

**BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON**

**UM 1481 (Phase III)**

**WHITE PAPER**  
**On Oregon Universal Service Issues**

**Prepared for  
May 22, 2015  
Workshop**

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## UM 1481 Phase III

### WHITE PAPER ON OREGON UNIVERSAL SERVICE ISSUES

Prepared for May 22, 2015 Workshop

On January 12, 2015, the Commission entered Order No. 15-005 in which it declined to adopt the stipulation filed by the active parties to Phase III of docket UM 1481 (“Phase III Stipulation”), stating that it is “unable to determine whether the joint parties’ stipulated funding levels are appropriate to meet the need for OUSF support or whether the joint parties’ stipulated program design will ensure the efficient and effective delivery of those funds.”<sup>1</sup> The Commission directed the Administrative Law Judge (“ALJ”) to schedule further proceedings, including “an initial workshop with the Commissioners to allow further clarification of [the Commission’s] goals in this docket \* \* \*.”<sup>2</sup> On March 16, 2015, the Commission issued a Notice of Commission Workshop, to be held on May 22, 2015, that advised the parties to be prepared to discuss the following issues:

1. How does the existing Oregon Universal Service Fund (“OUSF:”) program work on a granular level?
2. Under current law, what are the Commission’s options for administering the OUSF program? What can and can’t the Commission do?
3. What are the goals of the program and what metrics should the Commission use to evaluate whether it has achieved those goals?
4. What constitutes available basic telephone service? What defines reasonable and affordable rates?
5. What constitutes a satisfactory alternative such that a landline subsidy is not warranted (e.g., is the availability of reliable, ubiquitous cellular service sufficient to remove the justification for rural ILEC support)? What criteria should the Commission use to determine whether a satisfactory alternative exists?
6. Should the Commission have a continuing role once the goal of affordable basic telephone service has been met without the need for subsidies?

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<sup>1</sup> *In the Matter of the Public Utility Commission of Oregon Investigation of the Oregon Universal Service Fund*, Docket UM 1481 Phase III, Order No. 15-005 at 3 (1/12/15).

<sup>2</sup> *Id.*

7. Should the OUSF program be revised to subsidize customers who need basic services at reasonable and affordable rates rather than subsidizing the companies who provide it?

This White Paper is intended to provide the Commission with useful information to assist in the Workshop discussion of the issues outlined in the March 16 Notice and to better evaluate the reasonableness of the Phase III Stipulation.

## I. Background and Procedural History

In order to provide a framework to facilitate the discussion at the April 16 Workshop, it is important to revisit the genesis of the OUSF, its evolution over time, the procedural history of Docket UM 1481, and the Commission's stated objectives for this docket.

### A. Docket UM 731

The Commission has been investigating universal service proposals since the mid-1990s. In fact, the Commission had begun to develop its own universal service mechanism and had issued several orders in docket UM 731 before the 1999 Oregon Legislative Assembly's enactment of SB 622 (ORS 759.425), which set forth legislative universal service policy and directed the Commission to establish and implement a competitively neutral and nondiscriminatory universal service fund ("the OUSF").<sup>3</sup> Following the directives in the statute, the Commission established the OUSF in Order No. 00-312 in Phase IV of Docket UM 731.<sup>4</sup> In that Order, the Commission created the basic workings of the OUSF as applied to non-rural companies, including adopting: (1) a cost proxy model, (2) the inputs for the cost proxy model, (3) the benchmark, (4) the formula for computing OUSF support, and (5) the support distribution mechanism. Many of these decisions continue to inform the calculation and distribution of OUSF support today.<sup>5</sup> In fact, calculation and distribution of support for the non-rural ILECs (i.e., Qwest and Verizon legacy high-cost wire centers) was governed exclusively by this mechanism until 2014.<sup>6</sup>

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<sup>3</sup> ORS 759.425 is discussed in greater detail below.

<sup>4</sup> In Order No. 01-1063, the Commission amended Order 00-312 to remove the OUSF surcharge assessment base revenues from interstate and international telecommunications, consistent with a decision of the U.S. District Court finding such assessment in conflict with federal law.

<sup>5</sup> A description of how the existing OUSF program works on a granular level is being provided separately by Commission Staff.

<sup>6</sup> In Order No. 13-162 in Phase II of Docket UM 1481, entered May 2, 2013, the Commission adopted a stipulation that altered this calculation methodology for a three-year period from 2014 through 2016.

## B. Docket UM 1017

The rural ILECs were brought into the OUSF program in 2003 pursuant to a stipulation that established an embedded cost methodology for calculating rural ILEC support, rather than the cost proxy model used to calculate support for the non-rural ILECs.<sup>7</sup> The mechanism adopted by the Commission provided for a triennial review of rural ILEC support. The Commission has set rural ILEC support through adoption of memoranda of understandings and stipulations ever since.<sup>8</sup>

A useful summary of the triennial review process is set out in Appendix A to Order No. 12-204.

In Docket No. UM 1017, the Commission issued Order No. 03-082 (February 3, 2003) to expand the Oregon Universal Service Fund (OUSF) to include the incumbent rural telecommunications companies (rural companies). The Order adopted a stipulation (“Stipulation”) signed by the parties in the docket. Generally, the Stipulation outlined methods for computing the cost of basic service, the federal support offsets, the support per line, and how the revenue offsets would be applied to achieve revenue neutrality. It also set forth the method for the distributions from the OUSF. Paragraph 5 of the Stipulation states:

The interval for reviewing and updating the embedded cost calculations will not be longer than three years, unless extended by the Commission. Companies may request, or the Commission may initiate, a more frequent review, but not more frequently than once a calendar year. A company requesting a more frequent review will do so by November 15 for the previous calendar year. The OUSF study area support per line per month amount will remain unchanged until the next embedded cost review.

Staff first made the basic service cost calculations in 2003 to develop the initial OUSF support per line per month for the rural carriers. The

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<sup>7</sup> *In the Matter of the Investigation Into the Expansion of the Oregon Universal Service Fund to Include the Service Areas of Rural Telecommunications Carriers*, Docket UM 1017, Order No. 03-082 (2/3/03).

<sup>8</sup> See Order Nos. 06-297, 09-246, and 12-204 in Docket UM 1017, and Order No. 13-162 in Phase II of Docket UM 1481.

rural companies received support based on those per-line amounts from November 2003 until June 2006.

### 2006 Triennial Review Process

In 2006, the three-year review interval ended. After a review of the rural companies' embedded cost calculations, Staff determined that the aggregate, annual support for rural companies would increase from \$8.9 to \$16.3 million under the Order No. 03-083 methodology. After two workshops, the companies agreed to hold the increase in disbursement amounts to 15 percent instead of the 81 percent obtained by Staff's study. At the time, the intrastate Carrier Common Line (CCL) charge, which the OUSF support is used to reduce, was approximately one-third what it is today. A MOU was signed by all parties agreeing to hold the increase in disbursement amounts to 15 percent.

### 2009 Triennial Review Process

Three years later, the companies signed another agreement to extend the existing MOU, even though the CCL charge had jumped significantly and the minutes of use had declined sharply. Although the intrastate access minutes declined significantly between 2006 and 2009, the higher CCL rate, which was based on the forecasted minutes, offset the revenue loss that would have resulted had the rate not adjusted with the minutes.

At the end of 2011, the Federal Communications Commission ("FCC") issued FCC Order No. 11-161, which directed the rural companies to start a process of reducing their intrastate access rates. The first step in the access rate reduction process, with an effective date of July 3, 2012, brings the terminating intrastate rates down to a point half way between each company's current intrastate rates and their current interstate rates. Since the volume of minutes is relatively unresponsive to price changes, this drop in rates is expected to result in a reduction in revenues to the companies.

### 2012 Triennial Review Results

Staff conducted the triennial review in 2012 using the model specified in Order No. 03-082 and data from the most current financial, separations, and federal support sources. The rural companies also performed a similar study. Before any adjustments, the basic,

monthly, per-line service cost increased for 27 of the 30 rural companies (the remaining three companies had no change). The model-based monthly changes ranged from no change to \$55 per line.

Expressed as aggregate annual disbursements, the model results had the support for the rural companies going from approximately \$6.8 million per year to \$30 million per year . To support this \$23 million dollar increase, the surcharge rate would have had to be well over 10 percent. All parties were concerned about the effect this rate would have on the public.

As a result of Staff's and the companies' findings, Staff, OECA, and OTA had a series of meetings. As a result of those discussions and extensive analysis, Staff, OECA, and OTA reached an agreement that disbursements from the OUSF for rural companies would be capped at \$15,650,933. The reduction from the initial \$30 million to the \$15.6 million is equivalent to the dollar amount that would have been generated by the model if the \$21 benchmark that was established when the studies were first conducted for the non-rural companies was adjusted for inflation.

Once the level of support was set, the rural companies met to determine how the support would be divided among them. Because of the large reduction from the modeled results to the compromise reached by Staff and the companies, there was no correct formula that could be imposed on the result. The companies made the decision based on a number of meetings among themselves.

## C. Docket UM 1481

### 1. Phase I

On April 26, 2010, the Commission opened Docket UM 1481 to investigate the current status of the fund and to consider recommendations for the fund's revision. On December 28, 2010, following several rounds of comments from interested parties, the Commission decided to delay consideration of substantive issues until after the 2011 legislative session, but adopted non-rural ILEC interim reporting measures designed to enhance accountability and transparency.<sup>9</sup> In that Order, the Commission "clarified" that non-rural ILECs "may only use OUSF distributions for investment in infrastructure or maintenance, such as new investment or investment associated with repairs and maintenance \* \* \* [and]

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<sup>9</sup> Order 10-496.

show that funds were used [only] in \* \* \* supported wire centers \* \* \*.”<sup>10</sup> The Commission granted a motion for reconsideration and stay of these reporting requirements, but reserved consideration of the issue in the next phase of the docket.

On June 16, 2011, the Commission further suspended the general investigation into the scope and purposes of the OUSF to await issuance of the Federal Communications Commission’s (“FCC”) decision regarding “the means by which federal support will be given for investment in broadband communications services in rural areas.”<sup>11</sup> The Commission directed the parties to continue working on non-rural ILEC transparency and accountability issues, which resulted in adoption of a Staff recommendation for interim reporting measures for these carriers.<sup>12</sup>

## 2. Phase II

In June 2012, the Commission opened Phase II of Docket UM 1481.<sup>13</sup> In a subsequent Ruling, ALJ Arlow limited the scope of the docket to consideration of the following three questions: (1) What changes should be made to the existing OUSF related to calculation, the collection, and the distribution of funds? (2) What changes should be made to the existing OUSF related to how funds are used? (3) What changes should be made to the existing OUSF related to transparency and accountability?<sup>14</sup> That Ruling explicitly excluded from the issues list consideration of changes to the Commission’s OUSF rules (reasoning that a rulemaking would be the appropriate proceeding for such changes) and the purpose of the OUSF (reasoning that the purpose of the OUSF is set forth in ORS 759.425).<sup>15</sup>

Following the submission of two rounds of prefiled testimony, but prior to the evidentiary hearing, the parties entered into a stipulation (“Phase II Stipulation”) that the Commission approved in Order 13-162, entered May 2, 2013. In that Order, the Commission adopted a three-year phase down of OUSF support that will be complete for the rural ILECs as of July 1, 2016 and for the non-rural ILECs on January 1, 2017.<sup>16</sup> The Commission also directed that Phase III of this docket be opened to address three discreet issues with the goal of having those issues resolved in time to implement any changes to the OUSF on July 1, 2016 for

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<sup>10</sup> *Id.* at 3.

<sup>11</sup> Order No. 11-192 (6/16/11).

<sup>12</sup> *Id.* at 2; *see also* Order No. 12-065 (2/28/12).

<sup>13</sup> Order No. 12-204 in docket UM 1017 (6/6/12).

<sup>14</sup> Ruling, issued August 29, 2012.

<sup>15</sup> *Id.*

<sup>16</sup> Order No. 13-162 at 5-6.

the rural ILECs and on January 1, 2017 for the non-rural ILECs.<sup>17</sup> The three issues identified were: (a) identify methods for non-rural ILEC allocation and reporting of operating expenses in high-cost areas (“Accountability”); (b) consideration of development and application of a methodology for allocating network costs between basic telephone and other services (“Allocation”); and (c) consideration of how to identify areas with unsubsidized competition and whether OUSF support should continue to be provided there (“Unsubsidized Competition”). These three issues had been addressed in the Phase II prefiled testimony, but were not resolved as part of the Phase II Stipulation.

### 3. Phase III

The schedule for Phase III of UM 1481 was divided into three separate timelines for consideration of each of the designated issues: Issue III(a) – Accountability; Issue III(b) – Allocation; and Issue III(c) – Unsubsidized Competition. The parties addressed Issue III(a) in collaborative workshops. Consideration of Issues III(b) and III(c) were slated to be separately addressed seriatim. The parties filed direct testimony regarding Issue III(b), and then entered into settlement discussions to resolve all three issues. On September 22, 2014, the parties filed a Stipulation resolving all three issues. In Order 15-005, entered January 12, 2015, the Commission denied the Stipulation and ordered further proceedings, including the Workshop now scheduled for May 22, 2015.

## II. The Statutory Backdrop

One of the issues outlined in the March 16 Notice is the state of the current law related to the OUSF and the degree of flexibility that the Commission possesses as a matter of law. This issue necessitates a review of ORS 759.425.

### A. The Basic Goal of OUSF

In ORS 759.425, a copy which is set out in Appendix A,<sup>18</sup> the Commission is directed to use the state universal service fund “to ensure basic telephone service is available at a reasonable and affordable rate.” ORS 759.425(1).

The Commission is granted the express discretion to “periodically review and evaluate the status of telecommunications services in the state and designate the services included in basic telephone service.” ORS 759.425(2)(a). This means that the Commission has the flexibility to define what constitutes “basic telephone

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<sup>17</sup> *Id.* at 4-5.

<sup>18</sup> Appendix A contains the critical statutes and rules discussed in this White Paper.

service” from time to time, within the parameters set by ORS 759.400(1), i.e., local exchange telecommunications service.

The current definition of basic telephone service is set out in OAR 860-032-0190. That rule states as follows:

(1) Purpose of rule. This rule defines the term “basic telephone service” pursuant to Ch. 1093, Laws of 1999 (SB 622), Section 23(1), as the term is used in Ch. 1093, Laws of 1999 (SB 622), Sections 23 through 38.

(2) “Basic telephone service” means retail telecommunications service that is single party, has voice grade or equivalent transmission parameters and tone-dialing capability, provides local exchange calling, and gives customers access to but does not include:

- (a) Extended area service (EAS);
- (b) Long distance service;
- (c) Relay service for the hearing and speech impaired;
- (d) Operator service such as call completion assistance, special billing arrangements, service and trouble assistance, and billing inquiry;
- (e) Directory assistance; and
- (f) Emergency 9-1-1 service, including E-9-1-1 where available.

(3) The following are classified as basic telephone service, whether sold separately or in a package:

- (a) Residential single party flat rate local exchange service;
- (b) Business single party flat rate local exchange service, also known as “simple” business service;
- (c) Residential single party measured local exchange service, including local exchange usage;
- (d) Business single party measured local exchange service, including local exchange usage;
- (e) Private branch exchange (PBX) trunk service;
- (f) Multiline or “complex” business service; and
- (g) Public access line (PAL) service.

(4) Services that are not considered basic telephone service include but are not limited to the following:

- (a) Integrated Services Digital Network (ISDN) service;
- (b) Digital subscriber line service, also known as xDSL service;
- (c) Frame relay service;
- (d) Centrex-type service;
- (e) Private line or dedicated point-to-point service;
- (f) Packet switched service;
- (g) Foreign exchange service;
- (h) Multiparty service, such as two-party and four-party suburban service; and
- (i) Custom calling features, such as call waiting and caller ID.

This rule was adopted in 2000. The Commission recently rejected a petition to open a rulemaking to amend the rule to add the term “access to broadband” to the definition of basic telephone service, determining that such a change would require input from the Legislature.<sup>19</sup>

Once the Commission has established what constitutes basic telephone service, the Commission must also make sure that basic telephone service is available at a “reasonable and affordable rate.”

#### B. Degree of Flexibility

As noted above, the Commission has flexibility to designate what is included within the concept of “basic telephone service.” Whether to do so and at what intervals it desires to review this definition are completely within the Commission’s discretion.

The Commission also has the express authority to establish a benchmark for basic telephone service “as necessary for the administration and distribution of the universal service fund.” ORS 759.425(3)(a). From this language, it appears that the Commission has broad flexibility over setting the benchmark. The Commission also has the discretion to periodically review the benchmark and adjust it as necessary to reflect changes in competition in the telecommunications industry, changes in federal universal service support, and other factors that the Commission determines to be appropriate. ORS 759.425(3)(b).

As an additional area of flexibility, the Commission has the discretion to conform the state universal service fund to Section 254 of the federal

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<sup>19</sup> *In the Matter of the Petition filed by the Oregon Telecommunications Association to Amend OAR 860-032-0190*, Docket AR 577/UM 1481, Order No. 14-113 at 3 (4/7/14).

Telecommunications Act of 1996<sup>20</sup> and to federal universal service rules adopted by the FCC “to the extent that the Public Utility Commission determines is appropriate.” ORS 759.425(1). The FCC’s universal service program is discussed in Section III below.

### C. Limits on Flexibility

While the Commission has been given broad discretion in dealing with the benchmark and adopting rules conforming the OUSF to the federal universal service program, there are areas in which the Legislature has specifically spelled out for the Commission what must occur. One of these areas is the actual funding mechanism for OUSF support. As stated by the Legislature, “the universal service fund shall provide explicit support to an eligible telecommunications carrier that is equal to the difference between the cost of providing basic telephone service and the benchmark, less any explicit compensation received by the carrier from federal sources specifically targeted to recovery of local loop costs and less any explicit support received by the carrier from a federal universal service program.” ORS 759.425(3)(a).

Within this overarching limitation, there are several items over which the Commission nevertheless may exercise its discretion. Obviously, one way for the Commission to control the size of the state universal service fund is through the level of the benchmark. The higher the benchmark, the less support the fund needs to provide. Another manner in which the Commission exercises discretion is in determining how to calculate the cost of providing basic telephone service. For example, the Commission has exercised this discretion by adopting a cost proxy model for determining costs in the non-rural ILEC service areas, but using embedded cost methodology for determining costs in rural ILEC service areas.

Finally, federal law provides a significant limitation on the Commission’s discretion. The universal service provisions of 47 USC § 254 include restrictions on state authority in §254(f), which reads as follows:

A State may adopt regulations not inconsistent with the Commission’s rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State. A State may adopt regulations to provide for additional

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<sup>20</sup> Section 254 is set out in full in Appendix A.

definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.

Thus, a state is limited in how its own universal service program can impact the federal program.<sup>21</sup>

### III. Federal Universal Service Program

The federal universal service program consists of three primary elements. The first element is high-cost support. The second element is the Lifeline program. The third element is the funding for schools and libraries. The two most important components of the high-cost support program for purposes of the discussion of the OUSF are the high-cost loop support (HCLS) and the Intrastate Common Line Support (ICLS) elements of the federal universal service program.<sup>22</sup> These are both reductions to the cost of basic telephone service specified under ORS 759.425. As a result, they reduce the size of the OUSF.

The FCC substantially modified the high-cost support program in the *USF/ICC Transformation Order*. Recognizing that “fixed and mobile broadband have become crucial to our nation’s economic growth, global competitiveness and civic life,”<sup>23</sup> the FCC expanded the focus of universal service from supporting voice service only to supporting “the universal availability of modern networks capable of delivering broadband and voice service to homes, businesses, and community anchor institutions.”<sup>24</sup> For price cap carriers (primarily the largest ILECs), the FCC has developed a forward-looking economic costing model for the calculation and allocation of explicit support distributions that will extend broadband networks further into high-cost rural areas. This new model will be deployed within the Connect America Fund Phase II (CAF II), and represents a

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<sup>21</sup> As noted above, see note 4, the Commission was forced to revise the OUSF to remove revenues from interstate and international telecommunications from the surcharge base in order to conform to the limitations imposed by 47 USC §254(f).

<sup>22</sup> ICLS applies to rural carriers. The equivalent for non-rural ILECs is Interstate Access Service or IAS.

<sup>23</sup> *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform - Mobility Fun*, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161 (rel. Nov. 18, 2011)(*USF/ICC Transformation Order*). *USF/ICC Transformation Order*, paragraph 3.

<sup>24</sup> *USF/ICC Transformation Order*, paragraph 51.

significant change in the method of calculating and distributing explicit Universal Service Fund support.

The FCC adopted a budget of \$1.8 billion annually for the funding of broadband build-outs in the areas served by the price cap carriers. The budget adopted by the FCC may not be enough to fully fund all locations that do not currently have the broadband service availability as defined by the FCC. As a result, the FCC will utilize the economic cost model to allocate the funds available. The model will also be used to identify extremely high-cost census blocks that should receive funding specifically set aside for remote and extremely high-cost areas (called the Remote Area Fund) rather than receiving CAF II support.

Because of the changes from the existing federal universal service support, where extremely high-cost locations were not necessarily excluded from support, to the new CAF II, where only targeted high-cost locations are supported, there will no doubt be changes in the level of federal funding being directed to the high-cost areas in Oregon. The CAF II model will identify census blocks that will be eligible for funding based on competitive and budget inputs, which will leave relatively lower cost census blocks unfunded, and extremely high-cost census blocks eligible only for the Remote Area Fund, which has yet to be developed.

