

ORDER NO. 25-498

ENTERED Dec 09 2025

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 December 9, 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. CA20

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 9, 2025**

DATE: November 28, 2025

TO: Public Utility Commission

FROM: Nicola Peterson

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

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 2040)
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 2025 and a reduction of disbursements for 2026.

DISCUSSION:

Issue

Whether the Commission should adopt the updates from the OUSF, which include a zero-dollar transfer to the Broadband Fund for 2025 and a reduction of disbursements for 2026.

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

(B) Transfer from the universal service fund to the Oregon Business Development Department for deposit in the Broadband Fund established under

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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 money 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 money 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:

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 2025, the OUSF contributions totaled approximately \$26.5 million. Distributions from the OUSF for 2025 were \$27.52 million. Disbursement amounts were initially set in December 2024 at \$26.21 million¹. This amount increased in July 2025 to include accumulated interest².

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 2025 through 2028 at about \$44 million per annum.³ These amounts are capped by

¹ Order No. 24-442, Oregon Universal Service Fund Update UM 2040 Disbursement/Broadband Fund Transfer, Dec. 10, 2024.

² Order No. 25-277, Oregon Universal Service Fund Update UM 2040 Disbursement/Broadband Fund Transfer, July 22, 2025.

³ Order No. 23-422, Approval for the Calculation of Disbursements from the Oregon Universal Service Fund for 2024 through 2028, UM 2040, Nov. 2, 2023.

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ORS 759.425 and then further limited by contributions coming into the fund as detailed in Order No. 23-422.

For 2026, Staff is forecasting cash inflows into the fund of approximately \$25.3million, which is made up of \$25 million of contributions, a decline of 5.7 percent over 2025 amounts, and \$300 thousand of treasury interest. The fund balance at the beginning of 2026 is forecast to be approximately \$5.3 million. The fund has a minimum balance requirement of 1.5 to 2 times the monthly disbursement amount. Oregon Broadband Association (OBA), who represents the recipients of the disbursements, has met with Staff to go through the 2026 disbursement calculations and agrees that Staffs' calculations are correct, and that disbursement reductions are appropriate.

Conclusion

For 2025, there is no remainder money after supporting basic telephone service to transfer to the Broadband Fund.

For 2026, Staff is proposing to pay out \$25.5 million in disbursements to support basic telephone service. This will be made up of contributions and treasury interest and then a small reduction in the fund balance.

PROPOSED COMMISSION MOTION:

Adopt the updates from the Oregon Universal Service Fund, which include a zero-dollar transfer to the Broadband Fund for 2025 and a reduction of disbursements for 2026.