal USF support mechanism, additional information was required with the certification filing. See specifically 47 CFR 54.315 (d)(2), (e), and (f).

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As shown in Exhibit A, most of the rural LECs elected Path 1—no disaggregation of federal USF support below the study area level. The following LECs elected Path 3:

1. CenturyTel of Oregon and Eastern Oregon elected Path 3—disaggregation at the wire center level. The wire centers and federal support amounts are shown in Exhibit B.
1. Citizens Telephone Company of Oregon elected Path 3—disaggregation at the wire center level. The wire centers and federal support amounts are shown in Exhibit C.
2. Malheur Telephone Company elected Path 3—disaggregation at the wire center level. The wire centers and federal support amounts are shown in Exhibit D.
3. Pioneer Telephone Cooperative elected Path 3—disaggregation at not more than two zones per wire center. The wire center zones and federal support amounts per line are shown in Exhibit E.

No LEC elected Path 2.

For those LECs electing Path 1, the average federal USF support amount per line is shown in Exhibit F.

Under federal rules, LECs may self-certify their election under Paths 1 or 3. The LECs' election becomes effective upon filing with the state regulatory commission and with the USAC. Thus, at this time the Commission is required only to certify the receipt of the election. This certification does not prevent the Commission on its own motion or upon petition of an interested party from modifying the disaggregation election at a later time.

The due date for notifying USAC of the PUC's acceptance of the LECs' certification election is **May 15, 2002**. LECs must also mail a copy of their election to the USAC by that date. For those electing Path 3, copies of the disaggregation work papers must be included with their mailing. The actual disaggregation of federal USF support will go into effect with federal distributions beginning July 1, 2002.

Based on the federal USF requirement, I recommend that the Commission certify to the USAC the receipt of path elections from the rural LECs listed in Exhibit A.

PROPOSED COMMISSION MOTION:

APPENDIX A

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An order be prepared certifying to the USAC receipt of eligible rural local exchange carriers election to disaggregate and target federal Universal Service support along Paths 1 and 3.

Attachments

Federal USF Disaggregation

Exhibit A
Eligible Rural Telecommunications Carriers of Oregon
Certification Elections for Federal USF Disaggregation

	<u>Company Name</u>	<u>Study Area Code</u>	<u>Disaggregation Path Election</u>
1.	Asotin Telephone Co.	532404	Path 1: Study Area
2.	Beaver Creek Cooperative Telephone Co.	532359	Path 1: Study Area
3.	Canby Telephone Assn.	532362	Path 1: Study Area
4.	Cascade Utilities, Inc.	532371	Path 1: Study Area
5.	CenturyTel of Oregon, Inc.	532361	Path 3: Wire Center
6.	CenturyTel of Eastern Oregon, Inc.	532361	Path 3: Wire Center
7.	Citizens Telephone Co. of Oregon, Inc.	533401	Path 3: Wire Center
8.	Clear Creek Mutual Telephone Co.,	532363	Path 1: Study Area
9.	Colton Telephone	532364	Path 1: Study Area
10.	Eagle Telephone System	532369	Path 1: Study Area
11.	Gervais Telephone Co.	532373	Path 1: Study Area
12.	Helix Telephone Co.	532376	Path 1: Study Area
13.	Home Telephone Co.	532377	Path 1: Study Area
14.	Malheur Telephone Co.	532456	Path 3: Wire Center
15.	Midvale Telephone Exchange Inc.	532226	Path 1: Study Area
16.	Molalla Communications Co.	532383	Path 1: Study Area
17.	Monitor Cooperative Telephone Co.	532384	Path 1: Study Area
18.	Monroe Telephone Co.	532385	Path 1: Study Area
19.	Mt. Angel Telephone Co.	532386	Path 1: Study Area
20.	Nehalem Telephone & Telegraph Co.	532387	Path 1: Study Area
21.	North-State Telephone Co.	532388	Path 1: Study Area
22.	Oregon-Idaho Utilities, Inc.	532390	Path 1: Study Area

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23. Oregon Telephone Corp.	532389	Path 1: Study Area
24. People's Telephone Co.	532391	Path 1: Study Area

Exhibit A (Continued)
Eligible Rural Telecommunications Carriers of Oregon
Certification Elections for Federal USF Disaggregation