The FCC will initially provide offers of CAF II support to the price cap ILECs for the build-out of broadband to qualifying locations in their territory. The price cap ILECs will have a right-of-first-refusal on the support offered by the FCC. If the ILEC declines the offered CAF II support, the FCC will implement an auction process to make the funding available to other companies wishing to submit bids to deploy the specified broadband capability to the qualifying locations.

Though the FCC is expected to provide offers of CAF II support in the near future, there is still significant uncertainty about the impacts this new approach to the calculation and distribution of federal support will have on the high-cost areas in price cap ILEC service areas in Oregon. In addition, the FCC has not yet begun to implement long-term reforms with respect to high-cost support for rate-of-return ILECs

Traditional support was continued at a frozen level for rate-of-return (rural) companies. The amount is frozen as to the total level of support nationwide. Support for an individual company can change year-to-year, sometimes significantly. There is an as yet undefined plan to transition rate-of-return company support to a more targeted system, perhaps using auctions, for the future. At this time, the elements of such a plan are not known.

The substantive point that is raised by these reforms of the federal universal service program is that it has introduced a substantial degree of uncertainty of the level of support for rural ILECs and price cap companies alike. It also appears to be a quickly changing landscape. For example, as initially established, the FCC set a broadband standard for ILECs at four megabits download speed and one megabit upload speed.<sup>25</sup> In December 2014, the FCC established a broadband standard for CAF II support of 10 megabits download speed and one and a half (1 ½) megabits upload speed. The FCC has recently established a 25-megabit download three-megabit upload goal, but has not yet determined whether that standard will be used for the CAF.<sup>26</sup> It is not clear where things will ultimately end up. At this point, however, the effects of the FCC's reforms on the state high-cost programs are not quantifiable to end users.

In light of the uncertainty created with reforms of the federal universal service support, adoption of the Phase III Stipulation is the most appropriate approach at this time for Oregon. The Phase III Stipulation provides certainty for all parties concerning the level of funding and the areas that will receive support. It results in a predictable and consistent phase down of support levels over a reasonable period of time which will allow the Commission and all parties to review and evaluate the implications from the changes in federal support. If changes to state support are needed to better align with the revised federal funding that occurs, the Commission could initiate a review of the OUSF once those impacts are fully known and understood.

#### IV. Reasonable and Affordable Rates for Basic Telecommunications Service

The March 16 Notice asks the parties to address the questions of the ultimate goals for the state universal service fund and how will the Commission know when those goals have been accomplished. The concept of making "basic telephone service" available at a "reasonable and affordable rate" is one of the core mandates for the state universal service fund as established by the Legislature.

The FCC has recently addressed the question of reasonable and affordable rates in the *USF/ICC Transformation Order*, in which it established a rate benchmark for purposes of application of the access recovery charge (ARC).<sup>27</sup> The

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<sup>25</sup> *USF/ICC Transformation Order* at ¶ 26. See also, *Connecting America: The National Broadband Plan* at p. 135.

<sup>26</sup> *In the Matter of Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, as amended by the Broadband Data Improvement Act*, GN Docket No. 4-126, 2015 Broadband Progress Report and Notice of Inquiry on Immediate Action to Accelerate Deployment, FC 15-10 (rel. Feb 4, 2015).

<sup>27</sup> The ARC is a new charge authorized by the FCC in the *USF/ICC Transformation Order* to recover some of the lost intercarrier compensation from end-users.

FCC has determined that if the residential customer is paying more than thirty dollars (\$30.00) per month for the combination of the local basic rate, mandatory extended area service (EAS), the subscriber line charge (SLC), E911 fees, and state universal service surcharges, the ILEC may not impose an additional fee under the ARC.<sup>28</sup>

Table 1 shows what customers in Oregon are paying for local service once all components of local service are totaled in the manner utilized by the FCC in establishing its \$30-benchmark. This includes the subscriber line charge (SLC), extended area service (EAS) charges, E911 fees, state OUSF surcharge, the access recovery charge (ARC) and the residential service protection fund (RSPF). This table demonstrates what customers actually pay out-of-pocket to receive basic local service once all components of local service are included.

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<sup>28</sup> *USF/ICC Transformation Order* beginning at ¶ 908.

Table 1

Customer Out-of-Pocket Payment for Basic Telephone Service

Company	Residential	EAS	Additional Charges*	Total Customer Out-of-Pocket	Local Service Rate without OUSF Support
Asotin	\$16.00	N/A	\$10.20	\$26.20	\$52.23
Beaver Creek	\$24.00	\$5.89	\$9.88	\$39.77	\$47.87
Canby	\$12.80	\$11.28	\$9.39	\$33.47	\$39.56
Cascade	\$18.99	\$7.00/\$10.65 <sup>2</sup>	\$9.54/\$9.85	\$35.53-\$39.49	\$41.19-\$45.15
Clear Creek	\$20.89	\$8.48	\$9.84	\$39.21	\$46.45
ColtonTel	\$16.50	\$21.35	\$10.56	\$48.41	\$51.94
Eagle	\$16.00	N/A	\$10.20	\$26.20	\$83.20
Gervais	\$12.95	\$15.00	\$9.72	\$37.67	\$52.33
Helix	\$14.80 <sup>1</sup>	N/A	\$10.09	\$24.89	\$102.53
Home	\$16.55	N/A	\$10.25	\$26.80	\$38.41
Molalla	\$14.95	\$13.00	\$9.72	\$37.67	\$51.22
Monitor	\$14.05	\$2.40	\$10.24	\$26.69	\$98.70
Monroe	\$11.69	\$11.89	\$9.34	\$32.92	\$62.44
Mt. Angel	\$9.00	\$9.00	\$10.37	\$28.37	\$48.91
Nehalem	\$14.80	N/A	\$10.10	\$24.90	\$39.86
North-State	\$12.45	\$14.35	\$11.12	\$37.92	\$45.89
Oregon-Idaho	\$11.65-\$18.65 <sup>3</sup>	\$1.40 (Ridgeview only)	\$9.94-\$10.54	\$22.99-\$30.59	\$78.58-\$86.18
Oregon Telephone Corporation	\$11.95	\$10.55	\$10.75	\$33.25	\$33.25
Oregon Telephone Corporation-Midvale-Harper/Juntura	\$14.35 \$14.35	\$14.35 \$00.00	\$11.27 \$10.05	\$39.97 \$24.40	\$50.04 \$34.47
People's	\$13.95	\$8.95	\$10.79	\$33.69	\$52.68
Pine	\$14.75	N/A	\$10.09	\$24.84	\$119.87
Pioneer	\$15.00	\$3.95 (\$2.95-\$8.00) <sup>4</sup>	\$10.45/\$10.79	\$28.40-\$33.79	\$40.81-\$46.20
RTI	\$16.00/\$18.00 <sup>5</sup>	0.97 <sup>6</sup>	\$10.28/\$10.45	\$27.25-\$29.42	\$40.86-\$43.03
Scio	\$11.50	\$11.65-\$13.00 <sup>7</sup>	\$10.80/\$10.92	\$33.95-\$35.42	\$49.36-\$50.83
St. Paul	\$10.50	\$11.85	\$10.74	\$33.09	\$54.69
Stayton	\$11.60	\$6.89	\$10.41	\$28.90	\$39.80
Trans-Cascades	\$14.80	\$9.32	\$9.39	\$33.51	\$54.81

Footnotes are set out in Appendix B.

Company	Residential	EAS	Additional Charges	Total Customer Out-of-Pocket	Local Service Rate without OUSF Support
CenturyTel	\$14.48-\$16.55	\$4.83-\$10.00	\$7.22-\$10.65	\$29.96-\$32.35	\$36.09-\$38.48
United Telephone	\$15.43	\$2.00-\$7.00	\$7.57-\$8.07	\$25.00-\$31.10	\$29.20-\$35.30
Qwest	\$14.80-\$16.80	\$.60-\$4.97	\$8.11-\$9.39	\$24.79-\$29.88	\$24.97-\$176.68
Frontier NW	\$14.34	\$1.19-\$8.19	\$8.50-\$10.47	\$24.03-\$33.00	\$24.18-\$709.45
Citizen's	\$14.67	\$1.94-\$12.21	\$8.87-\$9.54	\$25.48-\$36.42	\$30.36-\$41.30

This data demonstrates that customers actually pay anywhere from \$22.99 to \$48.41 per month for basic local service. Most customers pay more than \$25.00 per month for service. Without OUSF support,<sup>29</sup> if ILECs raised rates to generate revenues to match what was received as OUSF support, the out-of-pocket payments for basic telephone service for many customers might exceed \$40.00 per month.

## V. Calculation of Support

Commission Staff is preparing a presentation addressing this issue.

## VI. Accountability

A key concern for the Commission is, and should be, accountability under the OUSF program. Since the beginning of the application of OUSF to rural companies, accountability for rural ILECs has existed. The rural ILECs had been making annual access charge filings. The Commission held this level of information provided accountability in Order No. 10-496. Today, the rural ILECs continue to file Form O, copy attached as Appendix B, and Form I, copy attached as Appendix C, on an annual basis. These filings set out a detailed accounting of each company's financial position and on a year-over-year basis demonstrates where investments have been made and the activities of each rural ILEC. In addition, since the passage of the *USF/ICC Transformation Order*, the rural companies have been filing at the state Commission level the FCC Form 481. This form has detailed financial information, as well as operational information, about each rural ILEC, including use of federal support.

The issue of accountability for the non-rural or price cap companies has previously been addressed in this docket. In the first phase of this docket, additional reporting for price cap companies was adopted. *See* Order No. 12-065 and Appendix A of that Order. As stated by the Commission Staff in Appendix A of the Order, the proposed reporting was meant to "assure transparency and accountability of the non-rural [companies]."

This issue of accountability for non-rural companies was reexamined in the current phase of UM 1481. After many meetings between Commission Staff and representatives of the price cap companies, that issue was expressly addressed by the Phase III Stipulation. To resolve the issue of accountability for the price cap companies, additional reporting has been developed, including reporting of where

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<sup>29</sup> The final column in Table 1 shows an estimate of the local "out-of-pocket" rate that might be needed to generate an equivalent level of regulated revenues if existing OUSF support were to be removed, assuming federal support remains at existing levels.

investment is made. The newly proposed accountability standards for price cap companies are set forth in Attachment 2 to the Phase III Stipulation, which is attached hereto as Appendix D.

## VII. OUSF Surcharge

Under the requirements of ORS 759.425, the Commission is to establish a surcharge on all retail telecommunications services in the state. ORS 759.425(4). Specifically, the Legislature stated “the surcharge will be a uniform percentage of the sale of retail telecommunications services in an amount sufficient to support the purpose of the universal service fund.” There is no legislative cap on the size of the surcharge. However, as the triennial reviews in UM 1017 demonstrate, the Commission has always been concerned about how high the OUSF surcharge should be and what should be a practical limitation on the surcharge. This has resulted in rural ILECs accepting less support than they would otherwise be entitled to under the embedded cost formula the Commission adopted in 2003.

The Phase III Stipulation proposed for the very first time a hard cap on the OUSF surcharge rate. There had never been a hard cap in place in the past, but only a practical or common-sense recognition that the OUSF surcharge should be kept within a reasonable range.

Another important aspect of the surcharge is its limitation to “retail telecommunications services.” Local access lines have been in decline for a number of years and projections estimate further declines. This decrease in access lines requires that the contribution percentage be raised on the remaining access lines. VoIP service is not included within the definition of “retail telecommunications services” and, therefore, is not subject to the surcharge. Nevertheless, a significant number of facilities-based providers of VoIP have been making voluntary OUSF contributions. The Phase III Stipulation provided a commitment on behalf of these facilities-based providers to continue making these voluntary OUSF contribution payments throughout the term of the Phase III Stipulation. Without these voluntary contributions, the surcharge rate would increase even more rapidly than currently projected.

## VIII. Availability of Alternatives

The March 16 Notice asks the parties to address what constitutes a suitable service alternative such that a landline subsidy is not even warranted. A follow-up question was posed as “[w]hat criteria should the Commission use to determine whether a satisfactory alternative exists?” While Issue III(c) had not yet been addressed in Phase III of this docket through formal testimony, several parties

addressed the issue in pre-filed testimony submitted in Phase II of the docket. Recommendations included examining wireless service signal maps or utilizing the Oregon broadband map to determine where non-ILEC wireline competitors provide unsubsidized competitive service. Some parties argued that what constitutes the presence of an unsubsidized competitor needed careful definition. Some parties also argued that eliminating support in areas served by unsubsidized providers would require adjusting the calculation of support in the remaining high-cost areas, which, in theory, could produce higher levels of support.

Knowing what had been filed in Phase II of this docket, the parties did consider Issue III (c) in arriving at the Phase III Stipulation. The stipulated phase down of support in the Phase III Stipulation was recognized by the parties as taking into account that there could be a reduction in support based on the presence of unsubsidized competitors.

#### IX. The Statutory Scheme Does Not Contemplate A Voucher System

As explained above, ORS 759.425 contains several limitations on the Commission's discretion in how it may configure the OUSF. For example, the statute requires that "the universal service fund shall *provide explicit support to an eligible telecommunications carrier* that is equal to the difference between the cost of providing basic telephone service and the benchmark, less any explicit compensation received by the carrier from federal sources specifically targeted to recovery of local loop costs and less any explicit support received by the carrier from a federal universal service program." ORS 759.425(3)(a) (emphasis added). The statute does not provide for a voucher system that would provide support directly to customers. Legislative action would be needed before the Commission could implement such a funding mechanism.

#### X. The Phase III Stipulation Assures Basic Service Will Be Available at Reasonable and Affordable Rates

The Phase III Stipulation results in the Commission fulfilling its statutory responsibilities under ORS 759.425. The Commission's primary responsibility is to ensure that basic telephone service is available at reasonable and affordable rates. The Phase III Stipulation does that. The Commission should adopt the Phase III Stipulation.

The parties commenced settlement negotiations at a Settlement Workshop held on May 5, 2014. The parties engaged in further settlement discussion at a Settlement Workshop on July 14, 2014. Prior to that date, OCTA, OTA, Comcast, CenturyLink, and Frontier engaged in settlement discussions on their own. The

settlement discussions occurred on several occasions and involved an extensive review of the issues in this docket. Those parties reached settlement in principle among themselves. The settlement in principle was presented to the other parties and, after discussion at a Settlement Workshop held on August 13, 2014, and with some adjustment, the settlement was accepted (or not opposed) by all parties. The Phase III Stipulation is attached for convenience as Appendix D.

The Stipulation will result in material reductions to the overall size of the OUSF. The reductions will come in the form of a phase down of the OUSF receipts as described below.

For non-rural companies<sup>30</sup> there are reductions in OUSF support over five years beginning January 1, 2017.<sup>31</sup> This phase down will lead to support levels set out in Table 2 below. The end-point of the five-year reduction is OUSF support of \$12.688 million. This compares to a starting point of \$17.5 million dollars of OUSF support in 2016. This is a 27.5 percent reduction in OUSF support for the non-rural companies. This reduction should also be compared to the starting point in the Phase II settlement of \$27.2 million in OUSF support for the non-rural companies. Thus, the cumulative effect of Phase II and Phase III is a reduction in OUSF support of \$14.512 million, over half of the support the companies were receiving at the start of Phase II. Non-rural companies' OUSF receipts will not be affected by line counts, except to the extent that line counts may influence the trigger for the surcharge cap described below.

**TABLE 2**

Annual OUSF Support	Phase II Stipulation		Phase III Stipulation			
	2016	2017	2018	2019	2020	2021
Frontier Northwest	\$7,000,000	\$6,615,000	\$6,230,000	\$5,845,000	\$5,460,000	\$5,075,000
Qwest Corporation	\$10,500,000	\$9,922,500	\$9,345,000	\$8,767,500	\$8,190,000	\$7,612,500
Total <sup>✓</sup>	\$17,500,000 <sup>✓</sup>	\$16,537,500 <sup>✓</sup>	\$15,575,000 <sup>✓</sup>	\$14,612,500 <sup>✓</sup>	\$13,650,000 <sup>✓</sup>	\$12,687,500

The rural ILECs<sup>32</sup> OUSF support is also reduced. See Table 3, set out on next page. For the rural ILECs, the support for the 2015 fiscal year (July 1, 2015

<sup>30</sup> The non-rural companies are Qwest Corporation and Frontier Communications Northwest Inc.

<sup>31</sup> Phase II of UM 1481 covers the period up to January 1, 2017. See Order No. 13-162, dated May 2, 2013.

<sup>32</sup> Asotin Telephone Company d/b/a TDS Telecom, Beaver Creek Cooperative Telephone Company, Canby Telephone Association d/b/a Canby Telecom, Cascade Utilities, Inc., d/b/a Reliance Connects, CenturyTel of Oregon, Inc., d/b/a CenturyLink, CenturyTel of Eastern Oregon, Inc., d/b/a CenturyLink, Citizens Telecommunications Company of Oregon, Clear Creek Mutual Telephone Company, Colton Telephone Company d/b/a ColtonTel, Eagle Telephone System, Inc., Gervais Telephone Company, Helix Telephone Company, Home Telephone Company, Molalla Telephone Company d/b/a Molalla Communications Company, Monitor Cooperative Telephone Company, Monroe Telephone Company, Mt. Angel Telephone Company, Nehalem Telecommunications, Inc., d/b/a RTI Nehalem Telecom, North-State Telephone Co., Oregon-Idaho Utilities, Inc.,

through June 30, 2016) will be \$14,650,935. The rural ILECs are to be moved to a calendar-year basis with support for calendar year 2016 set at \$14,431,170. The aggregate support for the rural ILECs will be reduced in five equal annual steps.

Over the five-year period, the support will be reduced 15.2 percent. Rural ILEC's OUSF receipts will not be affected by line counts, per Order No. 13-162 in Docket UM 1481 Phase II dated May 2, 2013, page 4.

TABLE 3

Annual OUSF Support	Phase II Stipulation			Phase III Stipulation		
	2016	2017	2,018	2019	2020	2021
Rural Companies	\$14,431,170	\$13,991,643	13,552,115	\$13,112,587	\$12,673,059	\$12,233,531

This compares to the support levels for the rural ILECs prior to the Phase II Stipulation of \$15.7 million per year, a reduction of approximately 25%. It should be noted that the rural ILECs support levels prior to the Phase II Stipulation were the result of prior Stipulations adopted by the Commission in docket UM 1017. In Phase II of this Docket, Commission Staff submitted prefiled testimony that calculated a theoretical level of OUSF support for the rural ILECs under the approach previously adopted by the Commission in UM 1017 of over \$30 million per year in OUSF support.

The parties agreed to an OUSF surcharge cap. This was the first time an explicit cap of the fund had ever been proposed. Under the Phase III Stipulation the OUSF surcharge will be capped at 9.5% beginning January 1, 2017. If the surcharge would otherwise exceed 9.5%, a pro rata reduction in support until the 9.5% cap is reached will be determined for the rural ILECs in aggregate and the non-rural ILECs. The adjusted aggregate support amount for the rural ILECs will be allocated to them based on their relative shares of support received (modified for any reallocation of funding per Commission direction as discussed in the Phase III Stipulation) to the total adjusted support amount. The non-rural ILEC support would be reduced accordingly.

In addition, the parties agreed that the Phase III Stipulation resolved the following issues in this docket:

- (a) Accountability for the non-rural companies.

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Oregon Telephone Corporation, People's Telephone Co., Pine Telephone Systems, Inc., Pioneer Telephone Cooperative, Roome Telecommunications Inc., St. Paul Cooperative Telephone Association, Scio Mutual Telephone Association, Stayton Cooperative Telephone Company, Trans-Cascades Telephone Company d/b/a Reliance Connects, and United Telephone Company of the Northwest d/b/a CenturyLink.

- (b) Consideration of a methodology for allocation of ILEC network costs between basic telephone service and other services.
- (c) Consideration of a methodology for identifying areas in which there is unsubsidized competition and whether OUSF support should be provided in such areas.
- (d) Any other issues reasonably related to issues (a) through (c) above.

Issue (a) was fully reviewed and resolved. *See* Appendix D. Issues (b) and (c) are focused on controlling the size of the OUSF. The reductions set out in the Phase III Stipulation accomplish that goal. Beyond that, the result is that basic telephone service will be available at reasonable and affordable rates consistent with the goal of ORS 759.425.

The Parties submitted opening testimony on issue (b). The proposals in the testimony ranged from increasing the allocation of costs to basic telephone service, maintaining current allocation methodologies, allocating network cost based upon the number of services over the network, and allocation based upon capacity of services used over the network.

In Order 00-312 in Docket UM 731, non-rural companies were directed to use OUSF support to ensure that basic telephone service is available at a reasonable and affordable rate and were directed to offset OUSF support with reductions of implicit support in business rates. In Order 03-082 in Docket UM 1017, rural ILECs were ordered to use OUSF support for the same purpose and to offset OUSF support with reductions of implicit support in access rates. In the Stipulation, the Parties agreed to recommend to the Commission that the Commission modify the purpose for which OUSF support is to be used, pursuant to the powers granted to it by ORS 759.425. Beginning January 2017, the use of the OUSF would be for the following: investment, construction, operation, maintenance, and repair to ensure that basic telephone service is available at reasonable and affordable rates. The use of the funds will be restricted geographically to the non-rural high-cost areas established by Order No. 12-065 for reporting purposes and to the areas served by the rural ILECs.

Under the Stipulation, the companies represented by the signing parties and the affiliates of those companies or their parent company, as applicable, will collect the OUSF surcharge based on the company's intrastate retail revenues (including, but not limited to, revenues from Voice over Internet Protocol) and pay that amount to the OUSF. This obligation would commence January 1, 2017. This was an express commitment by cable providers to continue (and even expand)

support for the OUSF, which was made in writing for the first time in the Stipulation.

