

INDUSTRY PRESENTATION

The Oregon Universal Service Fund

May 22, 2015 workshop

Docket UM 1481

Commission Workshop Questions

- **How does the existing Oregon Universal Service Fund (OUSF) program work on a granular level?**
- **Under current law, what are the Commission's options for administering the OUSF program? What can and can't the Commission do?**
- **What are the goals of the program and what metrics should the Commission use to evaluate whether it has achieved those goals?**
- **What constitutes available basic telephone service? What defines reasonable and affordable rates?**
- **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?**
- **Should the Commission have a continuing role once the goal of affordable basic telephone service has been met without the need for subsidies?**
- **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?**

Commission Workshop Questions

- How does the existing Oregon Universal Service Fund (OUSF) program work on a granular level?

SEPARATE STAFF PRESENTATION

Commission Workshop Questions: Options – What can and can't the Commission do?

- **Under current law, what are the Commission's options for administering the OUSF program? What can and can't the Commission do?**

Two overarching Legislative directives per ORS 759.425:

- 1) establish and implement a competitively neutral and nondiscriminatory universal service fund; and
- 2) use the fund to ensure basic telephone service is available at a reasonable and affordable rate.

Commission Workshop Questions: Options – What can and can't the Commission do?

In achieving those two goals the Commission must:

- 1) Determine what constitutes “basic telephone service”
 - ADOPTED DEFINITION BY RULE IN 2000 – OAR 860-032-0190
(IN AR 577 – DECLINED TO CHANGE THE DEFINITION)
 - * **ISSUES LIST IN UM 1481 EXPRESSLY *EXCLUDES* CHANGES TO RULES –
MUST BE DONE IN A RULEMAKING.**

Commission Workshop Questions: Options – What can and can't the Commission do?

2) 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.

**WHAT DOES THIS MEAN AS FAR
AS COMMISSION OPTIONS?**

Commission Workshop Questions: Options – What can and can't the Commission do?

THE COMMISSION CAN:

1) Determine the cost of providing basic service

Commission adopted forward looking cost model for non-rural ILEC support and an embedded cost methodology for rural ILECs

2) Set a benchmark

Commission adopted \$21, based on average cost of the non-rural ILECs from model as benchmark

(as reasonable proxy for an affordable rate)

Commission Workshop Questions: Options – What can and can't the Commission do?

THE COMMISSION CAN ALSO:

1) Update the Benchmark as necessary to reflect:

- (A) Changes in competition;
- (B) Changes in federal universal service support; and
- (C) Other relevant factors.

The Commission has not formally updated the Benchmark

2) Adopt rules to conform the OUSF to the federal fund

The Commission has not adopted such rules

Commission Workshop Questions: Options – What can and can't the Commission do?

LIMITS ON COMMISSION FLEXIBILITY:

- 1) Can fund *only* eligible telecommunications carriers
(e.g., OUSF cannot directly subsidize customers)
- 2) Must Not Be Inconsistent with the Federal USF rules
 - 3) Must be specific, predictable and sufficient;
 - 4) Must not rely on or burden the Federal USF
(e.g., OUSF cannot rely on interstate revenues)

Commission Workshop Questions: Goals and Metrics?

- **What are the goals of the program and what metrics should the Commission use to evaluate whether it has achieved those goals?**

August 29, 2012 Ruling expressly excluded “purpose of the OUSF” from the issues list because the purpose of the OUSF is set forth in ORS 759.425.

ORS 759.425 contains the following goals:

- 1) competitive neutrality and nondiscrimination
- 2) ensure basic telephone service is available at a reasonable and affordable rate

Commission Workshop Questions: Goals and Metrics?

1) competitive neutrality and nondiscrimination

(e.g., Commission has adopted rules for competitive carriers to obtain ETC designation and receive OUSF support – very few CLECs receive support, e.g., Warm Springs Telecom)

Commission Workshop Questions: Goals and Metrics?

- 1) Ensuring basic telephone service is available at reasonable and affordable rates (e.g., rates in high-cost areas held lower than otherwise through OUSF Support)

Commission Workshop Questions: Goals and Metrics?

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 ²	\$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 ¹	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 ³	\$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) ⁴	\$10.45/\$10.79	\$28.40-\$33.79	\$40.81-\$46.20
RTI	\$16.00/\$18.00 ⁵	0.97 ⁶	\$10.28/\$10.45	\$27.25-\$29.42	\$40.86-\$43.03
Scio	\$11.50	\$11.65-\$13.00 ⁷	\$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

Commission Workshop Questions: Goals and Metrics?

