

ORDER NO. 03-763

ENTERED DEC 26 2003

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1017

In the Matter of the Investigation Into)
Expansion of the Oregon Universal Service) ORDER
Fund to Include the Service Areas of Rural)
Telecommunications Carriers.)

**DISPOSITION: OUSF PARTICIPATION OF BEAVER CREEK TELEPHONE
COOPERATIVE APPROVED**

At its Public Meeting on September 23, 2003, the Public Utility Commission of Oregon (Commission) approved expansion of the Oregon Universal Service Fund (OUSF) to include rural incumbent local exchange carriers (ILECs) in accordance with ORS 759.425(1) and Order 03-082 in Docket UM 1017. Rural ILEC participation in the OUSF was structured as a revenue neutral event with the amount of OUSF support received by each rural ILEC offset by a reduction in rates for other services (primarily intrastate access charges). Beaver Creek Telephone Cooperative (Beaver Creek) was the only rural ILEC not included in the OUSF expansion due to its disagreement with the methodology used to calculate per line OUSF support amounts. As a result, the Commission opened a docket to investigate Beaver Creek's OUSF support calculation (Docket No. UM 1112).

On November 17, 2003, Beaver Creek informed the Commission that it would participate in the OUSF as originally proposed and file revised intrastate access tariffs reflecting a new carrier common line (CCL) charge of \$0.00. As a result, Beaver Creek requested that Docket UM 1112 be closed once the Commission approves its participation in the OUSF and revised CCL rates.

At its public meeting on December 18, 2003, the Commission adopted Staff's recommendation to approve Beaver Creek's participation in the OUSF. A description of procedural history and details of Staff's recommendation are contained in the Staff Report, attached as Appendix A, and incorporated by reference.

ORDER

IT IS HEREBY ORDERED AND AUTHORIZED that the Oregon Universal Service Fund will distribute monthly support amounts to Beaver Creek Telephone Cooperative, in the amount of \$5.47 per basic service line per month to be effective beginning with the Oregon Universal Service Fund distribution of December 30, 2003.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** December 19, 2003

DATE: December 8, 2003

TO: Lee Sparling

FROM: John Wright through Dave Booth through Phil Nyegaard

SUBJECT: OREGON UNIVERSAL SERVICE EXPANSION: (Docket No. UM 1017)
Participation of Beaver Creek Telephone Cooperative in the Oregon
Universal Service Fund pursuant to the requirements of Order 03-082.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve the participation of Beaver Creek Telephone Cooperative (Beaver Creek) in the Oregon Universal Service Fund (OUSF) beginning on December 19, 2003. Beaver Creek's first disbursement from the OUSF will occur on December 30, 2003.

DISCUSSION:

A. Background Information

At the public meeting on September 23, 2003, the Commission approved expansion of the Oregon Universal Service Fund (OUSF) to include rural incumbent local exchange carriers (ILECs) in accordance with ORS 759.425(1) and Order 03-082 in Docket UM 1017. Rural ILEC participation in the OUSF was structured as a revenue neutral event with the amount of OUSF support received by each rural ILEC offset by a reduction in rates for other services (primarily intrastate access charges). Beaver Creek was the only rural ILEC not included in the OUSF expansion due to its disagreement with the methodology used to calculate per line OUSF support amounts. As a result, the Commission opened a docket to investigate Beaver Creek's OUSF support calculation (Docket No. UM 1112).

On November 17, 2003, Beaver Creek informed the Commission that it would participate in the OUSF as originally proposed and file revised intrastate access tariffs reflecting a new carrier common line (CCL) charge of \$0.00. As a result, Beaver Creek

requested that Docket UM 1112 be closed once the Commission approves its participation in the OUSF and revised CCL rates. This memorandum is intended to inform the Commission of Beaver Creek's decision and seek Commission approval of its participation in the OUSF program.

B. OUSF Support Amounts for Beaver Creek

Beaver Creek's OUSF support is \$5.47 per line, per month. Based on its average line counts in 2003, Beaver Creek's annual OUSF draw will be \$281,530.¹ As discussed in Staff's public meeting memorandum for the original OUSF expansion, dated September 15, 2003 (attached), annual OUSF payments for all rural ILECs are estimated to be \$9.38 million inclusive of Beaver Creek's estimated draw of \$281,530. Therefore, **no** change in the OUSF contribution or surcharge rates is required to incorporate Beaver Creek into the program.

C. Implementation

The timing of Beaver Creek's first OUSF distribution will be coincident with the reduction of its intrastate access carrier common line charge. The effective date for Beaver Creek's revised tariff is December 19, 2003. Beaver Creek's first OUSF distribution will be December 30, 2003, based on basic service line counts as of October 31, 2003. Beaver Creek's line count report is due to the OUSF Administrator by December 10, 2003. This process is the same as that currently employed for Qwest, Verizon, and all of the rural ILECs participating in the OUSF.

D. Options for Commission Action

The Commission has the following two options for action. Staff recommends Option 1.

1. Approve Beaver Creek's participation in the OUSF
2. Deny Beaver Creek's participation in the OUSF

PROPOSED COMMISSION MOTION:

An order be prepared in Docket UM 1017 authorizing the Oregon Universal Service Fund to distribute monthly support amounts to Beaver Creek in the amount of \$5.47 per basic service line per month to be effective beginning with the OUSF distribution of December 30, 2003.

UM 1017

¹ Of the \$281,530 Beaver Creek will receive from the OUSF, \$215,661 will be used to eliminate CCL charges and \$65,869 will be used to reduce local rates.