

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1481
Phase II

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON

Staff Investigation of the Oregon Universal
Service Fund.

ORDER

DISPOSITION: MOTION GRANTED; WIRE CENTER SUPPORT LEVELS
CLARIFIED; ORDER NO. 13-162 AMENDED

In this order, we grant the motion of Warm Springs Telecommunications Company (WST) and affirm that Oregon Universal Service Fund (OUSF) support levels for Competitive Local Exchange Carriers designated as Eligible Telecommunications Carriers will be maintained at preexisting levels until December 31, 2016 or the duration of the UM1481 Phase II Stipulation, whichever occurs first.

I. BACKGROUND AND PROCEDURAL HISTORY

In Order No. 13-162, we adopted a stipulation of the parties reducing the funds annually collected from customers and distributed to telecommunications carriers by the OUSF. At page 3 of that order, we stated:

2. OUSF Funding not Affected by Line Counts.

Non-Rural Companies'¹ support will be fixed according to the schedule in paragraph 3, below, and will drop to a combined level of \$17.5 million by 2016.

Rural Companies will have a single *pro-rata* reduction of \$1 million on July 1, 2015 and will also not be affected by line counts as currently agreed to in the Memorandum of Understanding approved in docket UM 1017.²

The paragraph 3 schedule data was stated in terms of absolute dollars with no reference to amounts per line counted.

¹ Qwest (CenturyLink) and Frontier.

² See Order No. 12-204 (Jun 5, 2012) and Errata Order No. 12-309 (Aug 14, 2012).

At page 5 of that order we said:

7. CLEC ETCs to Receive Identical Compensation; Warm Springs Support Capped.

Between January 1, 2014 and December 31, 2016, any Competitive Local Exchange Carrier (CLEC) designated an Eligible Telecommunications Carrier (ETC) for purposes of OUSF funding will receive the ILEC per-line amount in its service area. Warm Springs Telecommunications Company will not be able to receive in excess of \$1.5 million in OUSF annual support.

WST seeks clarification of Order No. 13-162, noting at page 2 of its motion that, while it is entitled to receive the same per-line amount as the underlying ILEC, the non-rural ILEC with which it competes is no longer being supported on a per-line basis. WST explains:

The purpose of this Motion is to clarify that per-line amount Warm Springs Telecom will receive for the life of the stipulation adopted in Order No. 13-162. As long as the total annual amount paid to WST does not exceed \$1.5 million, WST will receive the same \$149.81 per line support that it is presently receiving.³

WST added in its cover letter to the motion that “Brant Wolf and the members of Oregon Telecommunications Association, Mark Trincherro representing the Oregon Cable Association and Sommer Templet of CUB” all give their support to WST in this filing. Given the Commission Staff’s role in the distribution of funds,⁴ an administrative law judge requested Staff to respond to WST’s motion. On March 7, 2014, Staff submitted its comments and recommendations with respect to the distribution of funds in accordance with the Commission order as it affects WST and other similarly situated carriers.

II. DISCUSSION

In its analysis, Staff concludes that WST’s motion is applicable to both WST and Comspan Communications, since both are CLECs operating in non-rural ILEC territories and receiving OUSF support. As the party responsible for implementing our order,

Staff analyzed scaling back the support to correspond to the reductions in revenues being taken by the [ILECs], but was unable to find a non-arbitrary way of doing this. This was because the reductions in revenues could have been attributed to reduction in lines or decreases in support

³ See ALJ Ruling Feb 20, 2014.

⁴ Paragraph 3 of the ordering clauses in Order No. 13-162 states:

The Staff of the Public Utility Commission of Oregon and the Administrator of the Oregon Universal Service Fund shall take such steps as necessary to effectuate changes to the collection and distribution of funds between January 1, 2014 and June 30, 2016, as set forth in the stipulation.

per line. Aside from being arbitrary, a methodology for doing this separation would require the dollar reduction at the company level to be distributed among the forty-four CentruyLink QC wire centers receiving support or the thirty-nine Frontier Northwest wire centers receiving support.⁵

Consequently, Staff recommends that the per-line OUSF support for CLECs situated in these circumstances continue at pre-existing levels for the duration of the stipulation.⁶

III. CONCLUSION

We have reviewed the WST motion and the Staff's interpretation of our order and their recommendations and conclude that the proposals contained in the motion and the Staff's comments are a reasonable response to the questions raised by WST and will result in just and reasonable rates and further the public interest. Accordingly, the motion for clarification should be granted.

IV. ORDER

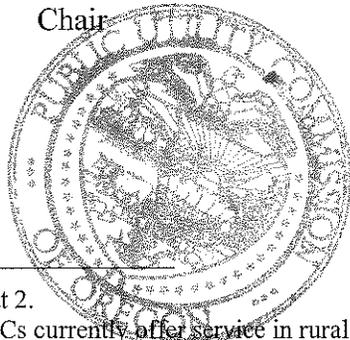
IT IS ORDERED THAT:

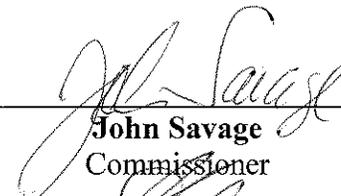
1. Warm Springs Telecommunications Company's motion for clarification is granted.
2. Order No. 13-162 page 5, paragraph 7 is amended by the addition of the following:

"CLECs designated as ETCs for the purposes of OUSF funding, shall continue to receive per-line financial support at the levels provided on December 31, 2013 for the duration of the stipulation or December 31, 2016, whichever occurs first."

Made, entered, and effective MAR 12 2014.


Susan K. Ackerman
Chair




John Savage
Commissioner


Stephen M. Bloom
Commissioner

⁵ Staff Comments at 2.

⁶ Although no CLECs currently offer service in rural ILEC territories, Staff believes that this solution should apply in those areas as well. *Id.*

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 Court of Appeals in compliance with ORS 183.480 through 183.484.