In light of the five-year term of the Stipulation, the Parties requested that the Commission cancel any directions to perform a triennial review to calculate per line support that may be contained in its prior orders. *See, e.g.,* Order No. 03-082 in Docket UM 1017.

In addition, the Stipulation contains a number of additional, beneficial provisions:

1. As pointed out in Section VII, above, for the first time there is a cap on the OUSF surcharge.
2. Commission Staff would perform the following functions:
  - (1) monitor company quarterly OUSF filings of intrastate telecommunications revenues to ensure the reporting of such information is correct and that the companies are applying the surcharge to all local exchange service revenues;
  - (2) continue to investigate company filings where there appear to be discrepancies;
  - and (3) develop recommendations on how to reduce the surcharge rate, within the boundaries set by statute. However, the scope of recommendations related to reducing the surcharge rate will not include reducing the amounts of distributions as set out in this Stipulation during the term of this Stipulation.
3. After 2021, the OUSF support shall continue at the 2021 level, subject to the OUSF surcharge cap of nine point five percent (9.5%), unless the Commission orders otherwise.
4. The Parties recommended that the Commission should review the OUSF during 2019 to determine if some other approaches should be taken.
5. The amounts of OUSF support for each rural ILEC within the agreed amount set forth in Paragraph 5 of the Stipulation will be subject to review to ensure that relative support amounts for each company are consistent with the process laid out in Order 03-082, Appendix B. Unless there is an unresolved dispute, the first review will be completed by September 30, 2015, and will be effective beginning January 1, 2017. Similarly, the second review will be completed by September 30, 2018, and will be effective beginning January 1, 2020. The reviews will be conducted by the Commission Staff in conjunction with the rural ILECs. The model will be updated to reflect changes in the federal support programs. For each of the reviews, the mechanism will incorporate a company's projected investment, reserve, and expense inputs. Should a company disagree with the projected results, the company will present Commission Staff

with support for its position and Staff and the company will enter into negotiations to develop an agreed reallocation. If Staff and the affected company(ies) cannot reach agreement, the dispute will be set for hearing. In the case of an unresolved dispute, the reallocation will go into effect in January of the respective adjustment year and adjustments will be made to the reallocation when the dispute is resolved. If any reallocation results in a rural ILEC receiving a 20 % or greater reduction in OUSF support in one period, such reduction shall be phased in using a three-year, equal step, glide path. Any reduction in support to a Rural Company shall be passed on to the other rural ILECs as an increase in their support according to their relative draw from the OUSF.

6. For the period January 1, 2017 through December 31, 2021, a qualified CLEC that is designated as an ETC for purposes of OUSF will draw at the ILEC per-line amount for the area it serves. The ILEC per-line support amount will begin with the base per-line support value contained in the “Base Per Line Support Amounts,” which is found on the PUC website. The per-line amount will be adjusted to reflect the percent reduction that has occurred for the specific non-rural company that owns the wire center between 2016 and the date the support amount is being calculated. This reduction method does not apply to the Warm Springs wire center.

7. It is recognized that the Warm Springs Telecommunications Company is in a unique situation as it builds a new network to serve the Confederated Tribes of Warm Springs Reservation and surrounding area. Pursuant to Order No. 13-162, Warm Springs Telecommunications Company will be capped at \$1,500,000 per year from the OUSF. Beginning with calendar year 2017 and each year thereafter for a period of five (5) years, Warm Springs Telecommunications Company’s adjusted cap will be calculated by reducing the \$1,500,000 cap by three percent (3%) per year.

The Stipulation fulfills the requirements that the universal service fund established and implemented by the Commission be used “to ensure basic telephone service is available at a reasonable and affordable rate.”<sup>33</sup> By approving the Stipulation, the Commission will continue to provide support for universal service, provide carriers with clarity and certainty about funding levels for a five-year period beginning after the end of the time covered by the Phase II Stipulation, and stabilize the financial burden on Oregon consumers that contribute to the program.

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<sup>33</sup> ORS 759.425(1).

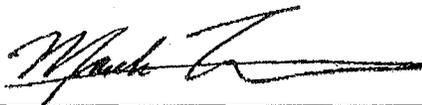
XI. Conclusion

For all of the foregoing reasons, the Commission should adopt the Phase III Stipulation.

Dated this 15<sup>th</sup> day of May, 2015.

Respectfully submitted,

DAVIS WRIGHT TREMAINE LLP



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# **APPENDIX A**

**759.425 Universal service fund; commission to establish price for basic telephone service; universal service surcharge; application to cellular services.**

(1) The Public Utility Commission shall establish and implement a competitively neutral and nondiscriminatory universal service fund. Subject to subsection (6) of this section, the commission shall use the universal service fund to ensure basic telephone service is available at a reasonable and affordable rate. The Public Utility Commission may adopt rules to conform the universal service fund to section 254 of the federal Telecommunications Act of 1996 (Public Law 104-104), and to related rules adopted by the Federal Communications Commission, to the extent that the Public Utility Commission determines is appropriate. The commission may delay implementation for rural telecommunications carriers, as defined in the federal Act, for up to six months after the date the Federal Communications Commission adopts a cost methodology for rural carriers.

(2)(a) The Public Utility Commission shall establish the price a telecommunications utility may charge its customers for basic telephone service. The commission in its discretion shall periodically review and evaluate the status of telecommunications services in the state and designate the services included in basic telephone service. The commission in its discretion shall periodically review and adjust as necessary the price a telecommunications utility may charge for basic telephone service.

(b) The provisions of this subsection do not apply to the basic telephone service provided by a telecommunications utility described in ORS 759.040.

(3)(a) The Public Utility Commission shall establish a benchmark for basic telephone service as necessary for the administration and distribution of the universal service fund. The universal service fund shall provide explicit support to an eligible telecommunications carrier that is equal to the difference between the cost of providing basic telephone service and the benchmark, less any explicit compensation received by the carrier from federal sources specifically targeted to recovery of local loop costs and less any explicit support received by the carrier from a federal universal service program.

(b) The commission in its discretion shall periodically review the benchmark and adjust it as necessary to reflect:

- (A) Changes in competition in the telecommunications industry;
- (B) Changes in federal universal service support; and
- (C) Other relevant factors as determined by the commission.

(c) Except for a telecommunications utility described in ORS 759.040, the commission shall seek to limit the difference between the price a telecommunications utility may charge for basic telephone service and the benchmark.

(4) Except as provided in subsections (7) and (8) of this section, there is imposed on the sale of all retail telecommunications services sold in this state a universal service surcharge. Unless otherwise provided by the Public Utility Commission by rule, the surcharge shall be a uniform percentage of the sale of retail telecommunications services in an amount sufficient to support the purpose of the universal service fund. The surcharge may be shown as a separate line item by all telecommunications carriers using language prescribed by the commission. A telecommunications carrier shall deposit amounts collected into the universal service fund according to a schedule adopted by the commission.

(5) The Public Utility Commission is authorized to establish a universal service fund, separate and distinct from the General Fund. The fund shall consist of all universal service surcharge moneys collected by telecommunications carriers and paid into the fund. The fund shall be used only for the purpose described in this section, and for payment of expenses incurred by the commission or a third party appointed by the commission to administer this section. All moneys in the fund are continuously appropriated to the commission to carry out the provisions of this section. Interest on moneys deposited in the fund shall accrue to the fund.

(6) In addition to the purpose specified in subsection (1) of this section, moneys in the universal service fund may be used by the Public Utility Commission to survey or map the state to determine where adequate broadband services are available. The amount of moneys in the universal service fund used for this purpose may not exceed the amount the state is required to expend to receive the maximum amount of funds available from federal sources for broadband services. If in-kind services are allowed for a state's share of a mapping project, the state shall use in-kind services before expending universal service funds. The commission may use an independent contractor to perform mapping services.

(7) For purposes of this section, "retail telecommunications service" does not include radio communications service, radio paging service, commercial mobile radio service, personal communications service or cellular communications service.

(8)(a) Notwithstanding subsection (7) of this section, a person who primarily provides radio communications service, radio paging service, commercial mobile radio service, personal communications service or cellular communications service may request designation as an eligible telecommunications carrier by the Public Utility Commission for purposes of participation in the universal service fund.

(b) In the event a person who primarily provides radio communications service, radio paging service, commercial mobile radio service, personal communications service or cellular communications service seeks designation as an eligible telecommunications carrier for purposes of participation in the universal service fund, the person shall provide written notice to the Public Utility Commission requesting designation as an eligible telecommunications carrier within 60 days of the date the commission establishes the fund. Upon receiving notice, the commission may designate the person as an eligible telecommunications carrier for purposes of participation in the fund.

(c) A person who primarily provides radio communications service, radio paging service, commercial mobile radio service, personal communications service or cellular communications service who fails to request designation as an eligible telecommunications carrier within 60 days of the date the universal service fund is established by the Public Utility Commission may not be designated as an eligible telecommunications carrier unless the person has contributed to the fund for at least one year immediately prior to requesting designation.

(9) A pay telephone provider may apply to the Public Utility Commission, on a form developed by the commission, for a refund of the universal service surcharge imposed on the provider under subsection (4) of this section for the provision of pay telephone service. [1999 c.1093 §28; 2001 c.966 §3; 2003 c.14 §§455,456; 2007 c.353 §1; 2009 c.885 §16; 2011 c.189 §1]

# §759.400<sup>1</sup>

## Definitions for ORS 759.400 to 759.455

As used in ORS 759.400 (Definitions for ORS 759.400 to 759.455) to 759.455 (Prohibited acts):

- I.** (1) Basic telephone service means local exchange telecommunications service defined as basic by rule of the Public Utility Commission.
- II.** (2) Retail telecommunications service means a telecommunications service provided for a fee to customers. Retail telecommunications service does not include a service provided by one telecommunications carrier to another telecommunications carrier, unless the carrier receiving the service is the end user of the service.
- III.** (3) Telecommunications carrier means any provider of retail telecommunications services, except a call aggregator as defined in ORS 759.690 (Operator service provider duties to service users). [1999 c.1093 §23]

## 860-032-0190

### Definition of Basic Telephone Service

(1) Purpose of rule. This rule defines the term "basic telephone service" pursuant to Ch. 1093, Laws of 1999 (SB 622), Section 23(1), as the term is used in Ch. 1093, Laws of 1999 (SB 622), Sections 23 through 38.

(2) "Basic telephone service" means retail telecommunications service that is single party, has voice grade or equivalent transmission parameters and tone-dialing capability, provides local exchange calling, and gives customers access to but does not include:

- (a) Extended area service (EAS);
- (b) Long distance service;
- (c) Relay service for the hearing and speech impaired;
- (d) Operator service such as call completion assistance, special billing arrangements, service and trouble assistance, and billing inquiry;
- (e) Directory assistance; and
- (f) Emergency 9-1-1 service, including E-9-1-1 where available.

(3) The following are classified as basic telephone service, whether sold separately or in a package:

- (a) Residential single party flat rate local exchange service;
- (b) Business single party flat rate local exchange service, also known as "simple" business service;
- (c) Residential single party measured local exchange service, including local exchange usage;
- (d) Business single party measured local exchange service, including local exchange usage;
- (e) Private branch exchange (PBX) trunk service;
- (f) Multiline or "complex" business service; and
- (g) Public access line (PAL) service.

(4) Services that are not considered basic telephone service include but are not limited to the following:

- (a) Integrated Services Digital Network (ISDN) service;
- (b) Digital subscriber line service, also known as xDSL service;
- (c) Frame relay service;
- (d) Centrex-type service;
- (e) Private line or dedicated point-to-point service;
- (f) Packet switched service;
- (g) Foreign exchange service;
- (h) Multiparty service, such as two-party and four-party suburban service; and
- (i) Custom calling features, such as call waiting and caller ID.

Stat. Auth: ORS 183, 756 & 759

Stats. Implemented: ORS 759.005 & 759.400

Hist.: PUC 15-1999(Temp), f. 12-15-99, cert. ef. 12-30-99 thru 6-26-00; PUC 11-2000, f. & cert. ef. 5-31-00; PUC 15-2001, f. & cert. ef. 6-21-01, Renumbered from 860-032-0260

## **47 U.S.C.**

United States Code, 2011 Edition

Title 47 - TELEGRAPHS, TELEPHONES, AND RADIOTELEGRAPHS

CHAPTER 5 - WIRE OR RADIO COMMUNICATION

SUBCHAPTER II - COMMON CARRIERS

Part II - Development of Competitive Markets

Sec. 254 - Universal service

From the U.S. Government Printing Office, [www.gpo.gov](http://www.gpo.gov)

### **§254. Universal service**

#### **(a) Procedures to review universal service requirements**

##### **(1) Federal-State Joint Board on universal service**

Within one month after February 8, 1996, the Commission shall institute and refer to a Federal-State Joint Board under section 410(c) of this title a proceeding to recommend changes to any of its regulations in order to implement sections 214(e) of this title and this section, including the definition of the services that are supported by Federal universal service support mechanisms and a specific timetable for completion of such recommendations. In addition to the members of the Joint Board required under section 410(c) of this title, one member of such Joint Board shall be a State-appointed utility consumer advocate nominated by a national organization of State utility consumer advocates. The Joint Board shall, after notice and opportunity for public comment, make its recommendations to the Commission 9 months after February 8, 1996.

##### **(2) Commission action**

The Commission shall initiate a single proceeding to implement the recommendations from the Joint Board required by paragraph (1) and shall complete such proceeding within 15 months after February 8, 1996. The rules established by such proceeding shall include a definition of the services that are supported by Federal universal service support mechanisms and a specific timetable for implementation. Thereafter, the Commission shall complete any proceeding to implement subsequent recommendations from any Joint Board on universal service within one year after receiving such recommendations.

#### **(b) Universal service principles**

**I.** The Joint Board and the Commission shall base policies for the preservation and advancement of universal service on the following principles:

##### **(1) Quality and rates**

Quality services should be available at just, reasonable, and affordable rates.

##### **(2) Access to advanced services**

Access to advanced telecommunications and information services should be provided in all regions of the Nation.

**(3) Access in rural and high cost areas**

Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.

**(4) Equitable and nondiscriminatory contributions**

All providers of telecommunications services should make an equitable and nondiscriminatory contribution to the preservation and advancement of universal service.

**(5) Specific and predictable support mechanisms**

There should be specific, predictable and sufficient Federal and State mechanisms to preserve and advance universal service.

**(6) Access to advanced telecommunications services for schools, health care, and libraries**

Elementary and secondary schools and classrooms, health care providers, and libraries should have access to advanced telecommunications services as described in subsection (h) of this section.

**(7) Additional principles**

Such other principles as the Joint Board and the Commission determine are necessary and appropriate for the protection of the public interest, convenience, and necessity and are consistent with this chapter.

**(c) Definition**

**(1) In general**

Universal service is an evolving level of telecommunications services that the Commission shall establish periodically under this section, taking into account advances in telecommunications and information technologies and services. The Joint Board in recommending, and the Commission in establishing, the definition of the services that are supported by Federal universal service support mechanisms shall consider the extent to which such telecommunications services—

II. (A) are essential to education, public health, or public safety;

III. (B) have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;

- IV. (C) are being deployed in public telecommunications networks by telecommunications carriers; and
- V. (D) are consistent with the public interest, convenience, and necessity.

### **(2) Alterations and modifications**

The Joint Board may, from time to time, recommend to the Commission modifications in the definition of the services that are supported by Federal universal service support mechanisms.

### **(3) Special services**

In addition to the services included in the definition of universal service under paragraph (1), the Commission may designate additional services for such support mechanisms for schools, libraries, and health care providers for the purposes of subsection (h) of this section.

### **(d) Telecommunications carrier contribution**

VI. Every telecommunications carrier that provides interstate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, to the specific, predictable, and sufficient mechanisms established by the Commission to preserve and advance universal service. The Commission may exempt a carrier or class of carriers from this requirement if the carrier's telecommunications activities are limited to such an extent that the level of such carrier's contribution to the preservation and advancement of universal service would be de minimis. Any other provider of interstate telecommunications may be required to contribute to the preservation and advancement of universal service if the public interest so requires.

### **(e) Universal service support**

VII. After the date on which Commission regulations implementing this section take effect, only an eligible telecommunications carrier designated under section 214(e) of this title shall be eligible to receive specific Federal universal service support. A carrier that receives such support shall use that support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Any such support should be explicit and sufficient to achieve the purposes of this section.

### **(f) State authority**

VIII. A State may adopt regulations not inconsistent with the Commission's rules to preserve and advance universal service. Every telecommunications carrier that provides intrastate telecommunications services shall contribute, on an equitable and nondiscriminatory basis, in a manner determined by the State to the preservation and advancement of universal service in that State. A State may adopt regulations to provide for additional definitions and standards to preserve and advance universal service within that State only to the extent that such regulations adopt additional specific, predictable, and sufficient mechanisms to support such definitions or standards that do not rely on or burden Federal universal service support mechanisms.

# **APPENDIX B**

## **FORM O**

NOTE

# ANNUAL REPORT FORM O

Total Company and Total Oregon Operations

OF

PUC Identification No.: 0000

**Company Name Here**

(name of responding telecommunications cooperative or utility)

TO THE  
PUBLIC UTILITY COMMISSION OF OREGON  
Street Address: 3930 Fairview Industrial Dr SE, Salem OR 97302-1166  
Mailing Address: PO Box 1088, Salem OR 97308-1088

**FOR THE YEAR ENDING DECEMBER 31, 2014**

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**Information Required from All Companies**

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- A-2..... Important Changes During the Year
- A-3..... Stockholders
- \* B-1..... Balance Sheet
- B-2..... Analysis of Depreciation and Amortization
- B-3..... Analysis of Charges Related to Plant Retired
- B-4..... Long-Term Debt
- \* I-1..... Income Statement
- \* I-2..... Full-Time Employees
- \* I-3..... Compensation of Directors, Officers, and Managers
- I-4..... Operating Taxes Other Than Federal Income Tax
- I-5..... (not used)
- I-6..... Reconciliation of Reported Net Income With Taxable Income for Federal Income Tax
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- \* S-1..... Switches and Access Lines in Service
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**GLOBAL NOTES:** This Report is for *TOTAL COMPANY OPERATIONS in Oregon*. Companies are no longer required to report on their total company operations separate from their Oregon operations. All dollars are reported as whole dollars (do not report in thousands), blue font is used where cells are unlocked and accept input. All cells that are to record dollar amounts have been zero filled and should remain that zero filled unless used to record dollar amounts. Cells that have black font are locked and/or calculated. Account Lines 1170.2 , 1170.3, 3500, 4310, and 5105 have been deleted from the B-1 schedule. Accounts 2690, 3100, 3400, 4200, 4361, 5000, and 7910 have been renamed for administrative purposes and to be closer in line with 47 CFR part 32 USoA. The user will find it flows best if Schedule B-3 is completed first as many of the inputs help populate other schedules. Schedules from other reports are not acceptable. See instructions for more detailed information.

© This schedule contains **CONFIDENTIAL** information.

\* All telecommunications utilities and cooperatives (incumbent local exchange carriers) must provide the information requested on this schedule. Specific ILECs may leave portions of other schedules blank, as indicated in the instructions.

NOTE

<b>A-1. GENERAL INFORMATION</b>			
<b>A. Identity of Respondent</b>			
1.	Exact Legal Name of Respondent: <b>Company Name Here</b>	Assumed Business Name, Doing Business As Name, or Also Known As Name (if same as legal name, write "SAME"): <b>Enter Name or Same</b>	
2.	Name of Person (including title) Whom OPUC Should Contact About This Report: <b>Your Name, Title</b>	Business Street Address: <b>1234 Telephone Way, Salem, OR 97310</b>	Voice Telephone Number: <b>000-000-0000</b>
	E-mail Address: <b>email@domain.com</b>	Mailing Address (if same as street address, write "SAME"): <b>PO Box 4321, Salem, OR 972018</b>	Facsimile Number: <b>000-000-0000</b>
<b>B. Other Published Annual Reports</b>			
<input type="checkbox"/> REPORT TO STOCKHOLDERS / MEMBERS. A copy of the annual report to stockholders or members <input type="checkbox"/> was <input type="checkbox"/> will be sent to OPUC on or about <span style="border: 1px solid black; padding: 2px;">Month</span> <span style="border: 1px solid black; padding: 2px;">▼</span> Year <span style="border: 1px solid black; padding: 2px;">▼</span>			
<input type="checkbox"/> Annual reports to stockholders or members are not published			
<input type="checkbox"/> RUS REPORT. A copy of the published annual report to the Rural Utilities Service <input type="checkbox"/> was <input type="checkbox"/> will be sent to OPUC on or about <span style="border: 1px solid black; padding: 2px;">Month</span> <span style="border: 1px solid black; padding: 2px;">▼</span> Year <span style="border: 1px solid black; padding: 2px;">▼</span>			
<input type="checkbox"/> The respondent does not report to the Rural Utilities Service.			
<input type="checkbox"/> ARMIS REPORT. A copy of the ARMIS report Part 43-02 was will be sent to OPUC on or about <input type="checkbox"/> was <input type="checkbox"/> will be sent to OPUC on or about <span style="border: 1px solid black; padding: 2px;">Month</span> <span style="border: 1px solid black; padding: 2px;">▼</span> Year <span style="border: 1px solid black; padding: 2px;">▼</span>			
<input type="checkbox"/> The respondent does not file ARMIS reports with the Federal Communications Commission.			
<input type="checkbox"/> LEC REPORT. A copy of the respondent's Annual Report for Local Exchange Carriers to OPUC is attached			
<b>C. Signature</b>			
<p>I certify that I am the responsible accounting officer or director of the above-named company and I examined this report. To the best of my knowledge, information, and belief, all statements of fact in this report are true, and this report correctly states the respondent's business and affairs in each matter set forth from January 1, 2014, through December 31, 2014.</p>			
<div style="display: flex; justify-content: space-between; border-top: 1px solid black; margin-top: 20px;"> <span style="width: 25%; text-align: center;">(signature)</span> <span style="width: 25%; text-align: center;">(printed or typed name)</span> <span style="width: 25%; text-align: center;">(printed or typed title)</span> <span style="width: 25%; text-align: center;">(date)</span> </div>			

Company: Company Name Here

**NOTE**

**A-2. IMPORTANT CHANGES DURING THE YEAR**

1. **CHANGES IN SERVICE TERRITORY, EXTENSIONS OF SERVICES, SALES, MERGERS, ABANDONMENT, AND CHANGES IN IDENTITY.** If there were changes in the respondent's identity or Oregon service territory during the year, describe the changes.
2. **CHANGES IN ACCOUNTING STANDARDS.** Briefly describe the changes in accounting standards, including the effective date of the change and the impact on the accounts as provided for by generally accepted accounting principles.
3. **CHANGES IN OWNERSHIP OR DIRECT CONTROL.** If ownership or direct control over the respondent changed during the year, provide the following information:
  - a. State the form of control (i.e., sole or joint).
  - b. State the names and addresses of the directly controlling organizations or persons.
  - c. State the means by which control was held (for example, through ownership of voting securities, common directors, officers, stockholders, voting trusts, etc.).
  - d. State the extent of control.
  - e. If the directly controlling organization or person was in turn controlled by another organization or person, show the chain of control to the ultimately controlling organization or person and the extent of control over each directly controlled organization or person in the chain.
  - f. If any controlling organization or person held control as trustee, give the names and addresses of the beneficiaries for whom the trust is maintained and the purpose of the trust.