	<u>Company Name</u>	<u>Study Area Code</u>	<u>Disaggregation Path Election</u>
25.	Pine Telephone System, Inc.	532392	Path 1: Study Area
26.	Pioneer Telephone Cooperative	532393	Path 3: Sub Wire Ctr.
27.	Roome Telecommunications, Inc.	532375	Path 1: Study Area
28.	Scio Mutual Telephone Assn.	532397	Path 1: Study Area
29.	Stayton Cooperative Telephone Co.	532399	Path 1: Study Area
30.	United Telephone Co. of the Northwest	532400	Path 1: Study Area
31.	St. Paul Cooperative Telephone Assn.	532396	Path 1: Study Area
32.	Trans-Cascades Telephone Co.	532378	Path 1: Study Area

Exhibit B
CenturyTel of Oregon and Eastern Oregon
Study Area Code: 532361
Path 3 Wire Center Disaggregation for Federal USF

<u>Wire Center</u>	<u>Estimated Total Federal USF Support/Line/Mo. *</u>
1. Charbonneau	\$ 1.34
2. Aurora	\$ 1.34
3. Lebanon	\$ 1.34
4. Creswell	\$ 1.34
5. John Day	\$25.90
6. Scappoose	\$25.90
7. Burns	\$25.90
8. Sweet Home	\$25.90
9. Lakeview	\$25.90
10. Boardman	\$25.90
11. Gleneden Beach	\$25.90
12. Depoe Bay	\$25.90
13. Merrill	\$25.90
14. Brownsville	\$25.90
15. Knappa	\$25.90
16. Maupin	\$25.90
17. Heppner	\$25.90
18. Malin	\$25.90
19. Glide	\$25.90
20. Huntington	\$25.90
21. Ukiah	\$25.90
22. Drain	\$25.90
23. Yoncalla	\$25.90
24. Pilot Rock	\$25.90
25. Echo	\$25.90
26. Chiloquin	\$25.90
27. Shedd	\$25.90
28. Lone	\$25.90
29. Bly	\$25.90
30. Gilchrist	\$25.90

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31. Camas Valley	\$25.90
32. Fossil	\$25.90

Exhibit B (Continued)
CenturyTel of Oregon and Eastern Oregon
Study Area Code: 532361
Path 3 Wire Center Disaggregation for Federal USF

<u>Wire Center</u>	<u>Estimated Total Federal USF Support/Line/Mo. *</u>
33. Wamic	\$25.90
34. Lexington	\$25.90
35. Paisley	\$25.90
36. Rocky Point	\$25.90
37. Chemult	\$25.90
38. Bonanza	\$25.90
39. Seneca	\$25.90
40. Pine Grove	\$25.90
41. Monument	\$25.90
42. Tygh Valley	\$25.90
43. Long Creek	\$25.90
44. North Powder	\$25.90
45. Spray	\$25.90
46. Jewell	\$25.90
47. Mitchell	\$25.90
48. Sprague River	\$25.90
49. Silver Lake	\$25.90
50. Fort Klamath	\$25.90
51. Harney	\$25.90
52. Government Camp	\$25.90
53. Durkee	\$25.90
54. Paulina	\$25.90
55. North Umpqua	\$25.90

* Total federal USF support includes the High Cost Loop Fund, Long Term Support, and Interstate Common Line Support. The study area is divided into two zones. The first four wire centers are in Zone 1. The remaining wire centers are in Zone 2.

Exhibit C
Citizens Telephone Co. of Oregon
Study Area Code: 533401
Path 3 Wire Center Disaggregation for Federal USF

<u>Wire Center</u>	<u>Estimated Total Federal USF Support/Line/Mo. *</u>
1. Canyonville	\$ 5.33
2. Myrtle Creek	\$ 5.33
3. Riddle	\$ 5.33
4. Cave Junction	\$ 5.33
5. Glendale	\$ 37.77
6. O'Brien	\$ 38.34
7. Selma	\$ 50.88
8. Azalea	\$ 63.73
9. Wolf Creek	\$ 89.09
10. Days Creek	\$120.03

* Total federal USF support includes the High Cost Loop Fund, Interstate Access Support, and Local Switching Support.