Table 1 (cont.)

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

Commission Workshop Questions: Available Basic Service & Reasonable/Affordable Rates?

- **What constitutes available basic telephone service? What defines reasonable and affordable rates?**
 - 1) Commission has defined basic telephone service in OAR 860-032-0190
 - 2) Commission has used average model cost in legacy Qwest and Verizon wire centers as proxy for reasonable and affordable rate
 - 3) FCC has more recently established a \$30 rate cap for federal USF purposes

Commission Workshop Questions: Available Basic Service & Reasonable/Affordable Rates?

- **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?**

1) The Parties filed testimony on this issue in Phase II

- Some contended that CMRS service is a viable substitute
- Some contended that VoIP is a viable substitute
- Some contended that only copper or fiber-based circuit switched is acceptable

2) Criteria for satisfactory basic telephone service is set forth in the definition of basic telephone service in OAR 860-032-0190

Commission Workshop Questions: Continuing Role?

- **Should the Commission have a continuing role once the goal of affordable basic telephone service has been met without the need for subsidies?**

ORS 759.425 is silent on the Commission's role once the goal of affordable basic telephone service has been met without the need for subsidies.

Commission Workshop Questions: Voucher System?

- **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?**

A legislative change would be needed because ORS 759.425(3)(a) provides that:

“The universal service fund shall provide explicit support to an eligible telecommunications carrier”

Commission Workshop: The Phase III Stipulation

In Order 15-005, the Commission stated that it is:

“unable to determine whether the joint parties’ stipulated OUSF funding levels are appropriate to meet the need for OUSF support, or whether the joint parties’ stipulated program design will ensure the efficient and effect delivery of those funds.”

The Parties have filed with the Commission a “White Paper” intended to provide the Commission with useful information for the Workshop and which details how the Phase III Stipulation satisfies the goals of the OUSF.

The following slides hit some of the highlights of the White Paper

Commission Workshop: The Phase III Stipulation

- **The stipulated OUSF funding levels are appropriate and help sustain reasonable and affordable rates.**
- ❖ As shown on Table 1, OUSF funding is used to maintain reasonable rates. The OUSF support recipients have determined that the reduced funding levels in the Phase III Stipulation will ensure reasonable and affordable rates.

Commission Workshop: The Phase III Stipulation

- **The stipulated OUSF funding levels will ensure efficient and effective delivery of the OUSF support.**
- ❖ The reductions reflect the fact that a network allocation to recognize non-basic services provided on the same networks would have reduced overall support amounts.
- ❖ The reductions also reflect the fact that limiting support to areas without unsubsidized competitors would have reduced overall support amounts.

Commission Workshop: The Phase III Stipulation

- **The Stipulation reflects a commitment from facilities-based VoIP providers to continue making voluntary contributions to the OUSF, further delaying the need for increases to the surcharge.**
- ❖ ORS 759.425(4) provides that “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.” This does not include VoIP.
- ❖ Cable companies providing VoIP have agreed in the Stipulation to continue to voluntarily contribute to the OUSF on their VoIP revenues. This added certainty will reduce the need for increases in the surcharge if these providers were to discontinue such voluntary contributions.

Commission Workshop: The Phase III Stipulation

- **Without the stipulated OUSF support reductions the OUSF surcharge will increase significantly.**
- ❖ As demonstrated in Staff's presentation, revenue base erosion is placing increased upward pressure on the surcharge

Commission Workshop: The Phase III Stipulation

- **Due to uncertainty regarding future rates of line loss, the stipulation includes, *for the first time in the history of the OUSF*, a cap on the surcharge.**
- ❖ Even with the stipulated reductions in OUSF support, it is possible that increased rates of line loss could require significant increases in the surcharge.
- ❖ To ensure against the possibility of an unsustainably high surcharge, the Stipulation places a cap on how high the surcharge can go, requiring the OUSF support recipients to accept less support if needed to keep the surcharge at no higher than the capped amount.

Commission Workshop: The Phase III Stipulation

- **The Stipulation provides the Commission and the parties with a specific, predictable and sufficient intrastate USF mechanism for an additional five year period while the FCC continues to implement reforms in the federal USF program.**
- ❖ As explained more fully in the White Paper, there is a great deal of continuing uncertainty regarding the implementation of the federal USF reforms.
- ❖ The Commission will be in a better position at the end of the term of the Phase III Stipulation to evaluate the impact of the federal USF reforms in Oregon and can tailor the OUSF as needed in light of those impacts.