**A-3. STOCKHOLDERS**

Line No.	Class of Stock (a)	Shares Held (b)	Name of Stockholder (c)
<input type="checkbox"/>	NOT REQUIRED, because the respondent is a cooperative.		
<input type="checkbox"/>	NOT REQUIRED, because the respondent is a publicly traded company.		
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			

Company: Company Name Here

NOTE

B-1 BALANCE SHEET							
Line No.	Account No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
<b>Assets</b>							
1	1120	Cash and Equivalents	\$ -				\$ -
2	1170	Receivables	\$ -				\$ -
3	1171	Allowance for Doubtful Accounts	\$ -				\$ -
4	1220	Inventories	\$ -				\$ -
5	1280	Prepayments	\$ -				\$ -
6	1350	Other Current Assets	\$ -				\$ -
7		<b>Total Current Assets (lines 1..6)</b>	\$ -				\$ -
8	1406	Nonregulated Investments	\$ -				\$ -
9	1410	Other Noncurrent Assets	\$ -				\$ -
10	1438	Deferred Maintenance, Retirements, and Other Deferred Charges	\$ -				\$ -
11	1500	Other Jurisdictional Assets - Net	\$ -				\$ -
12		<b>Total Noncurrent Assets (lines 8..11)</b>	0	\$ -	\$ -	\$ -	0
13	2001	Telecommunications Plant in Service (line 61)	0	0	0	0	0
14	2002	Property Held for Future Telecommunications Use	\$ -				\$ -
15	2003	Telecommunications Plant Under Construction	\$ -				\$ -
16	2005	Telecommunications Plant Adjustment	\$ -				\$ -
17	2006	Nonoperating Plant	\$ -				\$ -
18	2007	Goodwill	\$ -				\$ -
19		<b>Total Plant (lines 13..18)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

Company: Company Name Here

NOTE

B-1. BALANCE SHEET							
Line No.	Account No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
<b>Telecommunications Plant in Service</b>							
20	2111	Land	\$ -	\$ -	\$ -	\$ -	\$ -
21	2112	Motor Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -
22	2113	Aircraft	\$ -	\$ -	\$ -	\$ -	\$ -
23	2114	Tools and Other Work Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
24	2121	Buildings	\$ -	\$ -	\$ -	\$ -	\$ -
25	2122	Furniture	\$ -	\$ -	\$ -	\$ -	\$ -
26	2123.1	Office Support Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
27	2123.2	Company Communications Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
28		<i>Sub-Total 2123 Office Equipment (lines 26+27)</i>	\$ -	\$ -	\$ -	\$ -	\$ -
29	2124	General Purpose Computers	\$ -	\$ -	\$ -	\$ -	\$ -
30		<b>Total Land and Support (lines 20, 27 and 29)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
31	2211	Nondigital Switching	\$ -	\$ -	\$ -	\$ -	\$ -
32	2212.1	Digital Electronic Switching - Circuit	\$ -	\$ -	\$ -	\$ -	\$ -
33	2212.21	Digital Electronic Switching - Packet Switching	\$ -	\$ -	\$ -	\$ -	\$ -
34	2212.22	Digital Electronic Switching - Soft Switch	\$ -	\$ -	\$ -	\$ -	\$ -
35		<b>Total Central Office - Switching (lines 31..34)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
36	2220	Operator Systems	\$ -	\$ -	\$ -	\$ -	\$ -
37	2231	Radio Systems	\$ -	\$ -	\$ -	\$ -	\$ -
38	2232.1	Circuit Equipment - Electronic	\$ -	\$ -	\$ -	\$ -	\$ -
39	2232.2	Circuit Equipment - Optical	\$ -	\$ -	\$ -	\$ -	\$ -
40		<b>Total Central Office - Transmission (lines 37..39)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
41		<b>Total Switching and Transmission (lines 35..39)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
42	2310	Information Origination/Termination	\$ -	\$ -	\$ -	\$ -	\$ -
43	2351	Public Telephone Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
44	2362	Other Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
45		<b>Total Information Origination/Termination (lines 42..44)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

Company: Company Name Here

NOTE

B-1 BALANCE SHEET							
Line No.	Account No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
46	2411	Poles	\$ -	\$ -	\$ -	\$ -	\$ -
47	2421.1	Aerial Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
48	2421.2	Aerial Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
49	2422.1	Underground Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
50	2422.2	Underground Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
51	2423.1	Buried Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
52	2423.2	Buried Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
53	2424	Submarine and Deep Sea Cable	\$ -	\$ -	\$ -	\$ -	\$ -
54	2426	Intrabuilding Network Cable	\$ -	\$ -	\$ -	\$ -	\$ -
55	2431	Aerial Wire	\$ -	\$ -	\$ -	\$ -	\$ -
56	2441	Conduit Systems	\$ -	\$ -	\$ -	\$ -	\$ -
57		<b>Total Cable and Wire Facilities (lines 46..56)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
58	2680	Amortizable Tangible Assets	\$ -	\$ -	\$ -	\$ -	\$ -
59	2690	Intangibles (Balance reflects the reduction of \$0 from B-2 Ln 38 Col (g))	\$ -	\$ -	\$ -	\$ -	\$ -
60		<b>Total Other Assets (lines 58..59)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
61		<b>Telecommunications Plant in Service (lines 30+41+45+57+60)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Accumulated Depreciation and Amortization</b>							
62	3100	Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
63	3200	Depreciation - Property Held for Future Telecommunications Use	\$ -	\$ -	\$ -	\$ -	\$ -
64	3300	Depreciation - Nonoperating	\$ -	\$ -	\$ -	\$ -	\$ -
65	3400	Accumulated amortization-Tangible	\$ -	\$ -	\$ -	\$ -	\$ -
66		<b>Accumulated Depreciation and Amortization (lines 62..65)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
67		<b>Net Plant (line 19 less line 66)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
68		<b>Total Assets (lines 7+12+67)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

Company: Company Name Here

NOTE

B-1 BALANCE SHEET							
Line No.	Account No.	Description (a)	Balance at Beginning of Year (b)	Plant Additions (c)	Plant Retirements (d)	Transfers and Adjustments (e)	Balance at End of Year (f)
<b>Liabilities and Equity</b>							
69	4010	Current Accounts & Notes Payable (excludes State USF)	\$ -				\$ -
70	4010.2	Collection and Contribution of State USF	\$ -				\$ -
71	4040	Customer Deposits	\$ -				\$ -
72	4070	Income Taxes - Accrued	\$ -				\$ -
73	4080	Other Taxes - Accrued	\$ -				\$ -
74	4100	Net Current Deferred Operating Income Tax	\$ -				\$ -
75	4110	Net Current Deferred Nonoperating Income Tax	\$ -				\$ -
76	4130	Other Current Liabilities	\$ -				\$ -
77		<b>Total Current Liabilities (lines 69..76)</b>	\$ -				\$ -
78	4200	Long Term debt and funded debt	\$ -				\$ -
79	4300	Other Liabilities and deferred credits	\$ -				\$ -
80	4320	Unamortized Operating Investment Tax Credits - Net	\$ -				\$ -
81	4330	Unamortized Nonoperating Investment Tax Credits - Net	\$ -				\$ -
82	4340.1	Net Noncurrent Deferred Operating Federal Income Tax	\$ -				\$ -
83	4340.2	Net Noncurrent Deferred Operating State Income Tax	\$ -				\$ -
84	4341	Net Deferred Tax Liability Adjustments	\$ -				\$ -
85	4350	Net Noncurrent Deferred Nonoperating Income Tax	\$ -				\$ -
86	4361	Deferred Tax Regulatory adjustments - Net	\$ -				\$ -
87	4370	Other Jurisdictional Liabilities and Deferred Credits - Net	\$ -				\$ -
88		<b>Total Other Liabilities and Deferred Credits (lines 78..87)</b>	\$ -				\$ -
89	4510	Capital Stock	\$ -				\$ -
90	4520	Additional Paid-In Capital	\$ -				\$ -
91	4530	Treasury Stock	\$ -				\$ -
92	4540	Other Capital	\$ -				\$ -
93	4550	Retained Earnings (from Retained Earnings, below)	\$ -				\$ -
94		<b>Total Stockholders' Equity (lines 89..93)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
95		<b>Total Liabilities and Equity (lines 77+88+94)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Retained Earnings</b>							
96	480	Balance at January 1	\$ -				\$ -
97	465	Net Income (from Income Statement, Schedule I-1, line 81)	\$ -				\$ -
98	470	Dividends Declared	\$ -				\$ -
99	475	Miscellaneous Debits (Include explanation in footnotes)	\$ -				\$ -
100	480	Miscellaneous Credits (Include explanation in footnotes)	\$ -				\$ -
101	490	<b>Balance at December 31 (lines 96+97+100 less line 98 &amp; 99)</b>	\$ -				\$ -

Footnotes: Enter any applicable notes here

Company: Company Name Here

B-2. ANALYSIS OF DEPRECIATION AND AMORTIZATION											NOTE
Line No.	Account No.	Plant Account Description (a)	Accumulated Balance at Beginning of Year (b)	CREDITS During the Year			CHARGES During the Year			Accumulated Balance at End of Year (g)	Composite Depreciation Rate (%) (h)
				Charged to Expense Account (c)	Other (d)	Credits (e)	Plant (e)	Retired (f)	Other (f)		
<b>DEPRECIATION</b>											
1	2112	Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
2	2113	Aircraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
3	2114	Tools and Other Work Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
4	2121	Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
5	2122	Furniture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
6	2123.1	Office Support Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
7	2123.2	Company Communications Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
8		<b>Sub-Total 2123 Office Equipment (lines 6..7)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
9	2124	General Purpose Computers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
10		<b>Total Support (lines 1..7 and 9)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11	2211	Nondigital Switching	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
12	2212.1	Digital Electronic Switching - Circuit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
13	#####	Digital Electronic Switching - Packet Switching	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
14	#####	Digital Electronic Switching - Soft Switch	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
15		<b>Total Switching (lines 11..14)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
16	2220	Operator Systems	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
17	2231	Radio Systems	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
18	2232.1	Circuit Equipment - Electronic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
19	2232.2	Circuit Equipment - Optical	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
20		<b>Total Circuit (lines 17..19)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
21	2310	Information Origination/Termination	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
22	2351	Public Tel. Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
23	2362	Other Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
24	2411	Poles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
25	2421.1	Aerial Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
26	2421.2	Aerial Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
27	2422.1	Underground Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
28	2422.2	Underground Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
29	2423.1	Buried Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
30	2423.2	Buried Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
31	2424	Submarine and Deep Sea Cable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
32	2426	Intrabuilding Network Cable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
33	2431	Aerial Wire	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
34	2441	Conduit Systems	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
35		<b>Total Cable and Wire (lines 24..34)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
36		<b>Total Depreciation (lines 10+15+16+20+21+22+23+35)</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>AMORTIZATION</b>											
37	2680	Amortizable Tangible Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
38	2690	Intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
39		<b>Total Amortization (lines 37..38)</b>	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2014

Company: Company Name Here

B-3 ANALYSIS OF CHARGES RELATED TO PLANT RETIRED							NOTE
Line No.	Account No.	Plant Account Description (a)	Book Cost (b)	Cost of Removal (c)	Salvage and Insurance (d)	Miscellaneous Adjustments (±) (e)	Net Retirements [Sch. B-2, Col. (e)] (f)
1	2112	Vehicles	\$ -	\$ -	\$ -	\$ -	\$ -
2	2113	Aircraft	\$ -	\$ -	\$ -	\$ -	\$ -
3	2114	Tools and Other Work Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
4	2121	Buildings	\$ -	\$ -	\$ -	\$ -	\$ -
5	2122	Furniture	\$ -	\$ -	\$ -	\$ -	\$ -
6	2123.1	Office Support Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
7	2123.2	Company Communications Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
8		<b>Sub-Total 2123 Office Equipment (Lines 6..7)</b>	\$ -	\$ -	\$ -	\$ -	\$ -
9	2124	General Purpose Computers	\$ -	\$ -	\$ -	\$ -	\$ -
10	2211	Nondigital Switching	\$ -	\$ -	\$ -	\$ -	\$ -
11	2212.1	Digital Electronic Switching - Circuit	\$ -	\$ -	\$ -	\$ -	\$ -
12	2212.21	Digital Electronic Switching - Packet Switching	\$ -	\$ -	\$ -	\$ -	\$ -
13	2212.22	Digital Electronic Switching - Soft Switch	\$ -	\$ -	\$ -	\$ -	\$ -
14	2220	Operator Systems	\$ -	\$ -	\$ -	\$ -	\$ -
15	2231	Radio Systems	\$ -	\$ -	\$ -	\$ -	\$ -
16	2232.1	Circuit Equipment - Electronic	\$ -	\$ -	\$ -	\$ -	\$ -
17	2232.2	Circuit Equipment - Optical	\$ -	\$ -	\$ -	\$ -	\$ -
18	2310	Information Origination/Termination	\$ -	\$ -	\$ -	\$ -	\$ -
19	2351	Public Tel. Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
20	2362	Other Terminal Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
21	2411	Poles	\$ -	\$ -	\$ -	\$ -	\$ -
22	2421.1	Aerial Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
23	2421.2	Aerial Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
24	2422.1	Underground Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
25	2422.2	Underground Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
26	2423.1	Buried Cable - Metallic	\$ -	\$ -	\$ -	\$ -	\$ -
27	2423.2	Buried Cable - Nonmetallic	\$ -	\$ -	\$ -	\$ -	\$ -
28	2424	Submarine and Deep Sea Cable	\$ -	\$ -	\$ -	\$ -	\$ -
29	2426	Intrabuilding Network Cable	\$ -	\$ -	\$ -	\$ -	\$ -
30	2431	Aerial Wire	\$ -	\$ -	\$ -	\$ -	\$ -
31	2441	Conduit Systems	\$ -	\$ -	\$ -	\$ -	\$ -
32		<b>Total Charges Related to Plant Retired (lines 1..7, 9..31)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

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Company: Company Name Here

<b>B-4. LONG-TERM DEBT</b>				<b>NOTE</b>
Line No.	Description of Obligation  (a)	Non Current portion of Long Term Debt  (b)	Current portion of Long Term Debt  (c)	Total Long Term debt for listed account  (d)
1		\$ -	\$ -	\$ -
2		\$ -	\$ -	\$ -
3		\$ -	\$ -	\$ -
4		\$ -	\$ -	\$ -
5		\$ -	\$ -	\$ -
6		\$ -	\$ -	\$ -
7		\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -
9		\$ -	\$ -	\$ -
10		\$ -	\$ -	\$ -
11		\$ -	\$ -	\$ -
12		\$ -	\$ -	\$ -
13		\$ -	\$ -	\$ -
14		\$ -	\$ -	\$ -
15		\$ -	\$ -	\$ -
16		\$ -	\$ -	\$ -
17		\$ -	\$ -	\$ -
18		\$ -	\$ -	\$ -
19		\$ -	\$ -	\$ -
20		\$ -	\$ -	\$ -
21		\$ -	\$ -	\$ -
22		\$ -	\$ -	\$ -
23		\$ -	\$ -	\$ -
24		\$ -	\$ -	\$ -
25		\$ -	\$ -	\$ -
26	<b>Total</b>	\$ -	\$ -	\$ -

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P-1: INCOME STATEMENT			NOTE
Line No.	Account No.	Description (a)	Total Amount During the Year (b)
<b>Operating Revenues</b>			
1	5000	Basic Local Service Revenue	\$ -
2	5070	Distributions of State Universal Service Funds (Monies Received from State USFs)	\$ -
3	5081.1	Subscriber Line Charges and Presubscribed Interexchange Carrier Charges	\$ -
4	5081.2	Collections of Federal Universal Service Funds (Monies Billed to Customers for Fed USF)	\$ -
5	5081.4	Distributions of Federal Universal Service Funds (Monies Received from Federal USF)	\$ -
6	5081.5-9	Other Intrastate End User Revenues	\$ -
7	5082.1	Switched Access Revenue - Interstate	\$ -
8	5082.2	Switched Access Revenue - Intrastate	\$ -
9	5083.1	Special Access Revenue - Interstate	\$ -
10	5083.2	Special Access Revenue - Intrastate	\$ -
11		<b>Total Network Access Revenues (lines 3..10)</b>	\$ -
12	5100	Long Distance Message Revenue	\$ -
13	5200.1	Directory Revenue	\$ -
14	5200.2	Carrier Billing and Collection Revenue	\$ -
15	5200.3	Other Miscellaneous Revenue	\$ -
16		<b>Total Miscellaneous Revenues (lines 13..15)</b>	\$ -
17	5280	Nonregulated Operating Revenue	\$ -
18	5300	Uncollectible Revenues (enter as a negative value)	\$ -
19		<b>Total Operating Revenues (lines 1+2+11+12+16+17+18)</b>	\$ -
20		Interstate and Foreign (International) Revenues Included in the Above Operating Revenues	\$ -
<b>Operating Expenses</b>			
21	6110-6114	Network Support Expenses	\$ -
22	6120-6124	General Support Expenses	\$ -
23	6211	Nondigital Switching Expense	\$ -
24	6212.1	Digital Electronic Expense - Circuit	\$ -
25	6212.21	Digital Electronic Expense - Packet Switching	\$ -
26	6212.22	Digital Electronic Expense - Soft Switch	\$ -
27		<b>Total Central Office Switching Expenses (lines 23..26)</b>	\$ -

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I-1. INCOME STATEMENT			NOTE
Line No.	Account No.	Description (a)	Total Amount During the Year (b)
28	6220	Operator Systems Expense	\$ -
29	6231	Radio System Expense	\$ -
30	6232.1	Circuit Equipment Expense - Electronic	\$ -
31	6232.2	Circuit Equipment Expense - Optical	\$ -
32		<b>Total Switching and Central Office Transmission Expenses (lines 28..31)</b>	\$ -
33	6310-6341	Information Origination/Termination Expense	\$ -
34	6351	Public Telephone Terminal Equipment Expense	\$ -
35	6362	Other Terminal Equipment Expense	\$ -
36		<b>Total Information Origination/Termination (lines 33..35)</b>	\$ -
37	6411	Poles Expense	\$ -
38	6421	Aerial Cable Expense	\$ -
39	6422	Underground Cable Expense	\$ -
40	6423	Buried Cable Expense	\$ -
41	6424	Submarine and Deep Sea Cable Expense	\$ -
42	6426	Intrabuilding Network Cable Expense	\$ -
43	6431	Aerial Wire Expense	\$ -
44	6441	Conduit Systems Expense	\$ -
45		<b>Total Cable and Wire Facilities Expenses (lines 37..44)</b>	\$ -
46		<b>Total Plant Specific Expenses (lines 21+22+27+32+36+45)</b>	\$ -
47	6511	Property Held for Future Telecommunications Use Expense	\$ -
48	6512	Provisioning Expense	\$ -
49		<b>Total Other Property, Plant, and Equipment Expense (lines 47..48)</b>	\$ -
50	6530-6535	Network Operations Expenses	\$ -
51	6540	Access Expense	\$ -
52	6540.1	Federal Universal Support Contributions (Monies You Paid Into Fed USF)	\$ -
53	6561	Depreciation - Telecommunications Plant in Service ( B-2, Total of Column (c) Depreciation)	\$ -
54	6562	Depreciation - Property Held for Future Telecommunications Use	\$ -
55	6563	Amortization Expense - Tangible Assets (B-2, Column (c), Acct 2680)	\$ -
56	6564	Amortization Expense - Intangible Assets (B-2, Column (c), Acct 2690)	\$ -
57		<b>Total Depreciation and Amortization Expenses (lines 53..56)</b>	\$ -
58		<b>Total Plant Nonspecific Expenses (lines 49+50+51+52+57)</b>	\$ -

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I-1. INCOME STATEMENT			NOTE
Line No.	Account No.	Description (a)	Total Amount During the Year (b)
59	6610-6613	Marketing Expenses	\$ -
60	6620	Services Expenses	\$ -
61		<b>Total Customer Operations Expenses (lines 59-60)</b>	\$ -
62	6720	General and Administrative Expense	\$ -
63	6790	Less: Provision for Uncollectible Notes Receivable	\$ -
64		<b>Total Operating Expenses (lines 46+58+61+62-63)</b>	\$ -
65		<b>Net Revenue (line 19 less line 64)</b>	\$ -
<b>Other Income and Expenses</b>			
66	7100	Other Operating Income and Expenses	\$ -
67	7210	Operating Investment Tax Credits - Net	\$ -
68	7220	Operating Federal Income Taxes	\$ -
69	7230	Operating State and Local Income Taxes	\$ -
70	7240	Operating Other Taxes	\$ -
71	7250.1	Provision for Deferred Operating Federal Income Tax - Net	\$ -
72	7250.2	Provision for Deferred Operating State Income Tax - Net	\$ -
73		<b>Net Operating Taxes (lines 67-72)</b>	\$ -
74		<b>Net Operating Income (lines 65+65-73)</b>	\$ -
75	7300	Nonoperating Income and Expenses	\$ -
76	7400	Nonoperating Taxes	\$ -
77	7500	Interest and Related Items	\$ -
78	7600	Extraordinary Items	\$ -
79	7910	Income effect of jurisdictional ratemaking difference - Net	\$ -
80	7990	Nonregulated Net Income	\$ -
81		<b>Net Income (lines 74+75+78+79+80-76-77)</b>	\$ -
<b>I-2. FULL-TIME EMPLOYEES</b>			
1		Management Employees (Regulated Activities)	0
2		Nonmanagement Employees (Regulated Activities)	0
3		Employees Allocated From or Paid by Affiliated Companies (Regulated Activities)	0
4		<b>Total Full-Time Employees (lines 1-3 - Regulated Activities)</b>	0

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NOTE

Company: Company Name Here

A utility that is not partially exempt from regulation under ORS 759.040 must list the same or equivalent positions as shown in its Annual Budget of Expenditures for the year. A cooperative or small utility must list owners, officers, members of the board of directors, managers, and members of their families whom the respondent or its affiliates paid more than \$25,000 during the year and charged any portion thereof to Oregon operating accounts.