Exhibit D
Malheur Telephone Co.
Study Area Code: 532456
Path 3 Wire Center Disaggregation for Federal USF

<u>Wire Center</u>	<u>Estimated Total Federal USF Support/Line/Mo. *</u>
1. Ontario	\$ 4.90
2. Nyssa	\$ 9.18
3. Oregon Slope	\$13.49
4. Vale	\$14.71

* Total federal USF support includes the High Cost Loop Fund, and Local Switching Support.

Exhibit E
Pioneer Telephone Cooperative
Study Area Code: 532393
Path 3 Sub Wire Center Disaggregation for Federal USF

	<u>Wire Center</u>	<u>(Zone)</u>	<u>Exchange *</u>	<u>Estimated Total Federal USF Support/Line/Mo. **</u>
1.	Alsea	(Zone 1)	Alsea	\$59.74
		(Zone 2)	Lobster Valley	\$88.03
2.	Blodgett	(Zone 1)	Blodgett	\$30.12
		(Zone 2)	Summit & Harlan	\$94.41
3.	Bellfountain	(Zone 1)	Bellfountain	\$37.99
		(Zone 2)	Triangle Lake & Horton	\$82.15
4.	Chitwood	(Zone 1)	Chitwood	\$88.68
5.	Philomath	(Zone 1)	Philomath	\$18.38
6.	South Beach	(Zone 1)	South Beach	\$ 8.35
7.	Waldport	(Zone 1)	Waldport	\$16.50
		(Zone 2)	Tidewater	\$64.13
8.	Yachats	(Zone 1)	Yachats	\$20.03

* The exchanges noted in Zone 2 are served by remote line concentrator equipment from the associated wire center.

** Total federal USF support includes the High Cost Loop Fund, Long Term Support, Interstate Common Line Support, and Local Switching Support.

Exhibit F
Rural Telecommunications Carriers of Oregon
Path 1 Elections: Average Federal USF Support

	<u>Company Name</u>	<u>Study Area Code</u>	<u>Est. Total Federal USF Support/Line/Mo.*</u>
1.	Asotin Telephone Co.	532404	\$ 84.53
2.	Beaver Creek Cooperative Telephone Co.	532359	\$ 23.16
3.	Canby Telephone Assn.	532362	\$ 5.07
4.	Cascade Utilities, Inc.	532371	\$ 9.34
5.	Clear Creek Mutual Telephone Co.,	532363	\$ 29.25
6.	Colton Telephone	532364	\$ 55.67
7.	Eagle Telephone System	532369	\$ 94.05
8.	Gervais Telephone Co.	532373	\$ 15.35
9.	Helix Telephone Co.	532376	\$112.89
10.	Home Telephone Co.	532377	\$ 16.55
11.	Midvale Telephone Exchange Inc.	532226	\$ 68.73
12.	Molalla Communications Co.	532383	\$ 30.29
13.	Monitor Cooperative Telephone Co.	532384	\$ 53.41
14.	Monroe Telephone Co.	532385	\$ 35.55
15.	Mt. Angel Telephone Co.	532386	\$ 6.89
16.	Nehalem Telephone & Telegraph Co.	532387	\$ 11.93
17.	North-State Telephone Co.	532388	\$ 17.22
18.	Oregon-Idaho Utilities, Inc.	532390	\$190.10
19.	Oregon Telephone Corp.	532389	\$ 19.59
20.	People's Telephone Co.	532391	\$ 8.45

Exhibit F (Continued)
Eligible Rural Telecommunications Carriers of Oregon
Path 1 Elections: Average Federal USF Support

<u>Company Name</u>	<u>Study Area Code</u>	<u>Est. Total Federal USF Support/Line/Mo.*</u>
21. Pine Telephone System, Inc.	532392	\$ 76.69
22. Roome Telecommunications, Inc.	532375	\$104.97
23. Scio Mutual Telephone Assn.	532397	\$ 47.97
24. Stayton Cooperative Telephone Co.	532399	\$ 4.68
25. United Telephone Co. of the Northwest	532400	\$ 1.64
26 St. Paul Cooperative Telephone Assn.	532396	\$ 11.60
27. Trans-Cascades Telephone Co.	532378	\$131.99

* The federal USF support is based on the USAC estimates for the first and second quarters of 2002, as provided on its web site. Federal USF support includes the High Cost Loop Fund, Local Switching Support, and Long Term Support. United Telephone Company's support is Interstate Access Support only.