Commission Workshop: The Phase III Stipulation

- **The Stipulation provides that the ILECs will use OUSF funding only for investment, construction, operation, maintenance, and repair to ensure that basic telephone service is available at reasonable and affordable rates.**
- ❖ The Commission directed such a change as a result of Phase I of this docket. The Commission subsequently declined to enforce the requirement based on the fact that it did not have a sufficient evidentiary record at that point.
See Order No. 11-132.
- ❖ The Stipulation includes a voluntary commitment from the ILECs to do what the Commission had contemplated in its original Phase I order.

Commission Workshop: The Phase III Stipulation

- **The Stipulation provides for accountability by requiring specific reporting from nonrural ILECs regarding allocation of expenses.**
- ❖ The Commission had specifically directed the parties to address such accountability. The Stipulation provides for detailed reporting to ensure accountability.

Commission Workshop: The Phase III Stipulation

- **The Stipulation provides for a timely and seamless transition from the Phase II Stipulation.**
- ❖ The Phase II Stipulation terminates for the rural ILECs in July 2016, and for the nonrural ILECs in January 2017.
- ❖ Without the Phase III Stipulation in place, there will be uncertainty with respect to the calculation of OUSF support.

How We Got Here: The Oregon Universal Service Fund



Prepared for the
May 22, 2015 Workshop
Docket UM 1481

THE EARLY YEARS – 1994 TO 1999

- DOCKET UM 731
 - POLICY GOALS AND DESIGN OBJECTIVES IN 1995
 - CRITERIA FOR DEFINING BASIC SERVICE, FUNDING AND DISTRIBUTION POLICIES IN 1998
 - IMPLEMENTATION ISSUES IN 1999

1999 LEGISLATURE PASSES OUSF STATUTE

- SB 622 – CODIFIED AT ORS 759.425
 - LEGISLATURE SETS FORTH UNIVERSAL SERVICE POLICY AND DIRECTS COMMISSION TO ESTABLISH AND IMPLEMENT A COMPETITIVELY NEUTRAL AND NONDISCRIMINATORY OREGON UNIVERSAL SERVICE FUND (“THE OUSF”)
 - GOAL = TO ENSURE BASIC TELEPHONE SERVICE IS AVAILABLE AT REASONABLE AND AFFORDABLE RATES

OUSF LEGISLATIVE DIRECTIVES

SB 622 DIRECTED THE COMMISSION TO:

- ESTABLISH PRICE UTILITY MAY CHARGE FOR BASIC TELEPHONE SERVICE (EXCLUDING UTILITIES WITH FEWER THAN 50,000 LINES); PREDIODICALLY REVIEW PRICE**
- DESIGNATE THE SERVICES TO BE INCLUDED IN BASIC TELEPHONE SERVICE; PREDIODICALLY REVIEW DEFINITION**
- ESTABLISH A BENCHMARK; PERIODICALLY REVIEW AND ADJUST BENCHMARK TO REFLECT CHANGES IN: COMPETITION, FEDERAL USF SUPPORT AND OTHER RELEVANT FACTORS**
- SEEK TO LIMIT DIFFERENCE BETWEEN PRICE UTILITY CHARGES FOR BASIC SERVICE AND THE BENCHMARK**

SB 622 CALCULATION OF SUPPORT

- **SB 622 ALSO CONTAINED A BASIC FORMULA FOR CALCULATING OUSF SUPPORT FOR ELIGIBLE TELECOMMUNICATIONS CARRIERS:**

COST – BENCHMARK – LOOP SUPPORT – FEDERAL USF = OUSF SUPPORT

- **DIFFERENCE BETWEEN COST OF PROVIDING BASIC TELEPHONE SERVICE AND THE BENCHMARK**
 - **LESS EXPLICIT COMPENSATION RECEIVED FROM FEDERAL SOURCES TARGETED TO RECOVERY OF LOCAL LOOP COSTS**
 - **LESS EXPLICIT FEDERAL USF SUPPORT**

STATUTORY SURCHARGE

- **SB 622 ALSO IMPOSED A SURCHARGE ON RETAIL TELECOMMUNICATIONS SERVICE**
 - **UNIFORM PERCENTAGE OF SALE OF RETAIL TELECOMMUNICATIONS SERVICE (EXPRESSLY EXCLUDES WIRELESS SERVICES)**
 - **IN AMOUNT SUFFICIENT TO SUPPORT THE PURPOSE OF THE OUSF**

