

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2040

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Investigation of the Oregon Universal
Fund.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on July 22, 2025, 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.

ITEM NO. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 22, 2025**

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

DATE: July 10, 2025

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:

Agree to the updated expenditures from the Oregon Universal Service Fund (OUSF) which includes a transfer to the Broadband Fund for 2024 and an increase in disbursements for the last 6 months of 2025. Additionally, grant a temporary waiver of OAR 860-100-0253 to support 2025 disbursements.

DISCUSSION:

Issue

Whether the Commission should agree to the updated expenditures from the Oregon Universal Service Fund (OUSF) which includes a transfer to the Broadband Fund for 2024 and an increase in disbursements for the last 6 months of 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:

(A) Use the universal service fund to ensure basic telephone service is available at a reasonable and affordable rate; and

OUSF Update
July 10, 2025
Page 2

(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.

Division 100 of the administrative rules provide for the Commission's implementation of the OUSF. OAR 860-100-0251(3)(b) sets disbursements from the OUSF at one-twelfth of the annual support amount. OAR 860-100-001(2) permits the Commission to waive any of the Division 100 rules for good cause shown.

Analysis

At the December 10, 2024, Public Meeting, Staff asked the Commission to approve a zero transfer from the OUSF to the Broadband Fund for 2024. At that time contributions into the fund for 2024 were slightly lower than disbursements and there was no money remaining to transfer to Oregon Business Development Department. Subsequently, on December 17, a contributor revised their 2024 Quarter 1 contributions and paid into the fund the additional amount that they owed.

The Commission set the 2025 disbursement amounts based on the forecasted contributions of \$26.21 million, a decline of 6.1 percent over 2024. Staff is still confident regarding this forecast; however, it has recently come to light that over the last two years the fund has earned substantial treasury interest which has not historically been included in disbursement calculations. Neither ORS 759.425 nor any of the Division 100 rules require nor provide for the disbursements of interest earned by the OUS Fund. Staff recommends disbursement of the treasury interest accrued to provide additional support to basic telephone service.¹

Staff met with Oregon Broadband Association (OBA) who represents the recipients of the disbursements, and they requested that any additional amounts available to be paid out are done so, over the last six months of 2025. Since OAR 860-100-0253 sets the

¹ Staff notes that interest earned by the OUS fund is not an "amount deposited" and thus are not required to be included in the transfer to the broadband support fund per ORS 759.425.

OUSF Update
July 10, 2025
Page 3

disbursement amounts at one-twelfth of the annual support amount Staff is recommends a waiver of this rule to permit disbursement of additional amounts, OUS Fund interest, over the last six months of 2025.

Conclusion

The additional deposit into the OUSF resulted in there being an amount of \$100,000 unobligated after supporting basic telephone service in 2024. This amount is available to transfer to the Broadband Fund.

An amount of \$1.3 million accumulated treasury interest is available to be paid out to support basic telephone service. Oregon Broadband Association (OBA), supports Staff recommending this amount be paid out over the remaining six months of 2025, increasing the total disbursement for the year to \$27.51 million.

PROPOSED COMMISSION MOTION:

Agree to the updated expenditures from the Oregon Universal Service Fund (OUSF) which includes a transfer to the Broadband Fund for 2024 and an increase in disbursements for the last six months of 2025.

Grant a temporary waiver of OAR 860-100-0253 to permit higher disbursements for the last six months of 2025.

CA9 - OUSF Update