I-3. COMPENSATION OF DIRECTORS, OFFICERS, AND MANAGERS									
Line No.	Name of Person, Title, and Department  (a)	Total Amount of Compensation Paid During the Year							Amount Charged to Oregon Operating Accounts  (i)
		Total Compensation Paid by Respondent					Total Compensation Paid by Affiliates  (g)	Total Compensation (Columns b+c+d+e+g)  (h)	
		Salaries  (b)	Insurance and Pensions  (c)	Director Fees  (d)	Other Compensation				
Total Amount  (e)	Description  (f)								
1		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	<b>Totals</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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1.4 OPERATING TAXES OTHER THAN FEDERAL INCOME TAX			NOTE
Line No.	Account No.	Description (a)	Total Amount During the Year (b)
State Income Tax:			
1		Current	\$ -
2		Current Deferred	\$ -
3		Prior Deferred	\$ -
4		Optional Input Line	\$ -
5		Optional Input Line	\$ -
6		Optional Input Line	\$ -
7		Optional Input Line	\$ -
8		<b>Total Current and Deferred State Income Tax (lines 1..3)</b>	<b>\$ -</b>
9	7240	Property Taxes	\$ -
10	7240	Privilege Taxes, Fees, and Other Assessments	\$ -
11	7240	Other Taxes	\$ -
12		<b>Total Other Operating Taxes (lines 4..7)</b>	<b>\$ -</b>

Company: Company Name Here

**I-6 RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAX**

**NOTE**

Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/> NOT REQUIRED because the respondent is a cooperative.				
1	Total revenues (Accounts 5xxx except 5300)	\$ -	\$ -	\$ -
2	Total expenses (Accounts 6xxx and 5300)	\$ -	\$ -	\$ -
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	\$ -	\$ -	\$ -
4	Operating Taxes Other Than Federal (Accounts 72xx)	\$ -	\$ -	\$ -
5	Nonoperating Taxes (Accounts 74xx)	\$ -	\$ -	\$ -
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	\$ -	\$ -	\$ -
7	<b>Net income before federal income tax (lines 1-6)</b>	\$0	\$ -	\$ -
<b>Tax additions (Identify)</b>				
8	Tax depreciation and amortization (additions)	\$ -	\$ -	\$ -
9	Enter Additional Items Here	\$ -	\$ -	\$ -
10	Enter Additional Items Here	\$ -	\$ -	\$ -
11	Enter Additional Items Here	\$ -	\$ -	\$ -
12	Enter Additional Items Here	\$ -	\$ -	\$ -
13	<b>Total additions (lines 8-12)</b>	\$ -	\$ -	\$ -
<b>Tax deductions and non-taxable income (Identify)</b>				
14	Tax depreciation and amortization (deductions)	\$ -	\$ -	\$ -
15	Enter Additional Items Here	\$ -	\$ -	\$ -
16	Enter Additional Items Here	\$ -	\$ -	\$ -
17	Enter Additional Items Here	\$ -	\$ -	\$ -
18	Enter Additional Items Here	\$ -	\$ -	\$ -
19	<b>Total deductions (lines 14-18)</b>	\$ -	\$ -	\$ -
20	<b>Taxable net income as shown on tax return (lines 7+(13-19)</b>	\$ -	\$ -	\$ -
<b>Tax compliance and adjustments (Identify)</b>				
21	Enter Additional Items Here	\$ -	\$ -	\$ -
22	Enter Additional Items Here	\$ -	\$ -	\$ -
23	Enter Additional Items Here	\$ -	\$ -	\$ -
24	<b>Total current federal income tax expense (lines 21-23)</b>	\$ -	\$ -	\$ -
25	Net investment tax credits	\$ -	\$ -	\$ -
26	Current deferred federal income tax expense	\$ -	\$ -	\$ -
27	Prior deferred federal income tax expense	\$ -	\$ -	\$ -
28	<b>Net federal income tax expense shown on Schedule I-1 (lines 24-27)</b>	\$ -	\$ -	\$ -
<input type="checkbox"/> Federal income tax information is not available.				
The respondent will file this data with OPUC on or about Month <input type="text"/> Year <input type="text"/>				
The respondent needs extra time because: <input type="text"/>				

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I-7 RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR OREGON STATE EXCISE (INCOME) TAX				
Line No.	Particulars (a)	Total Company Amount (b)	Total Oregon Amount	
			Operating (c)	Nonregulated (d)
<input type="checkbox"/> NOT A U.S. FIDELITY RESPONDENT IS A COMPANY				
1	Total revenues (Accounts 5xxx except 5300)	\$ -	\$ -	\$ -
2	Total expenses (Accounts 6xxx and 6300)	\$ -	\$ -	\$ -
3	Other income (Accounts 71xx, 73xx, 76xx, 79xx)	\$ -	\$ -	\$ -
4	Operating Taxes Other Than Oregon State (Accounts 72xx)	\$ -	\$ -	\$ -
5	Nonoperating Taxes (Accounts 74xx)	\$ -	\$ -	\$ -
6	Interest, including debt discount, expense, and premium amortization (Accounts 75xx)	\$ -	\$ -	\$ -
7	<b>Net income before Oregon income tax (lines 1-6)</b>	\$ -	\$ -	\$ -
<b>Tax additions (deductions)</b>				
8	Tax depreciation and amortization (additions)	\$ -	\$ -	\$ -
9	Enter Additional Items Here	\$ -	\$ -	\$ -
10	Enter Additional Items Here	\$ -	\$ -	\$ -
11	Enter Additional Items Here	\$ -	\$ -	\$ -
12	<b>Total additions (lines 8-11)</b>	\$ -	\$ -	\$ -
<b>Tax deductions and non-taxable income items</b>				
13	Tax depreciation and amortization (deductions)	\$ -	\$ -	\$ -
14	Enter Additional Items Here	\$ -	\$ -	\$ -
15	Enter Additional Items Here	\$ -	\$ -	\$ -
16	Enter Additional Items Here	\$ -	\$ -	\$ -
17	<b>Total deductions (lines 13-16)</b>	\$ -	\$ -	\$ -
18	<b>Taxable income on tax return (lines 7+12-17)</b>	\$ -	\$0	\$0
19	Apportionment factor (applies to multistate companies)	0.00%	0.00%	0.00%
20	Apportioned taxable income	\$0	\$0	\$0
21	Oregon income tax rate	0.00%	0.00%	0.00%
22	<b>Oregon income tax</b>	\$ -	\$ -	\$ -
<b>Adjustments</b>				
23	Enter Additional Items Here	\$ -	\$ -	\$ -
24	Enter Additional Items Here	\$ -	\$ -	\$ -
25	<b>Total current Oregon income tax expense (lines 23-24)</b>	\$ -	\$ -	\$ -
26	Current deferred Oregon income tax expense	\$ -	\$ -	\$ -
27	Prior deferred Oregon income tax expense	\$ -	\$ -	\$ -
28	<b>Net Oregon income taxes on Schedule I-1 (lines 25-27)</b>	\$ -	\$ -	\$ -
<input type="checkbox"/> Oregon excise (corporate income) tax information is not available				
The respondent will file this data with OPUC on or about: Month <input type="checkbox"/> Year <input type="checkbox"/>				
The respondent needs extra time because: <input type="text" value="Type explanation here"/>				

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Company: Company Name Here

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS				NOTE
<b>A. Cost Allocation Manual (CAM)</b>				
<input type="checkbox"/> The respondent is not required to file a CAM under Oregon Administrative Rules (OARs) 860-027-0052, 860-034-0394, or 860-031-0740.				
<input type="checkbox"/> The respondent's CAM, filed with OPUC, is up to date for the year covered by this report.				
<input type="checkbox"/> The respondent's filed CAM is not up to date. A revised CAM is attached.				
<input type="checkbox"/> The respondent's CAM is not up to date. The respondent will file a revised CAM with OPUC on or about: <span style="border: 1px solid black; padding: 2px;">Month</span> <span style="border: 1px solid black; padding: 2px;">Year</span>				
The respondent needs this extra time because: <span style="border: 1px solid black; padding: 2px;">Type Explanation here</span>				
<b>B. Intercompany Loans</b>				
Line No.	Name of Affiliated Company <i>(a)</i>	Asset or Liability <i>(b)</i>	Highest Amount Out- Standing During Year <i>(c)</i>	Total Interest Accrued During the Year <i>(d)</i>
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company.				
<input type="checkbox"/> REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.				
1		▼	\$ -	\$ -
2		▼	\$ -	\$ -
3		▼	\$ -	\$ -
4		▼	\$ -	\$ -
5		▼	\$ -	\$ -
6		▼	\$ -	\$ -
<b>C. Intracompany Transfers and Payments</b>				
Line No.	Segment or Division of Respondent <i>(a)</i>	Description of Transactions Between Regulated and Nonregulated Segments of the Respondent (amounts <i>(b)</i>	Total Company Charges and Credits to <i>(c)</i>	Total Oregon Charges and Credits to <i>(d)</i>
<input type="checkbox"/> NOT REQUIRED because the respondent is an average schedule company.				
<input type="checkbox"/> REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.				
1			\$ -	\$ -
2			\$ -	\$ -
3			\$ -	\$ -
4			\$ -	\$ -
5			\$ -	\$ -
6			\$ -	\$ -
7	Other Transfers or Payments (where annual amounts < \$50,000)	Aggregate Total	\$ -	\$ -
8	Total Intracompany Transactions		\$ -	\$ -

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I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS					NOTE
D. Intercompany Transactions					
Line No.	Name of Affiliated Company (a)	Description of Transaction (b)	Date of Contract (c)	Total Company Charges and Credits to Operating Accounts (d)	Total Oregon Charges and Credits to Operating Accounts (e)
<input type="checkbox"/>	NOT REQUIRED because the respondent is an average schedule company.				
<input type="checkbox"/>	NOT REQUIRED utility does not make annual access charge filings. SEE PART E.				
<input type="checkbox"/>	REQUIRED. The respondent is a cost company and makes annual access charge filings. See attached instructions.				
<i>Total Payments Made by the Respondent to Affiliated Companies During the Year:</i>					
1				\$ -	\$ -
2				\$ -	\$ -
3				\$ -	\$ -
4				\$ -	\$ -
5				\$ -	\$ -
6				\$ -	\$ -
7				\$ -	\$ -
8				\$ -	\$ -
9				\$ -	\$ -
10				\$ -	\$ -
11	Total Other Payments (where annual payments < \$50,000)	Aggregate Total		\$ -	\$ -
12	<b>Total Payments Made by the Respondent to Affiliated Companies During the Year</b>			<b>\$ -</b>	<b>\$ -</b>
<i>Total Payments Made by Affiliated Companies to the Respondent During the Year:</i>					
13				\$ -	\$ -
14				\$ -	\$ -
15				\$ -	\$ -
16				\$ -	\$ -
17				\$ -	\$ -
18				\$ -	\$ -
19				\$ -	\$ -
20				\$ -	\$ -
21				\$ -	\$ -
22				\$ -	\$ -
23	Total Other Payments (where annual payments < \$50,000)	Aggregate Total		\$ -	\$ -
24	<b>Total Payments Made by Affiliated Companies to the Respondent During the Year</b>			<b>\$ -</b>	<b>\$ -</b>

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2014

Company: Company Name Here

I-8. TRANSACTIONS WITH AFFILIATED AND NONREGULATED OPERATIONS			NOTE
E. Intercompany Transactions of Utilities That Do Not File Annual Access Charges			
Line No.	Names of Parties to Affiliated Interest Contracts Issued During the Year (a)	Dollar Amount of the Contract (b)	Date of Contract (c)
<input type="checkbox"/>	NOT REQUIRED, respondent is an average schedule company and does not file annual access charge filings		
<input type="checkbox"/>	NOT REQUIRED, the respondent is a cost company and makes annual access charge filings. See Part D		
<input type="checkbox"/>	REQUIRED, utility does not make annual access charge filings (ORS 759.393, OAR 860-027-0100 & 860-034-0396)		
<input type="checkbox"/>	NOT REQUIRED, because the respondent is a cooperative and does not file annual access charge filings		
<input type="checkbox"/>	NOT REQUIRED, is a price regulated company under ORS 759.255 with stipulated reporting requirements which exempt it from the requirement to submit this report		
	List each affiliate contract executed during the year covered by this report. Include the names of the parties to the contracts, the dollar amounts of the contracts, and the dates of execution of the contracts.		
1		\$	-
2		\$	-
3		\$	-
4		\$	-
5		\$	-
6		\$	-
7		\$	-
8		\$	-
9		\$	-
10		\$	-
11		\$	-
12		\$	-
13		\$	-
14		\$	-
15		\$	-
16		\$	-
17		\$	-
18		\$	-
19		\$	-
20		\$	-
21		\$	-
22		\$	-
23		\$	-
24		\$	-
25		\$	-
26		\$	-
27		\$	-
28		\$	-

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2014

Company: Company Name Here

S-1. SWITCHES AND LINES IN SERVICE		NOTE
Line No.	Description (a)	Balance at End of Year (b)
1	<b>Total Central Office Switches in Service</b>	0
<b>Lines in Service by Customer:</b>		
<u>Residential Access Lines:</u>		
2	Single Party	0
3	Multiparty	0
4	<i>Total Residential Access Lines (lines 2..3)</i>	0
<u>Business Access Lines:</u>		
5	Single Line	0
6	Multi Line	0
7	PBX Trunks	0
8	Centrex-CO Line Count	0
9	ISDN "B" Channels	0
10	<i>Total Business Access Lines (lines 5..9)</i>	0
<u>Access and Other Lines:</u>		
11	Radio Common Carrier (RCC) and Mobile	0
12	WATS Closed End (inWATS and outWATS)	0
13	Switched Access - FGA FX/ONAL	0
14	Payphone (public and semipublic)	0
15	UNE Network Access Channels (NACs)	0
16	Dedicated (non-switched) Private Lines and Special Access	0
17	Wideband Data Lines	0
18	DSL	0
19	Other	0
20	<i>Total Other Access Lines (lines 11..19)</i>	0
21	<b>Total Access Lines (lines 4+10+20)</b>	0

Company: Company Name Here

S-2. MINUTES OF USE		NOTE
Line No.	Description (a)	Total Amount During the Year (b)
<b>Oregon Access Minutes Billed to Interexchange Carriers (IXCs)</b>		
Access Minutes Billed to <b>Qwest Corporation:</b>		
1	Interstate Minutes	0
2	Intrastate Minutes (IntraLATA)	0
3	<i>Total Access Minutes Billed to Qwest (lines 1+2)</i>	0
Access Minutes Billed to <b>Embarq/United Telephone Company of the Northwest:</b>		
4	Interstate Minutes	0
5	Intrastate Minutes (IntraLATA)	0
6	<i>Total Access Minutes Billed to Embarq (lines 4+5)</i>	0
Access Minutes Billed to <b>Verizon Northwest:</b>		
7	Interstate Minutes	0
8	Intrastate Minutes (IntraLATA)	0
9	<i>Total Access Minutes Billed to Verizon (lines 7+8)</i>	0
Access Minutes Billed to <b>Other IXCs:</b>		
10	Interstate Minutes	0
11	Intrastate Minutes (InterLATA and IntraLATA)	0
12	<i>Total Access Minutes Billed to Other IXCs (lines 10+11)</i>	0
13	<b>Total Access Minutes Billed to IXCs (lines 3+6+9+12)</b>	<b>0</b>
<b>Oregon Toll Conversation Minutes</b>		
14	Q1 - January 1 through March 31	0
15	Q2 - April 1 through June 30	0
16	Q3 - July 1 through September 30	0
17	Q4 - October 1 through December 31	0
18	<b>Total Toll Originating Minutes (lines 14..17)</b>	<b>0</b>
<b>Percent of Total Toll Conversation Minutes Originating in Oregon</b>		
19	Interstate Minutes	0.0000%
20	Intrastate Minutes (InterLATA and IntraLATA)	0.0000%
21	<b>Total Toll Minutes Originating in Oregon (lines 19+20) ***Note: must equal 100%***</b>	<b>0.0000%</b>
<input type="checkbox"/> Minutes of use are not available		
The respondent will file this data with OPUC on or about <input type="text" value="Month"/> <input type="text" value="Year"/>		
The respondent needs this extra time because: <div style="border: 1px solid black; height: 80px; width: 100%; margin-top: 5px;">             Type explanation here           </div>		

ANNUAL REPORT TO THE PUBLIC UTILITY COMMISSION OF OREGON FOR THE YEAR ENDING DECEMBER 31, 2014

Company Name Here

**Schedule N-1 Notes to Record**

Schedule Account Note:

# **APPENDIX C**

## **FORM I**

ANNUAL REPORT OF  
**OREGON SEPARATED RESULTS OF OPERATIONS**

(Telecommunications Utilities Form D)

OF

COMPANY NAME

(Company Name)

TO THE  
PUBLIC UTILITY COMMISSION OF OREGON

3930 Fairview Industrial Dr SE

PO Box 1088

Salem, OR 97308-1088

**FOR THE YEAR ENDING DECEMBER 31, 2013**

COMPANY NAME: COMPANY NAME		For The Year Ending: December 31, 2013						Separated Results of Oregon Operations				
FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation					
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total	
<b>SUMMARY</b>												
<b>Revenues, Expenses, and Taxes</b>												
<b>Operating Revenues</b>												
50XX Local -Billed	(2)	1	0							0	0	
-EAS Billed	(2)	2	0							0	0	
-State OUSF Distribution	(2)	3	0					0		0	0	
508X Access-SLC (End User)	(3)	4	0							0	0	
- Federal EU USF Collections	(3)	5	0		0	0				0	0	
-Switched (TS+NTS)	(3)	6	0		0	0				0	0	
-Federal USF Distribution	(3)	7	0		0	0				0	0	
-Special	(3)	8	0		0	0				0	0	
51XX Toll -Message	(4)	9	0		0	0				0	0	
-Private Line	(4)	10	0		0	0				0	0	
-Settlement	(4)	11	0		0	0				0	0	
52XX Misc. -Billing & Collection	(5)	12	0		0	0				0	0	
-Directory Advertising	(5)	13	0		0	0				0	0	
-Operating Rents	(5)	14	0		0	0				0	0	
-Other Misc.	(5)	15	0		0	0				0	0	
530X Less: Uncollectible Rev. (-)		16	0		0	0				0	0	
<b>Total Revenues</b>		<b>17</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Operating Expenses</b>												
61XX-64XX Plant Specific Oper.		18	0		0	0		0	0	0	0	
65XX Plant Nonspecific Operations		19	0		0	0		0	0	0	0	
656X Depreciation & Amortization		20	0		0	0		0	0	0	0	
66XX Customer Operations		21	0		0	0		0	0	0	0	
67XX Corporate Operations		22	0		0	0		0	0	0	0	
Other Operating		23	0		0	0		0	0	0	0	
<b>Total Expenses</b>		<b>24</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Operating Taxes:</b>												
7240 General Taxes		25	0		0	0		0	0	0	0	
7230 State/Local Inc. Tax (Current)		26	0		0	0		0	0	0	0	
7220 Federal Income Tax (Current)		27	0		0	0		0	0	0	0	
7250 Net Deferred Income Taxes		28	0		0	0		0	0	0	0	
7210 Net Investment Tax Credits		29	0		0	0		0	0	0	0	
<b>Total Taxes</b>		<b>30</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net Operating Income</b>		<b>31</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

COMPANY NAME: COMPANY NAME			For The Year Ending: December 31, 2013								
FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Interstate Operation			Separated Results of Oregon Operations Intrastate Operation				
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total