PAY TO PLAY FOR WIRELESS CARRIERS

- SB 622 ESTABLISHED A “PAY TO PLAY” SCHEME FOR WIRELESS CARRIERS
 - DO NOT PAY INTO FUND AND NOT ELIGIBLE TO RECEIVE SUPPORT, *UNLESS*
 - SEEK ETC DESIGNATION AND PAY INTO FUND FOR A YEAR PRIOR TO RECEIVING SUPPORT

COMMISSION IMPLEMENTS OUSF PER STATUTE

- **UM 731 PHASE IV**
 - **AFTER SB 622 IS ENACTED, COMMISSION OPENS PHASE IV OF UM 731 TO ESTABLISH THE OUSF PER SB 622 AND ISSUES ORDER 00-312, WHICH:**
 - **ADOPTED COST PROXY MODEL**
 - **DETERMINED INPUTS FOR MODELS**
 - **SET BENCHMARK BASED ON AVERAGE COST IN US WEST AND GTE SERVICE AREAS**
 - **ESTABLISHED FORMULA FOR COMPUTING OUSF SUPPORT**
 - **ESTABLISHED DISTRIBUTION MECHANISM**
 - **ESTABLISHED ETC CRITERIA**

COMMISSION ADDS RURAL CARRIERS IN 2003

- **FOR THE FIRST THREE YEARS, ONLY THE NON-RURAL ILECs (US WEST & GTE) PARTICIPATED IN THE OUSF**
- **DOCKET UM 1017**
 - **IN 2003, PER AN MOU ADOPTED IN ORDER 03-082, THE COMMISSION ADDED THE RURAL ILECs TO THE OUSF**
 - **USED EMBEDDED COST INSTEAD OF PROXY MODEL**
 - **USED SAME NON-RURAL ILEC AVERAGE PROXY COST FOR BENCHMARK**
 - **ESTABLISHED ANNUAL ACCOUNTABILITY FILINGS**
 - **ESTABLISHED TRIENNIAL REVIEW PROCESS**

RURAL SUPPORT SET PER MOU FORM 2003 TO 2013

■ DOCKET UM 1017 TRIENNIAL REVIEWS

- IN REVIEWS CONDUCTED IN 2006, 2009 AND 2012 THE COMMISSION ADOPTED MOUs SETTING RURAL ILEC SUPPORT LEVELS BASED ON COMPROMISES BETWEEN STAFF AND THE RURAL ILECs
- AS A PRACTICAL OUTCOME, THE 2009 AND 2012 MOUs BASED SUPPORT ON A *DE FACTO* \$30 BENCHMARK. HOWEVER, IT WAS NOT AGREED THAT THE OFFICIAL BENCHMARK SHOULD BE MOVED TO \$30.

COMMISSION INVESTIGATION TO REFORM OUSF

- **UM 1481 PHASE I**
 - **IN 2010, COMMISSION OPENED UM 1481 TO INVESTIGATE “CURRENT STATUS OF FUND AND CONSIDER RECOMMENDATIONS FOR REVISION”**
 - **IN ORDER 01-496, COMMISSION DELAYS RULING ON SUBSTANTIVE ISSUES PENDING 2011 LEGISLATIVE SESSION**
 - **COMMISSION ADOPTS ACCOUNTABILITY REQUIREMENTS FOR NON-RURAL ILECs**
 - **CLARIFIES 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 INVESTMENT”; GRANTS RECONSIDERATION BUT RESERVES ISSUE FOR NEXT PHASE OF DOCKET**

UM 1481 PHASE I SUSPENSION

- **IN JUNE 2012 THE COMMISSION FURTHER SUSPENDED THE DOCKET**
 - **TO AWAIT FCC DECISION REGARDING “MEANS BY WHICH FEDERAL SUPPORT WILL BE GIVEN FOR INVESTMENT IN BROADBAND COMMUNICATIONS SERVICE IN RURAL AREAS.”**

UM 1481 PHASE II

- **JUNE 2012 COMMISSION OPENS PHASE II**
 - **AUGUST 2012 ALJ RULING LIMITS SCOPE OF DOCKET:**
 - **WHAT CHANGES SHOULD BE MADE TO THE EXISTING OUSF RELATED TO CALCULATION, COLLECTION AND DISTRIBUTION OF FUNDS?**
 - **WHAT CHANGES SHOULD BE MADE TO THE EXISTING OUSF RELATED TO HOW FUNDS ARE USED?**
 - **WHAT CHANGES SHOULD BE MADE RELATING TO TRANSPARENCY AND ACCOUNTABILITY?**
 - **RULING EXPRESSLY EXCLUDES:**
 - **PURPOSE OF OUSF B/C SET FORTH IN ORS 759.425**
 - **CHANGES TO OUSF RULES B/C NOT A RULEMAKING**

