

ORDER NO. 24-442

ENTERED Dec 10 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2040

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Oregon Universal Service Fund Update.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 10, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under 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 in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 10, 2024**

REGULAR **CONSENT** **EFFECTIVE DATE** _____ **N/A**

DATE: December 2, 2024

TO: Public Utility Commission

FROM: Nicola Peterson

THROUGH: Bryan Conway and Russ Beitzel **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
Oregon Universal Service Fund Update –
UM 2040 Disbursement/Broadband Fund Transfer.

STAFF RECOMMENDATION:

Adopt the updates from the Oregon Universal Service Fund (OUSF), which include a zero-dollar transfer to the Broadband Fund for 2024 and a reduction of disbursements for 2025.

DISCUSSION:

Issue

Whether the Commission should adopt the updates from the OUSF, which include a zero-dollar transfer to the Broadband Fund for 2024 and a reduction of disbursements for 2025.

Applicable Rule or Law

ORS 759.425(1):

- (a) The Public Utility Commission shall establish and implement a competitively neutral and nondiscriminatory universal service fund. The commission shall:

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- (A) Use the universal service fund to ensure basic telephone service is available at a reasonable and affordable rate; and
 - (B) Transfer from the universal service fund to the Oregon Business Development Department for deposit in the Broadband Fund established under section 4, chapter 17, Oregon Laws 2020 (first special session), an amount per year that is equal to the lesser of:
 - (i) \$5 million; or
 - (ii) The remainder of moneys deposited in the universal service fund that are unobligated after making the designation required in paragraph (b) of this subsection.
- (b) The commission shall designate the amount of moneys deposited annually in the universal service fund to be used to ensure basic telephone service. The amount designated under this paragraph may not exceed \$28 million per year.

OAR 860-100-300(3) states the Commission will identify initial total required support amounts for all support areas using the approved cost model and adjust the required support for a support area as necessary annually in 2023 and 2024 and then every five years thereafter, beginning in 2029.

Commission Order No. 23-422 provides the following:

Although the total amount to be contributed into, and therefore disbursed (to support basic telephone service) from, the OUSF is capped per ORS 759.425 at \$28 million, after 2024, contributions are expected to be lower than this cap and therefore it is this actual contribution amount that will dictate the available total support for 2025 through 2028.

Analysis

For 2024, the OUSF contributions totaled \$27.91 million. Distributions from the OUSF for 2024 total \$27.95 million.

As required pursuant to OAR 860-100-300(3), the Commission in UM 2040 identified initial total required support amounts to support basic telephone service for the years

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2025 thru 2028 at about \$44 million per annum.¹ These amounts are capped by ORS 759.425 and then further limited by contributions coming into the fund as detailed in Order No. 23-422.

For 2025, the OUSF contributions are forecast to be approximately \$26.21 million, a decline of 6.1 percent over 2024 amounts. Oregon Broadband Association, who represents the recipients of the disbursements, was made aware of this reduction and has met with Staff to go through the calculations and agrees that the calculations are correct, and the reductions are appropriate.

Conclusion

For 2024, there is no money remaining to transfer to the Broadband Fund after disbursing funds supporting basic telephone service.

For 2025, as contributions into the fund are forecast to be \$26.21 million, it is this amount that will be disbursed to support basic telephone service.

PROPOSED COMMISSION MOTION:

Adopt the updates from the Oregon Universal Service Fund, which include a zero-dollar transfer to the Broadband Fund for 2024 and a reduction of disbursements for 2025.

Oregon Universal Service Fund Update 2024

¹ Order No. 23-422, Approval for the Calculation of Disbursements from the Oregon Universal Service Fund for 2024 through 2028, UM 2040, November 2, 2023.