SUMMARY (continued)										
RATE BASE										
Average Rate Base										
2001 Telecom. Plant in Service		1	0	0	0	0	0	0	0	0
2005 Plant Acquisition Adjustment		2	0	0	0	0	0	0	0	0
3100 Less: Accumulated Depr (-)		3	0	0	0	0	0	0	0	0
34xx-36xx Less: Accumulated Amort. (-)		4	0	0	0	0	0	0	0	0
4100-4340 Less: Accum. Deferred Tax(-)		5	0	0	0	0	0	0	0	0
1220 Materials and Supplies		6	0	0	0	0	0	0	0	0
Other Rate Base		7	0	0	0	0	0	0	0	0
<b>Total Average Rate Base</b>		<b>8</b>	<b>0</b>							

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
<b>DETAIL</b>										
<b>PLANT IN SERVICE</b>										
21XX General Support Facilities		1	0	0	0	0	0	0	0	0
22XX Central Office Equipment:										
CAT 1-Operator Systems		2	0	0	0	0	0	0	0	0
CAT 2-Tandem Switching (Alloc.)		3	0	0	0	0	0	0	0	0
CAT 2-Tandem Switching (Assign.)		4	0	0	0	0	0	0	0	0
CAT 3-Local Switching		5	0	0	0	0	0	0	0	0
CAT 4.12 -Exch. Trunk (Joint Use)		6	0	0	0	0	0	0	0	0
CAT 4.12 -Exch. Trunk (Ded. Use)		7	0	0	0	0	0	0	0	0
CAT 4.13 -Subscr. Line (Joint Use)	(6)	8	0	0	0	0	0	0	0	0
CAT 4.13 -Subscr. Line (Ded. Use)		9	0	0	0	0	0	0	0	0
CAT 4.23 -IX Trunk (Joint Use)		10	0	0	0	0	0	0	0	0
CAT 4.23 -IX Trunk Ckt. (Ded. Use)		11	0	0	0	0	0	0	0	0
CAT 4.3 -Host/Remote Trunk Ckt.		12	0	0	0	0	0	0	0	0
COE Other ( Wideband CAT 4.11, .12 & .22)	(7)	13	0	0	0	0	0	0	0	0
Total COE		14	0	0	0	0	0	0	0	0
23XX Information Orig./Term. Equipment:										
CAT 1-Regulated CPE		15	0	0	0	0	0	0	0	0
Other IOT		16	0	0	0	0	0	0	0	0
Total IOT		17	0	0	0	0	0	0	0	0
24XX Cable & Wire Facilities:										
CAT 1.3-Subscriber Line (Common)	(6)	18	0	0	0	0	0	0	0	0
CAT 1.1,2-Subscriber Line (Ded.)		19	0	0	0	0	0	0	0	0
CAT 2-Exch. Trunk (Joint Use)		20	0	0	0	0	0	0	0	0
CAT 2-Exch. Trunk (Ded. Use)		21	0	0	0	0	0	0	0	0
CAT 3-IX Trunk (Joint Use)		22	0	0	0	0	0	0	0	0
CAT 3-IX Trunk (Ded. Use)		23	0	0	0	0	0	0	0	0
CAT 4-Host/Remote Trunk		24	0	0	0	0	0	0	0	0
C&WF Other ( Wideband )	(7)	25	0	0	0	0	0	0	0	0
Total C&WF		26	0	0	0	0	0	0	0	0
26XX Other Assets:										
Capital Leases		27	0	0	0	0	0	0	0	0
Leasehold Improvements		28	0	0	0	0	0	0	0	0
Intangibles		29	0	0	0	0	0	0	0	0
Total Other Assets		30	0	0	0	0	0	0	0	0
<b>Total Telecom. Plant in Service</b>		<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

COMPANY NAME:		For The Year Ending: December 31, 2013				Separated Results of Oregon Operations					
COMPANY NAME				Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation			
FCC Account and Description	Note No.	Line No.		MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total
<b>DETAIL</b>											
<b>DEPRECIATION &amp; AMORTIZATION</b>											
<b>Accumulated Depreciation Detail</b>											
311X General Support Facilities		1	0	0	0	0	0	0	0	0	0
312X Central Office Switching		2	0	0	0	0	0	0	0	0	0
312X Operator Systems		3	0	0	0	0	0	0	0	0	0
312X Central Office Transmission		4	0	0	0	0	0	0	0	0	0
313X Information Orig./Term. Equip.		5	0	0	0	0	0	0	0	0	0
314X Cable & Wire Facilities		6	0	0	0	0	0	0	0	0	0
<b>Total Accumulated Depreciation</b>		<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accumulated Amortization Detail</b>											
3410 Capital Leases		8	0	0	0	0	0	0	0	0	0
3420 Leasehold Improvements		9	0	0	0	0	0	0	0	0	0
3500 Intangibles		10	0	0	0	0	0	0	0	0	0
3600 Acquisition Adjustment		11	0	0	0	0	0	0	0	0	0
<b>Total Accumulated Amortization</b>		<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

COMPANY NAME:		For The Year Ending: December 31, 2013				Separated Results of Oregon Operations					
COMPANY NAME				Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation			
FCC Account and Description	Note No.	Line No.		MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total
<b>DETAIL</b>											
<b>OPERATING EXPENSE</b>											
<b>61XX-64XX Plant Specific Operations</b>											
6110-20 General Support Facilities		1	0	0	0	0	0	0	0	0	0
621X Central Office Switching		2	0	0	0	0	0	0	0	0	0
6220 Operator Systems		3	0	0	0	0	0	0	0	0	0
623X Central Office Transmission		4	0	0	0	0	0	0	0	0	0
63XX Information Orig./Term. Equip.		5	0	0	0	0	0	0	0	0	0
64XX Cable & Wire Facilities		6	0	0	0	0	0	0	0	0	0
<b>Total Plant Specific</b>		7	0	0	0	0	0	0	0	0	0
<b>65XX Plant Nonspecific Operations</b>											
6512 Provisioning	(8)	8	0	0	0	0	0	0	0	0	0
653X Network Operations		9	0	0	0	0	0	0	0	0	0
6540 Access Paid to LECs	(9)	10	0	0	0	0	0	0	0	0	0
65XX Federal USF Contributions	(9)	11	0	0	0	0	0	0	0	0	0
<b>Total Plant Nonspecific</b>		12	0	0	0	0	0	0	0	0	0
<b>656X Depreciation &amp; Amortization</b>											
6561 General Support Facilities	(8)	13	0	0	0	0	0	0	0	0	0
6561 Central Office Switching		14	0	0	0	0	0	0	0	0	0
6561 Operator Systems		15	0	0	0	0	0	0	0	0	0
6561 Central Office Transmission		16	0	0	0	0	0	0	0	0	0
6561 Information Orig./Term. Equip.		17	0	0	0	0	0	0	0	0	0
6561 Cable & Wire Facilities		18	0	0	0	0	0	0	0	0	0
6563 Capital Leases		19	0	0	0	0	0	0	0	0	0
6563 Leasehold Improvements		20	0	0	0	0	0	0	0	0	0
6564 Intangibles		21	0	0	0	0	0	0	0	0	0
6565 Acquisition Adjustment		22	0	0	0	0	0	0	0	0	0
<b>Total Depreciation &amp; Amortization</b>		23	0	0	0	0	0	0	0	0	0

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation				
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)	Total
<b>DETAIL</b>											
<b>OPERATING EXPENSE (continued)</b>											
<b>66XX Customer Operations</b>											
661X Marketing		1	0	0	0	0	0	0	0	0	0
662X Operator Services		2	0	0	0	0	0	0	0	0	0
662X Directory Publishing-Alpha		3	0	0	0	0	0	0	0	0	0
662X Directory Publishing-Classified		4	0	0	0	0	0	0	0	0	0
662X Directory Publishing-Foreign		5	0	0	0	0	0	0	0	0	0
6623 Service Order Proc.-End User		6	0	0	0	0	0	0	0	0	0
6623 Payment & Collection-End User		7	0	0	0	0	0	0	0	0	0
6623 Billing Inquiry-End User		8	0	0	0	0	0	0	0	0	0
6623 Service Order Proc.-CXR		9	0	0	0	0	0	0	0	0	0
6623 Payment & Collection-CXR		10	0	0	0	0	0	0	0	0	0
6623 Billing Inquiry-CXR		11	0	0	0	0	0	0	0	0	0
6623 Coin Administration		12	0	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-Toll Ticket Proc.		13	0	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-Local Mess. Proc.		14	0	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-Other Bill & Coll.		15	0	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-SLC Billing		16	0	0	0	0	0	0	0	0	0
6623 Rev. Acctg.-CXR B & C		17	0	0	0	0	0	0	0	0	0
6623 B & C Armts Paid to LECs	(10)	18	0	0	0	0	0	0	0	0	0
6623 Other Customer Service		19	0	0	0	0	0	0	0	0	0
<b>Total Customer Operations</b>		20	0	0	0	0	0	0	0	0	0
<b>67XX Corporate Operations:</b>											
671X Executive & Planning		21	0	0	0	0	0	0	0	0	0
672X General & Administrative		22	0	0	0	0	0	0	0	0	0
<b>Total Corporate Operations</b>		23	0	0	0	0	0	0	0	0	0
<b>Other Operating Expenses:</b>											
--- Universal Service Fund	(11)	24	0	0	0	0	0	0	0	0	0
--- Lifeline Connection Assistance	(12)	25	0	0	0	0	0	0	0	0	0
<b>Total Other</b>		26	0	0	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>		27	0	0	0	0	0	0	0	0	0

FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations	Interstate Operation			Intrastate Operation			
				MTS & WATS Switched Access	TOLL PLS Special Access	Total	MTS & WATS Switched Access	TOLL PLS Special Access	EAS	Local (other)
<b>DETAIL</b>										
<b>OPERATING TAXES</b>										
7240 General Taxes										
7240 Property		1	0	0	0	0	0	0	0	0
7240 Gross Receipts		2	0	0	0	0	0	0	0	0
7240 PUC Fee		3	0	0	0	0	0	0	0	0
7240 Franchise Fees		4	0	0	0	0	0	0	0	0
7240 Other		5	0	0	0	0	0	0	0	0
Total General Taxes		6	0	0	0	0	0	0	0	0
72XX Income Taxes (Calculated)										
Net Income Before SIT & FIT	(13)	7	0	0	0	0	0	0	0	0
Less Fixed Charges (-)		8	0	0	0	0	0	0	0	0
Subtotal (lines 7-8)		9	0	0	0	0	0	0	0	0
Other SIT Base Add/Ded. (±)	(14)	10	0	0	0	0	0	0	0	0
SIT Taxable Inc. (lines 9+-10)		11	0	0	0	0	0	0	0	0
7230 SIT-Current (0)	(15)	12	0	0	0	0	0	0	0	0
Other FIT Base Add/Ded. (±)	(16)	13	0	0	0	0	0	0	0	0
FIT Taxable Inc. (lines 9-12+-13)		14	0	0	0	0	0	0	0	0
7220 Gross FIT (0)		15	0	0	0	0	0	0	0	0
7210P Claimed ITC (-)		16	0	0	0	0	0	0	0	0
Surtax Elimination (-)		17	0	0	0	0	0	0	0	0
7220 FIT-Current (lines 15-16-17)	(17)	18	0	0	0	0	0	0	0	0

TAX RATE USED FOR SIT: 0.00%  
 TAX RATE USED FOR FIT: 0.00%

\*\*\*\*\*User Note: When entering values for SIT or FIT tax rate that are less than 1% you must key in the zero that precedes the decimal\*\*\*\*\*  
 (e.g. to enter ½ of 1 percent you would key in as 0.66 NOT .66 the latter of the two would produce 66%)

COMPANY NAME:

COMPANY NAME	Note No.	Line No.	Total Oregon Operations Subject To Separations	Intrastate Operation			
				Interstate Toll	Toll	EAS	Local (Other)
<b>Separation Parameters</b>							
<b>Plant</b>							
SLU Minutes of Use (MOU)	(18)	1	0	0	0	0	0
SLU Factor		2	0.000000	0.000000	0.000000	0.000000	0.000000
SPF - January 1, 2013 Pre-EAS		3	0.000000	0.000000	0.000000		0.000000
SPF - December 31, 2013 Post-EAS		4	0.000000	0.000000	0.000000		0.000000
Current Composite SPF	(19)	5	0.000000	0.000000	0.000000		0.000000
1996 Weighted DEM - Factor		6	0.000000	0.000000	0.000000	0.000000	0.000000
1996 Unweighted DEM - Factor		7	0.000000	0.000000	0.000000	0.000000	0.000000
Current CAT 3 Dial Equipment Minutes	(20)	8	0	0	0	0	0
Current CAT 3 DEM Factor Unweighted		9	0.000000	0.000000	0.000000	0.000000	0.000000
Current Composite DEM Factor		10	0.000000	0.000000	0.000000	0.000000	0.000000
Exchange Trunk - Joint Use MOU	(21)	11	0	0	0	0	0
Exchange Trunk Joint Use MOU Factor		12	0.000000	0.000000	0.000000	0.000000	0.000000
Host/Remote MOU Kilometers	(22)	13	0	0	0	0	0
Host/Remote MOU Kilometers Factor		14	0.000000	0.000000	0.000000	0.000000	0.000000
Operator Standard Work Seconds	(23)	15	0	0	0	0	0
Operator Standard Work Seconds Factor		16	0.000000	0.000000	0.000000	0.000000	0.000000
Tandem Switching MOU	(24)	17	0	0	0	0	0
Tandem Switching MOU Factor		18	0.000000	0.000000	0.000000	0.000000	0.000000
IX Conversation MOU		19	0	0	0	0	0
IX Conversation MOU Factor		20	0.000000	0.000000	0.000000	0.000000	0.000000
IX Conversation Minute Kilometers		21	0	0	0	0	0
IX Conversation Minute Kilometer Factor		22	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Gross Billed Revenues</b>							
Marketing Allocation Basis	(25)	23	0	0	0	0	0
Marketing Allocation Basis Factor		24	0.000000	0.000000	0.000000	0.000000	0.000000
Payment & Collection-End User	(25)	25	0	0	0	0	0
Payment & Collection-End User Factor		26	0.000000	0.000000	0.000000	0.000000	0.000000
Payment & Collection-CXR	(25)	27	0	0	0	0	0
Payment & Collection-CXR Factor		28	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Service Order Contacts</b>							
Service Order Proc.-End User	(26)	29	0	0	0	0	0
Service Order Proc.-End User Factor		30	0.000000	0.000000	0.000000	0.000000	0.000000
Service Order Proc.-CXR	(26)	31	0	0	0	0	0
Service Order Proc.-CXR Factor		32	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Billing Inquiry Contacts</b>							
Billing Inquiry-End User	(27)	33	0	0	0	0	0
Billing Inquiry-End User Factor		34	0.000000	0.000000	0.000000	0.000000	0.000000
Billing Inquiry-CXR	(27)	35	0	0	0	0	0
Billing Inquiry-CXR Factor		36	0.000000	0.000000	0.000000	0.000000	0.000000
SP+RC Toll Messages	(28)	37	0	0	0	0	0
SP+RC Toll Messages Factor		38	0.000000	0.000000	0.000000	0.000000	0.000000
EAS/Local Messages (Msg. Proc.)		39	0	0	0	0	0
BIG 3' Expense Factor-Message	(29)	40	0.000000	0.000000	0.000000	0.000000	0.000000
'-PLS & Special Access Factor	(29)	41	0.000000	0.000000	0.000000	0.000000	0.000000
Operator Services Expense -- Factor		42	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Other Parameters</b>							
Access Lines (Average)	(30)	43	Common	PL Interstate	PL Intrastate		PL Local (Other)
Unseparated Loop Cost @ 11.1 ROR	(31)	44	0	0	0		0
Cost Categories Frozen?		45	<input type="checkbox"/> YES	<input type="checkbox"/> NO			

# **APPENDIX D**

## **PHASE III STIPULATION**

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September 22, 2014

VIA EFILING AND U.S. MAIL

Public Utility Commission of Oregon  
3930 Fairview Industrial Drive SE  
PO Box 1088  
Salem OR 97308-1088

Re: UM 1481(III) - Joint Motion and Explanatory Brief and Stipulations

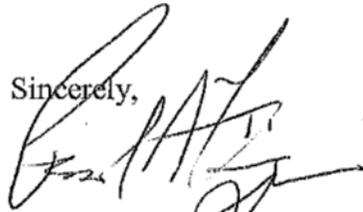
Dear Sir/Madam:

Attached you will find the original and five copies of the Joint Motion and Explanatory Brief together with two supporting Stipulations to resolve all issues in this matter. Also enclosed is a certificate of service.

The Joint Motion should also be viewed as the Status Report required to be submitted on this date.

The parties respectfully request that the Commission consider this matter at its earliest convenience.

Sincerely,



Richard A. Finnigan

RAF/cs

cc: Service List (via email)  
Clients (via email)

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CERTIFICATE OF SERVICE  
UM 1481

I certify that I sent the attached Joint Motion and Explanatory Brief and Stipulations on behalf of the Oregon Telecommunications Association by electronic filing and U.S. mail to the following:

FILING CENTER  
PUBLIC UTILITY COMMISSION OF OREGON  
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SALEM, OR 97308-2148  
puc.filingcenter@state.or.us

I hereby certify that I served the attached Joint Motion and Explanatory Brief and Stipulations on behalf of the Oregon Telecommunications Association upon all parties of record in this proceeding by electronic mail, pursuant to OAR 860-013-0070, to the following parties or attorneys of parties:

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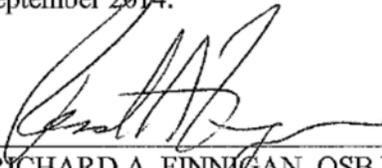
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8 Dated at Olympia, WA this 22nd day of September 2014.

9  
10 By: 

11 RICHARD A. FINNIGAN, OSB No. 965357  
12 Attorney for the Oregon Telecommunications  
13 Association

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26 CERTIFICATE OF SERVICE - 4

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BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1481 (Phase III)

In the Matter of  
PUBLIC UTILITY COMMISSION OF  
OREGON

Staff investigation of the Oregon  
Universal Service Fund.

**JOINT MOTION TO ADOPT  
STIPULATION AND EXPLANATORY  
BRIEF**

**I. MOTION TO ADOPT STIPULATION**

1. The Parties to this docket, as defined in Paragraph 3, below, have agreed to settle the issues in Phase III of this docket as described in this Joint Motion. The settlement is memorialized in the Stipulation attached to this Joint Motion. This Joint Motion and the Stipulation are subject to Commission approval.

2. This Joint Motion is filed pursuant to OAR 860-001-0350(7). By this Joint Motion, the Parties request that the Commission approve the Stipulation. As part of this Joint Motion, an Explanatory Brief in support of the Stipulation is included in accordance with OAR 860-001-0350(7)(a). The Parties offer the Stipulation and Explanatory Brief as evidence in this proceeding.

## A. PARTIES

3. The Parties to the attached Stipulation are as follows:<sup>1</sup>

Citizens' Utility Board of Oregon  
Comcast Phone of Oregon, LLC (Comcast)  
CenturyLink<sup>2</sup>  
Commission Staff  
Frontier<sup>3</sup>  
GVNW Consulting, Inc.  
Oregon Cable Telecommunications Association (OCTA)<sup>4</sup>  
Oregon Telecommunications Association (OTA)  
tw telecom of oregon llc  
Verizon<sup>5</sup>  
Warm Springs Telecommunications Company

4. The Parties, by signing this Joint Motion, agree that the Commission should approve the Stipulation as a full and complete resolution of the issues presented in Phase III of this case, as set forth below. The Parties agree to support the Stipulation at a hearing, should one be deemed necessary, and recommend that the Commission issue an order adopting the entire Stipulation. If, however, the Commission does not

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<sup>1</sup> AT&T Communications of the Pacific Northwest, Inc., TCG Joint Venture Holdings, Inc. d/b/a/ TCG Oregon and AT&T Mobility LLC and its subsidiaries operating in Oregon (collectively "AT&T") and Telecommunications Ratepayers Association for Cost-Based and Equitable Rates ("TRACER") are not parties to the Stipulation but do not oppose this Joint Motion.

<sup>2</sup> The CenturyLink companies that are parties to this docket are Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the Northwest, d/b/a CenturyLink, CenturyTel of Oregon, Inc., and CenturyTel of Eastern Oregon, Inc.

<sup>3</sup> Frontier Communications Northwest Inc. and Citizen's Telecommunications Company of Oregon.

<sup>4</sup> OCTA signed the Stipulation on behalf of its members other than Charter and BendBroadband.

<sup>5</sup> The Verizon affiliates that are parties to this proceeding include MCImetro Access Transmission Services LLC, d/b/a Verizon Access Transmission Services; MCI Communication Services, Inc., d/b/a Verizon Business Services LLC; Teleconnect Long Distance Services and Systems Company d/b/a Telecom\*USA; TTI National, Inc.; Verizon Long Distance LLC; Verizon Enterprise Solutions LLC; and Verizon Select Services, Inc.

adopt the entire Stipulation, the Parties reserve the right to withdraw from the Stipulation and ask the Administrative Law Judge to resume Phase III of this docket.

**B. BACKGROUND AND REQUEST TO HOLD THE DOCKET SCHEDULE IN ABEYANCE**

5. This phase of Docket UM 1481 was initiated by the Commission's acceptance of a Stipulation in Docket UM 1481 (Phase II) as set out in Order No. 13-162 dated May 2, 2013.