PHASE II STIPULATION ADOPTED

- **FOLLOWING FILING OF TESTIMONY AND PRIOR TO HEARING, PARTIES SUBMIT A STIPULATION WHICH THE COMMISSION ADOPTS**
 - **IMPLEMENTS A THREE-YEAR PHASE-DOWN OF OUSF SUPPORT**
 - **PHASE DOWN ENDS FOR RURAL ILECs ON ****JULY 1, 2016******
 - **PHASE-DOWN ENDS FOR NON-RURAL ILECs ON JANUARY 1, 2017**

ISSUES DESIGNATED FOR UM 1481 PHASE III

- **THE PHASE II STIPULATION DESIGNATED THREE ISSUES FOR CONSIDERATION IN PHASE III OF UM 1481:**
 - **ISSUE III(a) = ACCOUNTABILITY**
 - **METHODS FOR NON-RURAL ILEC ALLOCATION AND REPORTING OF OPERATING EXPENSES IN HIGH-COST AREAS**
 - **ISSUE III(b) = NETWORK COST ALLOCATION**
 - **METHODOLOGY FOR ALLOCATING NETWORK COSTS BETWEEN BASIC TELEPHONE SERVICE AND OTHER SERVICES**
 - **ISSUE III(c) = UNSUBSIDIZED COMPETITION**
 - **HOW TO IDENTIFY AREAS WITH UNSUBSIDIZED COMPETITION AND WHETHER TO CONTINUE TO PROVIDE OUSF SUPPORT THERE**

PHASE III SCHEDULE TRIFURCATED

- IN ORDER TO HAVE A FINAL DECISION READY TO IMPLEMENT NO LATER THAN **JULY 1, 2016**, AND TO MAKE THE DOCKET RUN SMOOTHLY, THE UM 1481 PHASE III SCHEDULE IS BROKEN INTO THREE SEPARATE PIECES:
 - ISSUE III(a) (ACCOUNTABILITY) BEGINS IMMEDIATELY AND IS HANDLED THROUGH COLLABORATIVE WORKSHOPS
 - ISSUE III(b) (NETWORK COST ALLOCATION) BEGINS IN SEPTEMBER 2012 WITH OPENING TESTIMONY FILED IN **APRIL 2014***
 - ISSUE III(c) (UNSUBSIDIZED COMPETITION) SCHEDULED TO BE ADDRESSED AFTER ISSUE III(b)

*PHASE III(b) SCHEDULE WAS DELAYED WHILE COMMISSION CONSIDERED AND DENIED PETITION IN AR 577 TO AMEND DEFINITION OF BASIC SERVICE TO INCLUDE ACCESS TO BROADBAND

UM 1481 PHASE III STIPULATION

- **IN SEPTEMBER 2014 PARTIES FILE A MOTION TO ADOPT STIPULATION WHICH:**
 - **ESTABLISHES ACCOUNTABILITY REPORTING REQUIREMENTS FOR NON-RURAL ILECs**
 - **REDUCES OUSF SUPPORT OVER ADDITIONAL FIVE YEAR PHASE DOWN**
 - **IMPLEMENTS A FIRST TIME EVER CAP ON THE SURCHARGE AMOUNT**
 - **COMMITTS VoIP PROVIDERS TO CONTINUE VOLUNTARY CONTRIBUTIONS**
 - **COMMITTS ALL OUSF SUPPORT RECIPIENTS TO USE DISTRIBUTIONS FOR: INVESTMENT, CONSTRUCTION, OPERATION, MAINTENANCE, AND REPAIR IN HIGH COST WIRE-CENTERS ONLY**

ORDER DENYING MOTION TO ADOPT PHASE III STIPULATION

- **ON JANUARY 12, 2015, THE COMMISSION ISSUED ORDER 15-005 DENYING THE MOTION TO ADOPT STIPULATION AND ORDERING FURTHER PROCEEDINGS**
 - **ORDER CONCLUDES THAT “WE NEED A MORE THOROUGH REVIEW OF ISSUES RELATED TO THE NEED AND ADMINISTRATION OF THE OUSF PROGRAM BEFORE WE CAN DETERMINE WHETHER THE STIPULATION MEETS OUR STATUTORY OBLIGATIONS AND SHOULD BE ADOPTED.”**
 - **CALLS FOR WORKSHOP “TO ALLOW FURTHER CLARIFICATION OF OUR GOALS IN THIS DOCKET . . .”**

APRIL 16TH WORKSHOP

. . . AND HERE WE ARE.