

WARM SPRINGS TELECOMMUNICATIONS COMPANY

February 4, 2014

Filing Center
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308

RE: UM 1481 - Investigation of the Oregon Universal Service Fund

Reply Testimony of the Warm Springs Telecommunications Company
(WSTC)

Dear Commission:

Enclosed for filing, please find an original and one copy of this Motion for Clarification on behalf of the Warm Springs Telecommunications Company in Docket Number UM 1481. This filing is being made per my conversation with Roger White who suggested that we file this Motion to clarify the impact of the changes to WSTC's universal service funding as identified in the order.

Thank you for your concern in this matter.

Sincerely,

Marsha Spellman

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Regulatory Director, WSTC

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1481
Phase II

In the Matter of the Changes to the)	
Oregon Universal Service Fund as It)	MOTION FOR CLARIFICATION
Affects Warm Springs)	
Telecommunications Company)	

Warm Springs Telecommunications Company, Incorporated, dba Warm Springs Telecom (“WST”) is filing this Motion For Clarification in order to clarify UM 1481, Order No 130162, as it pertains to WST. This order identifies a yearly capped amount of USF funding WST can receive. However, it does not discuss the monthly per-line amount that WST can receive. Under OPUC rules, under certain conditions, a CLEC/ETC may receive OUSF funding. The amount it receives would be the same per-line amount as the underlying ILEC. In this same order, Century Link will no longer receive a per line amount, and as WST, a CLEC/ETC presently receives its per-line amount based on the amount Century Link, the underlying ILEC, receives for this wire center, it begs the question of the per-line amount WST should receive. This Motion is to clarify that amount.

PURPOSE

Under the terms and conditions of Order No. 13-162, the OPUC adopted the stipulation negotiated by intervening parties to reduce funding for the Oregon Universal Service Fund (OUSF). In this order, the Commission determined new levels of reduced support for companies presently receiving Oregon Universal Service Funding. Warm Springs Telecom, a certified CLEC/ETC, which presently receives OUSF funding, is singularly identified in this order. Under the order, WST will continue to receive a per line support, but would be capped at an annual level of \$1.5 million. In addition, under the new order, Century Link (CL) will no longer receive a per-line amount. Rather it will receive a yearly subsidy for all its rural areas served.

In a prior OPUC order, Order No. 00-132, a CLEC ETC serving a high cost area using its own network and not reselling UNEs of the underlying provider, is allowed to receive the full support PER LINE as the underlying ILEC. As WST has built its own network and does not purchase or re-provision the local loop of CL in any way, WST’s per line support was pegged to the per line support that Century Link receives. Under the terms of the later order, there is now confusion as to what per-line amount WST will receive going forward.

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

BACKGROUND

The initial application to open Docket UM 1481 was filed April 14, 2010, to investigate the Oregon Universal Service Fund (OUSF), which had been disbursing funds to the two non-rural¹ telecommunications companies since early 2001 and to the smaller companies since 2003. From the inception of the fund to the opening of the docket in 2010, the fund had disbursed \$466 million² to approximately thirty incumbent telecommunications service providers; these are the franchised telecommunications companies operating in the state. Eighty-five percent of the disbursements went to the non-rural companies. The purpose of the docket was to review the OUSF processes and goals to determine if there was still a need for the OUSF and if there was a need, to determine how the current processes and goals should be modified going forward.

The stipulation as adopted in Order No. 13-162 will result in material reductions to the overall size of the Oregon Universal Service Fund from its present level. The reductions will come in the form of a phase-down of the OUSF disbursement to the Non-Rural Companies over three years, resulting in a \$17.5 million dollar level of annual OUSF support for Non-Rural Companies at the end of the three-year period (down from a 2012 support amount of \$27.2 million).

Specifically, Order No. 13-162, issue III-3, mandates that the support received by both Frontier and Qwest (Century Link) will decline on a specific phase-down schedule over a three year period, starting in 2014. Previously, these companies were paid on a per-line basis in their rural service areas that were identified as high cost. One of Qwest/CL's high cost wire centers receiving support is Warm Springs, which is also served by WST, a CLEC ETC.

Order No. 13-162, Issue III-7, titled "CLEC ETCs to Receive Identical Compensation; Warm Springs Support Capped" says that "Any Competitive Exchange Carrier (CLEC) designated an Eligible Telecommunications Carrier (ETC) for purposes of OUSF funding will receive the ILEC per-line amount in its service area." In addition it goes on to say that "WST will be capped at \$1.5 million per year."

Previous Order No. 00-312, indicates that support will be portable to CLECs certified as eligible by the Commission. This order further discusses the different levels of per-line

¹ Just prior to the relatively recent mergers, the non-rural companies were Qwest and Verizon. Before that the two companies were US West and GTE. They are now part of CenturyLink and Frontier.

² By the end of 2012, total disbursements had climbed to \$540 million.

support a CLEC would receive depending on how the CLEC provisioned the loop³. The support would be on a per-line basis for a specific service area. The amount of support available to a CLEC would depend on the manner in which it provisions its loop facilities.

In part, and as relevant to WST, the above named order, Issue 7, says that "...for customer lines served by the CLEC's own loop facilities...the CLEC would receive the full OUSF support..." As WST is serving its customers with its own customer lines, served by its own facilities, this is the section in the order that applies to WST.

DISCUSSION

Warm Springs Telecom is concerned that with the changes to the OUSF that resulted from the UM 1481, Phase II proceeding and the resulting order, there is now confusion regarding the particular funding mechanism for WST. In particular it is necessary to clarify the impact of the changes to WST's universal service funding on a per-line, per-month basis. WST agreed to cap the amount of funding that it receives at \$1.5 million per annum, as opposed to a phased reduction in per line support to which the rural ILEC's agreed. As indicated above, in the UM 1481, Phase II order, Order No. 13-162, Century Link, the underlying ILEC, will no longer receive a per line amount of OUSF funding. Instead, CL agreed to a yearly amount of OUSF funding, that will be reduced on a three year schedule, as identified in this same order. This reduction will apply to its entire Oregon operations and will no longer be based on line counts.

CONCLUSION

To be consistent with provisions of Order No. 00-312, WST believes that it should continue to receive support on a per-line basis. However, while WST agreed to a capped annual amount, it did not agree to a reduced per-line amount. Since the level of support that CenturyLink receives is no longer tied to its line count or support per-line by wire center, WST believes that the per-line support amounts should be left frozen for the duration of the stipulation. Therefore, WST believes that the amount it should receive per line should be the same amount that it presently receives, which is \$149/line/month. (This is the amount which CL presently receives for each line it serves in the same Warm Springs wire center.) This would not impact CL as it would continue to receive its yearly amount as indicated in the Order.

For the reasons set forth above, WST respectfully submits this Motion for Clarification for the Oregon Public Utility Commission's consideration.

³ If the CLEC used its own loop it would get the full amount. If the CLEC leased a UNE it would receive a fraction of the full amount.

Submitted this day: February 4 , 2014

Respectfully Submitted, by:

Marsha Spellman, JD

/Marsha Spellman/

Regulatory Director

Warm Springs Telecom