6. A prehearing conference in this matter was originally scheduled for October 29, 2013. The prehearing conference was rescheduled for November 13, 2013. After the prehearing conference, the Parties agreed to a procedural schedule which was approved by a Ruling issued November 25, 2013. Subsequently, the schedule was amended by a Ruling issued on February 21, 2014. Opening Testimony was filed April 24, 2014. The schedule was further amended by a Ruling issued June 20, 2014, on the basis that progress was being made on settlement. Then, by Ruling issued July 23, 2014, the procedural schedule was temporarily suspended with a status report due by September 22, 2014. The Parties ask that this Joint Motion be considered the status report. The Parties now request that the schedule be held in abeyance to allow the Commission to consider the Stipulation.

7. The Parties commenced settlement negotiations at a Settlement Workshop held on May 5, 2014. The Parties engaged in further settlement discussion at a Settlement Workshop on July 14, 2014. Prior to that date, OCTA, OFA, Comcast,

CenturyLink and Frontier engaged in settlement discussions on their own. Those Parties reached settlement in principle among themselves. The settlement in principle was presented to the other Parties and, after discussion at a Settlement Workshop held on August 13, 2014, and with some adjustment, the settlement was accepted (or not opposed) by all Parties.

## II. EXPLANATORY BRIEF IN SUPPORT OF STIPULATION

8. Oregon Administrative Rule 860-001-0350(7) allows the Parties to file an “explanatory brief” in support of a stipulation. The Parties provide the following discussion in support of their Stipulation.

### A. SUMMARY OF THE STIPULATION

9. The Stipulation will result in material reductions to the overall size of the Oregon Universal Service Fund (“OUSF”). The reductions will come in the form of a phase-down of the OUSF receipts as described below.

10. For Non-Rural Companies<sup>6</sup> there are reductions in OUSF support over five years beginning January 1, 2017.<sup>7</sup> This phase-down will lead to support levels set out in Table 1, displayed on the next page. The end-point of the five year reduction is OUSF support of \$12.688 million. This compares to a starting point of \$17.5 million dollars of OUSF support in 2016. This is a twenty seven and one-half percent (27.5%) reduction in OUSF support for the Non-Rural Companies. This reduction should also

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<sup>6</sup> The Non-Rural Companies are Qwest Corporation and Frontier Communications Northwest Inc.

<sup>7</sup> Phase II of UM 1481 covers the period up to January 1, 2017. See Order No. 13-162, dated May 2, 2013.

be compared to the starting point in the Phase II settlement of \$27.2 million in OUSF support for the Non-Rural Companies. Thus, the cumulative effect of Phase II and Phase III is a reduction in OUSF support of \$14.512 million, over half of the support the companies were receiving at the start of Phase II. Non-Rural Companies' OUSF receipts will not be affected by line counts, except to the extent that line counts may influence the trigger for the surcharge cap set forth in Paragraph 12 below.

TABLE 1

Annual OUSF Support	Phase II Stipulation			Phase III Stipulation		
	2016	2017	2018	2019	2020	2021
Frontier Northwest	\$7,000,000	\$6,615,000	\$6,230,000	\$5,845,000	\$5,460,000	\$5,075,000
Qwest Corporation	\$10,500,000	\$9,922,500	\$9,345,000	\$8,767,500	\$8,190,000	\$7,612,500
Total	\$17,500,000	\$16,537,500	\$15,575,000	\$14,612,500	\$13,650,000	\$12,687,500

11. The Rural Companies<sup>8</sup> OUSF support is also reduced. See Table II, set out on next page. For the Rural Companies, the support for the 2015 fiscal year (July 1, 2015 through June 30, 2016) will be \$14,650,935. The Rural Companies are to be moved to a

<sup>8</sup> Asotin Telephone Company d/b/a TDS Telecom, Beaver Creek Cooperative Telephone Company, Canby Telephone Association d/b/a Canby Telecom, Cascade Utilities, Inc., d/b/a Reliance Connects, CenturyTel of Oregon, Inc., d/b/a CenturyLink, CenturyTel of Eastern Oregon, Inc., d/b/a CenturyLink, Citizens Telecommunications Company of Oregon, Clear Creek Mutual Telephone Company, Colton Telephone Company d/b/a ColtonTel, Eagle Telephone System, Inc., Gervais Telephone Company, Helix Telephone Company, Home Telephone Company d/b/a TDS Telecom, Molalla Telephone Company d/b/a Molalla Communications Company, Monitor Cooperative Telephone Company, Monroe Telephone Company, Mt. Angel Telephone Company, Nehalem Telecommunications, Inc., d/b/a RTI Nehalem Telecom, North-State Telephone Co., Oregon-Idaho Utilities, Inc., Oregon Telephone Corporation, People's Telephone Co., Pine Telephone Systems, Inc., Pioneer Telephone Cooperative, Roome Telecommunications Inc., St. Paul Cooperative Telephone Association, Scio Mutual Telephone Association, Stayton Cooperative Telephone Company, Trans-Cascades Telephone Company d/b/a Reliance Connects, and United Telephone Company of the Northwest d/b/a CenturyLink.

calendar year basis with support for calendar year 2016 set at \$14,431,170. The aggregate support for the Rural Companies will be reduced in five equal annual steps.

Over the five year period, the support will be reduced fifteen and two-tenths percent (15.2%). Rural Companies' OUSF receipts will not be affected by line counts, per Order No. 13-162 in Docket UM 1481 Phase II dated May 2, 2013, page 4.

TABLE 2

Annual OUSF Support	Phase II Stipulation			Phase III Stipulation		
	2016	2017	2018	2019	2020	2021
Rural Companies	\$14,431,170	\$13,991,643	13,552,115	\$13,112,587	\$12,673,059	\$12,233,531

This compares to the support levels for the Rural Companies prior to the Phase II Stipulation of \$15.7 million per year, a reduction of approximately 25%. It should be noted that the Rural Company support levels prior to the Phase II Stipulation were the result of prior Stipulations adopted by the Commission in docket UM 1017. In Phase II of this docket, Commission Staff submitted prefiled testimony that calculated a theoretical level of OUSF support for the Rural Companies under the approach previously adopted by the Commission in UM 1017 of over \$30 million per year in OUSF support.

12. The Parties have agreed to an OUSF surcharge cap. The OUSF surcharge will be capped at 9.5% beginning January 1, 2017. If the surcharge would otherwise exceed 9.5%, a pro rata reduction in support until the 9.5% cap is reached will be determined for the Rural Companies in aggregate and the Non-Rural Companies. The

adjusted aggregate support amount for the Rural Companies will be allocated to them based on their relative shares of support received (modified for any re-allocation of funding per provisions of Paragraph 23, below) to the total adjusted support amount.

13. In addition, the Parties agree that the Stipulation resolves the following issues in this Docket:

- (a) Accountability for the non-rural companies.
- (b) Consideration of a methodology for allocation of ILEC network costs between basic telephone service and other services.
- (c) Consideration of a methodology for identifying areas in which there is unsubsidized competition and whether OUSF support should be provided in such areas.
- (d) Any other issues reasonably related to issues (a) through (c), above.

Issues (b) and (c) are focused on controlling the size of the OUSF. The reductions set out in the Stipulation accomplish that goal.

14. In light of the five-year term of this Stipulation, the Parties request that the Commission cancel any directions to perform a triennial review to calculate per line support that may be contained in its prior orders. See, e.g., Order No. 03-082 in Docket UM 1017.

15. It is recognized that the Warm Springs Telecommunications Company is in a unique situation as it builds a new network to serve the Confederated Tribes of Warm Springs Reservation and surrounding area. Pursuant to Order No. 13-162, Warm Springs Telecommunications Company will be capped at \$1,500,000 per year from the OUSF. Beginning with calendar year 2017 and each year thereafter for a period of five

(5) years, Warm Springs Telecommunications Company's adjusted cap will be calculated by reducing the \$1,500,000 cap by three percent (3%) per year.

[Intentionally left blank]

16. For the period January 1, 2017 through December 31, 2021, a qualified CLEC that is designated as an ETC for purposes of OUSF will draw at the ILEC per-line amount for the area it serves. The ILEC per line support amount will begin with the base per-line support value contained in the "Base Per Line Support Amounts," which is found on the PUC website. The per-line amount will be adjusted to reflect the percent reduction that has occurred for the specific non-rural company that owns the wire center between 2016 and the date the support amount is being calculated. This reduction method does not apply to the Warm Springs wire center.

17. The Parties agree that after 2021, the OUSF support shall continue at the 2021 level, subject to the OUSF surcharge cap of 9.5 percent, unless the Commission orders otherwise.

18. The Parties recommend that the Commission should review the OUSF during 2019 to determine if something other than as set out in Paragraph 17 above, should occur after the term of this Stipulation.

19. The companies represented by the signing parties and the affiliates of those companies or their parent company, as applicable, will collect the OUSF surcharge based on the company's intrastate retail revenues (including, but not limited to, revenues from Voice over Internet Protocol) and pay that amount to the OUSF. This obligation will commence January 1, 2017.

20. The Parties recommend that the Commission continue to have its Staff perform the following functions: 1) monitor company quarterly OUSF filings of intrastate telecommunications revenues to ensure the reporting of such information is correct and that the companies are applying the surcharge to all local exchange service revenues; 2) continue to investigate company filings where there appear to be discrepancies; and 3) develop recommendations on how to reduce the surcharge rate, within the boundaries set by statute. However, the scope of recommendations related to reducing the surcharge rate will not include reducing the amounts of distributions as set out in this Stipulation during the term of this Stipulation.

21. In Order 00-312 in Docket UM 731, Non-Rural Companies were directed to use OUSF support to ensure that basic telephone service is available at a reasonable and affordable rate. In Order 03-082 in Docket UM 1017, Rural Companies were ordered to use OUSF support for the same purpose. The Parties agree to recommend to the Commission that the Commission modify the purpose for which OUSF support is to be used, pursuant to the powers granted to it by ORS 759.425. Beginning January 2017,

the use of the OUSF will be for the following: investment, construction, operation, maintenance, and repair to ensure that basic telephone service is available at reasonable and affordable rates. The use of the funds will be restricted geographically to the non-rural high-cost areas established by order No. 12-065 for reporting purposes and to the areas served by the Rural Companies.

22. The Parties agree to recommend to the Commission that the amounts of OUSF support for each Rural Company within the agreed amount set forth in Paragraph 5 of this Stipulation will be subject to review to ensure that relative support amounts for each company are consistent with the model-based process laid out in Order 03-082, Appendix B. Unless there is an unresolved dispute, the first review will be completed by September 30, 2015 and will be effective beginning January 1, 2017. Similarly, the second review will be completed by September 30, 2018 and will be effective beginning January 1, 2020. The reviews will be conducted by the Commission Staff in conjunction with the Rural Companies. The model will be updated to reflect changes in the federal support programs. For each of the reviews, the model will incorporate a company's projected investment, reserve, and expense inputs. Should a company disagree with the model results, the company will present Commission Staff with support for its position and Staff and the company will enter into negotiations to develop an agreed re-allocation. If Staff and the affected company(ies) cannot reach agreement, the dispute will be set for hearing. In the case of an unresolved dispute, the

re-allocation will go into effect in January of the respective adjustment year and adjustments will be made to the re-allocation when the dispute is resolved. If any re-allocation results in a Rural Company receiving a twenty percent or greater reduction in OUSF support in one period, such reduction shall be phased-in using a three year, equal step, glide path. Any reduction in support to a Rural Company shall be passed on to the other Rural Companies as an increase in their support according to their relative draw from the OUSF.

#### B. THE STIPULATION IS IN THE PUBLIC INTEREST

23. The Parties agree that the Stipulation results in a settlement of the issues in Phase III of this docket. The Stipulation fulfills the requirements that the universal service fund established and implemented by the Commission be used "to ensure basic telephone service is available at a reasonable and affordable rate."<sup>9</sup> By approving the Stipulation, the Commission will continue to provide support for universal service, provide carriers with clarity and certainty about funding levels for a five-year period beginning after the end of the time covered by the Phase II Stipulation, and stabilize the financial burden on Oregon consumers that contribute to the program.

24. The Parties agree that the terms of the Stipulation meet the requirements of the statute. The Stipulation is a reasonable compromise among the Parties and, by

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<sup>9</sup> ORS 759.425(1).

entering into it, the Parties have avoided litigation that would have created uncertainty and delayed the benefits of the Stipulation.

### C. THE COMMISSION SHOULD APPROVE THE STIPULATION

25. The Parties request that the Commission adopt the Stipulation with no changes. The Parties have agreed to the Stipulation as an integrated document. Within 15 days of the filing of a stipulation, a party not entering into the stipulation may file written objections to the stipulation or request a hearing, pursuant to OAR 860-001-0350(8). If there are no objections, the Commission should approve the Stipulation promptly.

### III. PROCEDURAL SCHEDULE

The Parties waive cross examination of one another at any hearing held to consider this Motion and Stipulation. In the event that Phase III of this docket resumes, the Parties agree to work cooperatively to develop a new procedural schedule taking into consideration the delay resulting from the filing and consideration of this Motion and Stipulation.

### CONCLUSION

Therefore, the Parties, respectfully hereby, request that the Commission approve the attached Stipulation without modification or condition.

DATED: September \_\_, 2014

**Qwest Corporation d/b/a CenturyLink QC,  
CenturyTel of Oregon, Inc. d/b/a  
CenturyLink,  
CenturyTel of Eastern Oregon, Inc.  
d/b/a CenturyLink,  
United Telephone Company of the  
Northwest d/b/a CenturyLink**

By:   
William E. Hendricks III

Attorney for CenturyLink

Date: 9/17/2014

**Oregon Telecommunications Association**

By: \_\_\_\_\_  
Richard A. Finnigan

Attorney for OTA

Date: \_\_\_\_\_

**Frontier Communications Northwest  
Inc.,  
Citizens Telecommunications Company  
of Oregon**

By: \_\_\_\_\_  
George Thomson

Attorney for Frontier

Date: \_\_\_\_\_

**Oregon Cable Telecommunications  
Association\***

By: \_\_\_\_\_  
Mark Trincherro

Of Attorneys for OCTA

Date: \_\_\_\_\_

\*OCTA is signing on behalf of its members other than Charter and BendBroadband.

DATED: September \_\_, 2014

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William E. Hendricks III

Attorney for CenturyLink

Date: \_\_\_\_\_

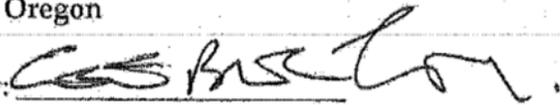
Oregon Telecommunications Association

By: \_\_\_\_\_  
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Attorney for OTA

Date: \_\_\_\_\_

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By:   
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Attorney for Frontier

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By: \_\_\_\_\_  
Mark Trinchero

Of Attorneys for OCTA

Date: \_\_\_\_\_

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DATED: September \_\_, 2014

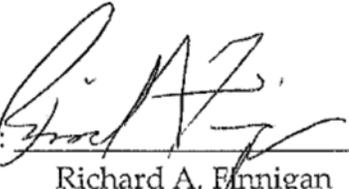
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Oregon Telecommunications Association

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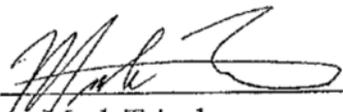
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George Thomson

Attorney for Frontier

Date: \_\_\_\_\_

Oregon Cable Telecommunications  
Association\*

By:   
Mark Trincherro

Of Attorneys for OCTA

Date: September 12, 2014

\*OCTA is signing on behalf of its members other than Charter and BendBroadband.

Citizens' Utility Board of Oregon

Public Utility Commission of Oregon  
Staff

By:   
G. Catriona McCracken  
Sommerkamp

By: \_\_\_\_\_  
Jason W. Jones

Of Attorneys for CUB

Of Attorneys for the Public Utility  
Commission of Oregon Staff

Date: 9/17/14

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

GVNW CONSULTING, INC.

By: \_\_\_\_\_  
Marsha Spellman, JD

By: \_\_\_\_\_  
James Rennard

Regulatory Director for Warm Springs  
Telecommunications Company

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Citizens' Utility Board of Oregon

By: \_\_\_\_\_  
G. Cabriona McCracken

Of Attorneys for CUB

Date: \_\_\_\_\_

Warm Springs Telecommunications  
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Marsha Spellman, JD

Regulatory Director for Warm Springs  
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Date: \_\_\_\_\_

Public Utility Commission of Oregon  
Staff

By: Mike W. Jones *for Jason Jones*

Of Attorneys for the Public Utility  
Commission of Oregon Staff

Date: 9/12/14

GVNW CONSULTING, INC.

By: \_\_\_\_\_  
James Rennard

Date: \_\_\_\_\_

Citizens' Utility Board of Oregon

Public Utility Commission of Oregon  
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By: \_\_\_\_\_  
G. Catriona McCracken

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Of Attorneys for CUB

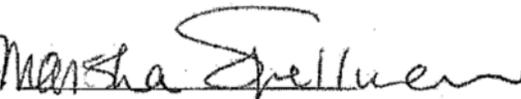
Of Attorneys for the Public Utility  
Commission of Oregon Staff

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

GVNW CONSULTING, INC.

By:   
Marsha Spellman, JD

By: \_\_\_\_\_  
James Rennard

Regulatory Director for Warm Springs  
Telecommunications Company

Date: \_\_\_\_\_

Date: 9/10/2014

**Citizens' Utility Board of Oregon**

By: \_\_\_\_\_  
G. Catriona McCracken

Of Attorneys for CUB

Date: \_\_\_\_\_

**Warm Springs Telecommunications  
Company**

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Marsha Spellman, JD

Regulatory Director for Warm Springs  
Telecommunications Company

Date: \_\_\_\_\_

**Public Utility Commission of Oregon  
Staff**

By: \_\_\_\_\_  
Jason W. Jones

Of Attorneys for the Public Utility  
Commission of Oregon Staff

Date: \_\_\_\_\_

**GVNW CONSULTING, INC.**

By: James Rennard jhr  
James Rennard

Date: 9/12/14

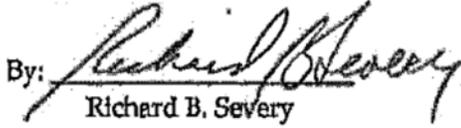
MCI Communications Services, Inc. d/b/a  
Verizon Business Services,  
MCImetro Access Transmission Services  
LLC d/b/a Verizon Access Transmission  
Services,  
TTI National, Inc.,  
Teleconnect Long Distance Services and  
Systems Co. d/b/a/ Telecom \*USA,  
Version Select Services Inc.,  
Verizon Enterprises Solutions LLC,  
Verizon Long Distance LLC

tw telecom of oregon llc

By: \_\_\_\_\_  
Mark Trincherro

Attorney for tw telecom of oregon llc

Date: \_\_\_\_\_

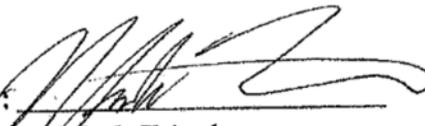
By:   
Richard B. Severy

Attorney for Verizon

Date: September 18, 2014

MCI Communications Services, Inc. d/b/a  
Verizon Business Services,  
MCImetro Access Transmission Services  
LLC d/b/a Verizon Access Transmission  
Services,  
TTI National, Inc.,  
Teleconnect Long Distance Services and  
Systems Co. d/b/a/ Telecom \*USA,  
Version Select Services Inc.,  
Verizon Enterprises Solutions LLC,  
Verizon Long Distance LLC

tw telecom of oregon llc

By:   
Mark Trincherro

Attorney for tw telecom of oregon llc

Date: September 12, 2014

By: \_\_\_\_\_  
Richard B. Severy

Attorney for Verizon

Date: \_\_\_\_\_

**ATTACHMENT 1**

**UM 1481 Phase III Stipulation**

1) Except to the extent expressly provided herein, this Stipulation has a five-year term which will begin on January 1, 2017 and end on December 31, 2021. As a result, for Rural Companies, see footnote 2, the term of the UM 1481 Phase II Stipulation adopted in Order No. 13-162 is modified accordingly and OUSF support for said companies in 2016 shall be as set out in Paragraph 5, below.

2) Beginning with the 2016 OUSF funding level of \$17.5 million of annual OUSF support for Non-Rural Companies,<sup>1</sup> consisting of \$10.5 million for Qwest Corporation and \$7.0 million for Frontier Northwest, the funding will be reduced in five equal annual steps. Over the life of the stipulation this will result in a decrease of twenty-seven and one-half percent (27.5%). Non-Rural Companies' OUSF receipts will not be affected by line counts, except to the extent that line counts may influence the trigger for the surcharge cap set forth in Paragraph 6 below.

3) The phase-down of OUSF support for the Non-Rural Companies will occur each January according to the following schedule:

Annual OUSF Support	Phase II Stipulation		Phase III Stipulation	
	2016	2017	2019	2020
Frontier Northwest	\$7,000,000	\$6,615,000	\$5,845,000	\$5,460,000
Qwest Corporation	\$10,500,000	\$9,922,500	\$8,767,500	\$8,190,000
<b>Total</b>	<b>\$17,500,000</b>	<b>\$16,537,500</b>	<b>\$14,612,500</b>	<b>\$13,650,000</b>
				<b>\$12,687,500</b>

<sup>1</sup> The Non Rural Companies are Qwest Corporation d/b/a CenturyLink QC and Frontier Communications Northwest Inc. ("Frontier Northwest").

**ATTACHMENT 1**

4) Beginning with the 2016 calendar year OUSF funding level of \$14,431,170 of annual OUSF support for Rural Companies,<sup>2</sup> the funding will be reduced in five equal steps, taking effect annually. Over the life of the stipulation this will result in a decrease in the level of support of fifteen and two-tenths percent (15.2%). Rural Companies' OUSF receipts will not be affected by line counts, per Order No. 13-162 in Docket UM 1481 Phase II dated May 2, 2013, page 4.

5) The phase-down of OUSF support for the Rural Companies will occur each January according to the following schedule:

Annual OUSF Support	Phase II Stipulation		Phase III Stipulation			
	2016	2017	2,018	2019	2020	
Rural Companies	\$14,431,170	\$13,991,643	13,552,115	\$13,112,587	\$12,673,059	\$12,233,531

6) The OUSF surcharge will be capped at 9.5% beginning January 1, 2017. If the surcharge would otherwise exceed 9.5%, a pro rata reduction in support until the 9.5% cap is reached will be determined for the Rural Companies in aggregate and the Non-Rural Companies. The adjusted aggregate support amount for the Rural Companies will be allocated to them based on their relative shares of support received (modified for any re-allocation of funding per provisions of Paragraph 16, below) to the total adjusted support amount.

<sup>2</sup> Asotin Telephone Company d/b/a TDS Telecom, Beaver Creek Cooperative Telephone Company, Canby Telephone Association d/b/a Canby Telecom, Cascade Utilities, Inc., d/b/a Reliance Connects, CenturyTel of Oregon, Inc., d/b/a CenturyLink, CenturyTel of Eastern Oregon, Inc., d/b/a CenturyLink, Citizens Telecommunications Company of Oregon, Clear Creek Mutual Telephone Company, Colton Telephone Company d/b/a ColtonTel, Eagle Telephone System, Inc., Gervais Telephone Company, Helix Telephone Company, Home Telephone Company d/b/a TDS Telecom, Molalla Telephone Company d/b/a Molalla Communications Company, Monitor Cooperative Telephone Company, Monroe Telephone Company, Mt. Angel Telephone Company, Nehalem Telecommunications, Inc., d/b/a RTI Nehalem Telecom, North-State Telephone Co., Oregon-Idaho Utilities, Inc., Oregon Telephone Corporation, People's Telephone Co., Pine Telephone Systems, Inc., Pioneer Telephone Cooperative, Roome Telecommunications Inc., St. Paul Cooperative Telephone Association, Scio Mutual Telephone Association, Stayton Cooperative Telephone Company, Trans-Cascades Telephone Company d/b/a Reliance Connects, and United Telephone Company of the Northwest d/b/a CenturyLink.

ATTACHMENT 1

- 7) In light of the five-year term of this Stipulation, the Parties request that the Commission cancel any directions to perform a triennial review that may be contained in its prior orders. See, e.g., Order No. 03-082 in Docket UM 1017.
- 8) This Stipulation resolves the following issues:
  - (a) Accountability for the Non-Rural Companies. See the UM 1481(III)(A) stipulation found in Attachment 2 for proposed terms.
  - (b) Consideration of a methodology for allocation of ILEC network costs between basic telephone service and other services.
  - (c) Consideration of a methodology for identifying areas in which there is unsubsidized competition and whether OUSF support should be provided in such areas.
  - (d) Any other issues reasonably related to issues (a) through (c), above.
- 9) For the period January 1, 2017 through December 31, 2021, a qualified CLBC that is designated as an ETC for purposes of OUSF will draw at the ILEC per-line amount for the area it serves. The ILEC per line support amount will begin with the base per-line support value contained in the "Base Per Line Support Amounts," which is found on the PUC website. The per-line amount will be adjusted to reflect the percent reduction that has occurred for the specific non-rural company that owns the wire center between 2016 and the date the support amount is being calculated. This reduction method does not apply to the Warm Springs wire center.
- 10) It is recognized that the Warm Springs Telecommunications Company is in a unique situation as it builds a new network to serve the Confederated Tribes of Warm Springs Reservation and surrounding area. Pursuant to Order No. 13-162, Warm Springs Telecommunications Company will be capped at \$1,500,000 per year from the OUSF. Beginning with calendar year 2017 and each year thereafter for a period of five (5) years, Warm Springs Telecommunications Company's adjusted cap will be calculated by reducing the \$1,500,000 cap by three percent (3%) per year.

ATTACHMENT 1

- 11) The companies represented by the signing parties and the affiliates of those companies or their parent company, as applicable, will collect the OUSF surcharge based on the company's intrastate retail revenues (including, but not limited to, revenues from Voice over Internet Protocol) and pay that amount to the OUSF.
- 12) After 2021, the OUSF support shall continue at the 2021 level of funding, subject to the OUSF surcharge cap of 9.5 percent, unless the Commission orders otherwise.
- 13) The Parties agree to recommend to the Commission that the OUSF be reviewed in 2019 to determine if something other than as set out in Paragraph 12, above, should occur after the term of this Stipulation.
- 14) The Parties recommend that the Commission continue to have its Staff perform the following functions: 1) monitor company quarterly OUSF filings of intrastate telecommunications revenues to ensure the reporting of such information is correct and that the companies are applying the surcharge to all local exchange service revenues; 2) continue to investigate company filings where there appear to be discrepancies; and, 3) develop recommendations on how to reduce the surcharge rate, within the boundaries set by statute. However, the scope of recommendations related to reducing the surcharge rate will not include reducing the amounts of distributions as set out in this Stipulation during the term of this Stipulation.
- 15) In Order 00-312 in Docket UM 731, Non-Rural Companies were directed to use OUSF support to ensure that basic telephone service is available at a reasonable and affordable rate. In Order No. 03-082 in Docket UM 1017, Rural Companies were ordered to use OUSF support for the same purpose. The Parties agree to recommend to the Commission that the Commission modify the purpose for which OUSF support is to be used, pursuant to the powers granted to it by ORS 759.425. Beginning January 2017, the use of the OUSF funds will be for the following purpose: investment, construction, operation, maintenance, and repair to ensure that basic telephone service is available at reasonable and affordable rates. The use of the funds will be restricted geographically to

ATTACHMENT 1

the non-rural high-cost areas established by Order No. 12-065 for reporting purposes and to the areas served by the Rural Companies.

- 16) The Parties agree to recommend to the Commission that the amounts of OUSF support for each Rural Company within the agreed amount set forth in Paragraph 5 of this Stipulation will be subject to review to ensure that relative support amounts for each company are consistent with the model-based process laid out in Order 03-082, Appendix B. Unless there is an unresolved dispute, the first review will be completed by September 30, 2015 and will be effective beginning January 1, 2017. Similarly, the second review will be completed by September 30, 2018 and will be effective beginning January 1, 2020. The reviews will be conducted by the Commission Staff in conjunction with the Rural Companies. The model will be updated to reflect changes in the federal support programs. For each of the reviews, the model will incorporate a company's projected investment, reserve, and expense inputs. Should a company disagree with the model results, the company will present the Commission Staff with support for its position and Staff and the company will enter into negotiations to develop an agreed re-allocation. If Staff and the affected company(ies) cannot reach agreement, the dispute will be set for hearing. In the case of an unresolved dispute, the re-allocation will go into effect in January of the respective adjustment year and adjustments will be made to the re-allocation when the dispute is resolved. If any re-allocation results in a Rural Company receiving a twenty percent or greater reduction in OUSF support in one period, such reduction shall be phased-in using a three year, equal step, glide path. Any reduction in support to a Rural Company shall be passed on to the other Rural Companies as an increase in their support according to their relative draw from the OUSF.

- 17) The Parties agree that any Party may file a petition to request Commission review of this Stipulation if there is a substantive change in Oregon law that materially affects the terms of this Stipulation or there is a substantive change in federal law or Federal Communications Commission precedent that materially affects the terms of the Stipulation. The Parties further agree that the Stipulation will not automatically terminate merely because a Party has filed a petition as described above, but will continue until the Commission issues a final order that grants, denies or takes other appropriate final action upon the petition. Finally, each Party reserves the right to make whatever arguments it deems appropriate in any docket resulting from the filing of the aforementioned petition.

## ATTACHMENT 1

### GENERAL PROVISIONS

- 18) The Parties understand that this Stipulation is not binding upon the Commission unless and until it is approved by the Commission.
- 19) This Stipulation does not preclude a party from explaining, as a factual matter, what the Parties agreed to in this Stipulation.
- 20) The Parties agree that this Stipulation represents the entire agreement of the Parties and that it supersedes any and all prior oral or written understanding, agreements or representation related to this Stipulation, if any, and no such prior understanding, agreement or representations shall be relied upon by any Party.
- 21) The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and cooperate in supporting this Stipulation throughout the Commission's consideration of the Stipulation.
- 22) The Parties enter into this Stipulation to avoid further expense, inconvenience, uncertainty and delay. By executing this Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Stipulation. Nor shall any Party be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in this Stipulation.
- 23) This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. A signed signature page that is faxed or emailed is acceptable as an original signature page signed by that Party.

This Stipulation is entered into by each Party as follows:

ATTACHMENT 1

Qwest Corporation d/b/a CenturyLink QC,  
CenturyTel of Oregon, Inc. d/b/a  
CenturyLink,  
CenturyTel of Eastern Oregon, Inc.  
d/b/a CenturyLink,  
United Telephone Company of the  
Northwest d/b/a CenturyLink

By: Mark Reynolds for  
R. S. (Steve) Davis

Executive Vice President Public Affairs &  
Regulatory Policy

Date: \_\_\_\_\_

Frontier Communications Northwest  
Inc.,  
Citizens Telecommunications Company  
of Oregon

By: \_\_\_\_\_  
George Thomson  
Assoc. General Counsel

Date: \_\_\_\_\_

Oregon Telecommunications Association

Oregon Cable Telecommunications Association\*

By: \_\_\_\_\_  
Richard A. Finnigan

Attorney for OTA

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Mark Trinchero

Of Attorneys for OCTA

Date: \_\_\_\_\_

\*OCTA is signing on behalf of its members other than Charter and Broadband.

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By: \_\_\_\_\_

Steve R. Davis

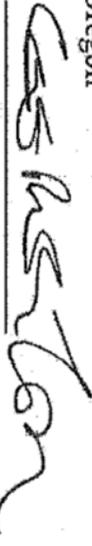
Executive Vice President Public Affairs &  
Regulatory Policy

Date: \_\_\_\_\_

Oregon Telecommunications Association

Frontier Communications Northwest  
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Citizens Telecommunications Company  
of Oregon

Assoc. General Counsel

By: 

George Thomson

Date: 9/12/14

Oregon Cable Telecommunications Association\*

By: \_\_\_\_\_

Richard A. Finnigan

Attorney for OTA

Date: \_\_\_\_\_

By: \_\_\_\_\_

Mark Trinchero

Of Attorneys for OCTA

Date: \_\_\_\_\_

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By: \_\_\_\_\_  
R. S. (Steve) Davis

By: \_\_\_\_\_  
George Thomson

Executive Vice President Public Affairs &  
Regulatory Policy

Assoc. General Counsel

Date: \_\_\_\_\_

Oregon Telecommunications Association

Oregon Cable Telecommunications Association\*

By:   
Richard A. Finnigan

By: \_\_\_\_\_  
Mark Trincherro

Attorney for OTA

Of Attorneys for OCTA

Date: 9/18/2014

Date: \_\_\_\_\_

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By: \_\_\_\_\_

R. S. (Steve) Davis

Executive Vice President Public Affairs &  
Regulatory Policy

Date: \_\_\_\_\_

Oregon Telecommunications Association

By: \_\_\_\_\_  
Richard A. Finnigan

Attorney for OTA

Date: \_\_\_\_\_

Frontier Communications Northwest  
Inc.,  
Citizens Telecommunications Company  
of Oregon

By: \_\_\_\_\_  
George Thomson

Date: \_\_\_\_\_

Oregon Cable Telecommunications Association\*

By:   
Mark Trinchero

Of Attorneys for OCTA

Date: September 12, 2014

\*OCTA is signing on behalf of its members other than Charter and BendBroadband.

ATTACHMENT 1

Citizens' Utility Board of Oregon

Public Utility Commission of Oregon Staff

By: 

By: Jason W. Jones

~~G. Carrington McGehee~~  
~~Secretary~~  
~~Warm Springs~~

Date: 9/17/14

Of Attorney for the Public Utility Commission of Oregon Staff

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

tw telecom of oregon llc

By: Marsha Spellman, JD

By: Mark Tinchero

Regulatory Director for Warm Springs  
Telecommunications Company

Attorney for tw telecom of oregon llc

Date: \_\_\_\_\_

Date: \_\_\_\_\_

ATTACHMENT 1

Citizens' Utility Board of Oregon

By: \_\_\_\_\_  
G. Catriona McCracken

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

By: \_\_\_\_\_  
Marsha Spellman, JD

Regulatory Director for Warm Springs  
Telecommunications Company

Date: \_\_\_\_\_

Public Utility Commission of Oregon Staff

By: Jason W. Jones  
Jason W. Jones

Of Attorney for the Public Utility Commission of Oregon Staff

Date: 9/12/14

tw telecom of oregon llc

By: \_\_\_\_\_  
Mark Trinchero

Attorney for tw telecom of oregon llc

Date: \_\_\_\_\_

ATTACHMENT 1

Citizens' Utility Board of Oregon

By: \_\_\_\_\_  
G. Catriona McCracken

Date: \_\_\_\_\_

Public Utility Commission of Oregon Staff

By: \_\_\_\_\_  
Jason W. Jones

Of Attorney for the Public Utility Commission of Oregon Staff

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

By: Marsha Spellman  
Marsha Spellman, JD

Regulatory Director for Warm Springs  
Telecommunications Company

Date: 9/16/2014

tw telecom of oregon llc

By: \_\_\_\_\_  
Mark Trinchero

Attorney for tw telecom of oregon llc

Date: \_\_\_\_\_

ATTACHMENT 1

Citizens' Utility Board of Oregon

By: \_\_\_\_\_  
G. Catriona McCracken

Date: \_\_\_\_\_

Warm Springs Telecommunications  
Company

By: \_\_\_\_\_  
Marsha Spellman, JD

Regulatory Director for Warm Springs  
Telecommunications Company

Date: \_\_\_\_\_

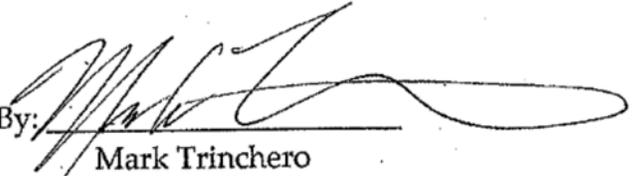
Public Utility Commission of Oregon Staff

By: \_\_\_\_\_  
Jason W. Jones

Of Attorney for the Public Utility Commission of Or

Date: \_\_\_\_\_

tw telecom of oregon llc

By:   
Mark Trinchero

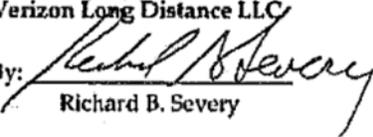
Attorney for tw telecom of oregon llc

Date: September 12, 2014

ATTACHMENT 1

MCI Communications Services, Inc. d/b/a  
Verizon Business Services,  
MCI metro Access Transmission Services  
LLC d/b/a Verizon Access Transmission  
Services, TTI National, Inc.,  
Teleconnect Long Distance Services and  
Systems Co. d/b/a/ Telecom \*USA,  
Verizon Select Services Inc.,  
Verizon Enterprises Solutions LLC,  
Verizon Long Distance LLC

By:

  
Richard B. Severy

GVNW CONSULTING, INC.

By:

James Rennard

Date:

ATTACHMENT 1

MCI Communications Services, Inc. d/b/a  
Verizon Business Services,  
MCImetro Access Transmission Services  
LLC d/b/a Verizon Access Transmission  
Services, TTI National, Inc.,  
Teleconnect Long Distance Services and  
Systems Co. d/b/a/ Telecom \*USA,  
Version Select Services Inc.,  
Verizon Enterprises Solutions LLC,  
Verizon Long Distance LLC

GVNW CONSULTING, INC.

By: James Rennard jhs  
James Rennard

Date: 9/12/14

By: \_\_\_\_\_  
Richard B. Severy

## ATTACHMENT 2

### UM 1481 Phase IIIa Stipulation

1. The Parties to this Stipulation are Qwest Corporation d/b/a CenturyLink QC, Frontier Communications Northwest, Inc., Public Utility Commission of Oregon Staff, and Citizens' Utility Board of Oregon.
2. The purpose of the reporting that the Parties agree to under this Stipulation is to modify current reporting of information regarding CenturyLink QC and Frontier Northwest Inc. ("Reporting Parties") expenses in areas that are eligible for Oregon Universal Service Fund (OUSF) support. Both Reporting Parties currently provide their investment activities and expenses by wire center in the areas eligible for support. The Stipulation modifies the reporting of expenses.
3. **Reporting.** The reporting under this Stipulation for the Reporting Parties will be as depicted in the attached Oregon Universal Service Fund Accountability Report. The report data will be retained for a period of three years and it will be made available for Staff to audit upon request.
4. **Filing.** The Parties agree that the Reporting Parties and Staff, at the time any of the report data is submitted to the Commission, may submit to the Commission an explanation regarding which set of data from the report reflect the appropriate method to estimate how OUSF funding is being directed to operating expenses in high cost areas. The Oregon Universal Service Fund Accountability Report, being dependent upon Form O data, will be submitted annually no later than June 1<sup>st</sup> or approximately 60 days following the submission of the Form O.
5. **Applicability.** The Parties agree that the data provided in the report cannot be used to change the non-rural OUSF support amounts agreed to in the stipulation in Phase II of this proceeding, approved by the Commission in Order 13-162, or the non-rural OUSF support amounts agreed to in the stipulation in Phase III of this proceeding.
6. **Term.** This Stipulation will have the same termination date as the stipulation settling Parts IIIb and IIIc of this proceeding.

### GENERAL PROVISIONS

7. The Parties understand that this Stipulation is not binding upon the Commission unless and until it is approved by the Commission.

## ATTACHMENT 2

8. This Stipulation does not preclude a party from explaining, as a factual matter, what the Parties agreed to in this Stipulation.
9. The Parties agree that this Stipulation represents the entire agreement of the Parties and it supersedes any and all prior oral or written understandings, agreements or representation related to this Stipulation, if any, and no such prior understanding, agreement or representation shall be relied upon by any Party.
10. The Parties shall cooperate in submitting this Stipulation promptly to the Commission for acceptance, and cooperate in supporting this Stipulation throughout the Commission's consideration of the Stipulation.
11. The Parties enter into this Stipulation to avoid further expense, inconvenience, uncertainty and delay. By executing this Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Stipulation. Nor shall any Party be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in this Stipulation.

**ATTACHMENT 2**

12. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document. A signed signature page that is faxed or emailed is acceptable as an original signature page signed by that Party.

This Stipulation is entered into by each Party as follows:

**CenturyLink QC**

By:  \_\_\_\_\_

William E. Hendricks

Senior Corporate Counsel

Date: 9/17/2019

**Frontier Communications**

By: \_\_\_\_\_

George Thompson

Associate General Counsel

Date: \_\_\_\_\_

**Citizens' Utility Board of Oregon**

By: \_\_\_\_\_

G. Catriona McCracken

Date: \_\_\_\_\_

**Public Utility Commission of Oregon Staff**

By: \_\_\_\_\_

Jason W. Jones

Date: \_\_\_\_\_

ATTACHMENT 2

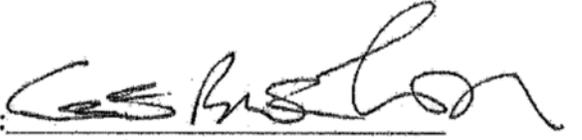
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Frontier Communications

By: \_\_\_\_\_

By:  \_\_\_\_\_

William E. Hendricks

George Thomson

Senior Corporate Counsel

Associate General Counsel

Date: \_\_\_\_\_

Date: 9/17/14 \_\_\_\_\_

Citizens' Utility Board of Oregon

Public Utility Commission of Oregon Staff

By: \_\_\_\_\_

By: \_\_\_\_\_

G. Catriona McCracken

Jason W. Jones

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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By: \_\_\_\_\_

By: \_\_\_\_\_

William E. Hendricks

George Thomson

Senior Corporate Counsel

Associate General Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Citizens' Utility Board of Oregon**

**Public Utility Commission of Oregon Staff**

By:  \_\_\_\_\_

By: \_\_\_\_\_

~~G. Carriona McCracken~~  
SOMMER TEMPLET

Jason W. Jones

Date: 9/7/14 \_\_\_\_\_

Date: \_\_\_\_\_

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By: \_\_\_\_\_

By: \_\_\_\_\_

William E. Hendricks

George Thomson

Senior Corporate Counsel

Associate General Counsel

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Citizens' Utility Board of Oregon**

**Public Utility Commission of Oregon Staff**

By: \_\_\_\_\_

By: Jason W. Jones / for

G. Catriona McCracken

Jason W. Jones

Date: \_\_\_\_\_

Date: September 18, 2014



CERTIFICATE OF SERVICE  
UM 1481, PHASE III

I certify that, on May 15, 2015, I served the foregoing **WHITE PAPER ON OREGON UNIVERSAL SERVICES ISSUES** on the following persons via electronic mail with the original sent to the PUC Filing Center via UPS Overnight delivery:

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**WARM SPRINGS  
TELECOMMUNICATIONS**

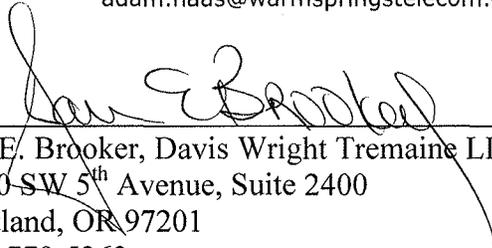
MARSHA SPELLMAN (C)

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**WSTC**

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Portland, OR 97201  
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