

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1481

In the Matter of)
)
)
PUBLIC UTILITY COMMISSION OF)
OREGON)
Investigation of the Oregon Universal)
Service Fund)

RESPONSE TESTIMONY
OF THE
CITIZENS' UTILITY BOARD OF OREGON

January 30, 2013



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OF OREGON
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| OREGON |) | THE CITIZENS' UTILITY BOARD |
| Investigation of the Oregon Universal |) | OF OREGON |
| Service Fund |) | |

1 Our names are Bob Jenks and Gordon Feighner. Our qualifications are provided
2 in CUB Exhibit 101.

3 CUB appreciates the opportunity to submit Response Testimony in this docket.
4 Although we chose not to submit Opening Testimony in December 2012, CUB feels it
5 necessary to reply to a number of issues raised by the various parties in that round of
6 testimony.

7 The Issues List compiled by Staff for this phase of the docket included five major
8 topics:

- 9 1. What is the purpose of the Oregon Universal Service Fund (OUSF)?
- 10 2. What changes should be made to the existing OUSF related to the calculation,
11 the collection, and the distribution of funds?
- 12 3. What changes should be made to the existing OUSF related to how funds are
13 used?

1 4. What changes should be made to the existing OUSF related to transparency
2 and accountability?

3 5. What changes to the OUSF rules should be made?

4 CUB acknowledges that the current state of the OUSF is unsustainable. In 12
5 years the surcharge has increased from \$2.35/month to \$8.50/month.¹ It has doubled in
6 the past 18 months. Oregon's is the second only to Alaska in the amount of surcharge and
7 6th among all states in terms of the size of the fund.² It is certainly time to seek changes in
8 the management and calculation of the fund in a way that will reduce the burden on
9 contributing customers while continuing to assure that rural and high-cost customers
10 retain affordable access to telephone services.

11 The Commission Staff proposes a new eight-point plan that it hopes will reduce
12 fund surcharges to customers, expand broadband access, and increase accountability to
13 service providers. This proposal would reduce annual expenditures on fund from \$44
14 million to \$33 million and reduce the monthly customer surcharge from 8.5% to between
15 6 and 6.5%.³ Staff's objective is to calculate a benchmark level of support, then
16 determine appropriate level of adjusted support for those with costs above the benchmark
17 level. Staff proposes a benchmark monthly funding level of \$30 per line, up from current
18 level of \$21, where it has been since 1999.⁴

19 CUB endorses Staff's proposal. Resetting the benchmark level is a necessary
20 action that will bring the threshold for program eligibility up to a more reasonable level.
21 This action, combined with a revised calculation of the surcharge rate based on an annual

¹ UM 1481/OCTA/100/Ankum/14.

² UM 1481/OCTA/100/Ankum/15.

³ UM 1481/Staff/100/White/3.

⁴ UM 1481/Staff/100/White/13.

1 estimate of program needs, should enable the fund to assess a lower surcharge.
2 Furthermore, Staff's proposals to standardize reporting requirements for telecom
3 companies will enable the OUSF to both collect and distribute funds more efficiently.
4 While the details of the calculation Staff is proposing may still need to be refined, CUB is
5 confident that the overall proposal is sound and will result in an improvement in the
6 administration of the OUSF.

WITNESS QUALIFICATION STATEMENT

NAME: Bob Jenks

EMPLOYER: Citizens' Utility Board of Oregon

TITLE: Executive Director

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: Bachelor of Science, Economics
Willamette University, Salem, OR

EXPERIENCE: Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UE 207, UE 208, UE 210, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, UM 1209, and UM 1355. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

MEMBERSHIP: National Association of State Utility Consumer Advocates
Board of Directors, OSPIRG Citizen Lobby
Telecommunications Policy Committee, Consumer Federation of America
Electricity Policy Committee, Consumer Federation of America

WITNESS QUALIFICATION STATEMENT

NAME: Gordon Feighner

EMPLOYER: Citizens' Utility Board of Oregon (CUB)

TITLE: Senior Utility Analyst

ADDRESS: 610 SW Broadway, Suite 400
Portland, OR 97205

EDUCATION: Master of Environmental Management, 2005
Duke University, Durham, NC

Bachelor of Arts, Economics, 2002
Reed College, Portland, OR

WORK EXPERIENCE: I have previously provided testimony in dockets including UE 196, UE 204, UE 207, UE 208, UE 210, UE 213, UE 214, UE 216, UE 217, UE 219, UE 227, UE 228, UE 245, UE 246, UM 1182, UM 1431, UM 1355, and UM 1484. I have also completed the Annual Regulatory Studies Program at the Institute of Public Utilities at Michigan State University in 2010.

Between 2004 and 2008, I worked for the US Environmental Protection Agency and the City of Portland Bureau of Environmental Services, conducting economic and environmental analyses on a number of projects. In November 2008 I joined the Citizens' Utility Board of Oregon as a Utility Analyst and began conducting research and analysis on behalf of CUB.

UM 1481 – CERTIFICATE OF SERVICE

I hereby certify that, on this 9th day of March, 2011, I served the foregoing **RESPONSE OF CITIZENS' UTILITY BOARD OF OREGON IN OPPOSITION TO QWEST/FRONTIER JOINT MOTION FOR RECONSIDERATION AND STAY** in docket UM 1481 upon each party listed in the UM 1481 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending one copy and one original by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

W CHARLES L BEST
ATTORNEY AT LAW
1631 NE BROADWAY #538
PORTLAND OR 97232-1425
chuck@charleslbest.com

W AT&T SERVICES
ANN SAGERSON
208 S. AKARD ST.
DALLAS TX 75202
ann.sageron@att.com

W AT&T SERVICES
DAVID COLLIER
645 E PLUMB LN
PO BOX 11010
RENO NV 89502
david.collier@att.com

W AT&T SERVICES
SHARON L MULLIN
DIRECTOR EXTERNAL AFFAIRS
816 CONGRESS AVE
AUSTIN TX 78701
slmullin@att.com

W ATER WYNNE LLP
ARTHUR A BUTLER
601 UNION STREET, STE 1501
SEATTLE WA 98101-3981
aab@aterwynne.com

W ATER WYNNE LLP
JOEL PAISNER
601 UNION STREET, STE 1501
SEATTLE WA 98101-3981
jrp@aterwynne.com

W CENTURYLINK, INC.
WILLIAM E HENDRICKS
ATTORNEY
805 BROADWAY ST
VANCOUVER WA 98660-3277
tre.hendricks@centurylink.com

W COMCAST
DOUG COOLEY
GOV. AFFAIRS MANAGER
1710 SALEM INDUSTRIAL DR NE
SALEM OR 97303
doug_cooley@cable.comcast.com

W COMSPAN COMMUNICATIONS
TIM SPANRING
278 NW GARDEN VALLEY BLVD
ROSEBURG OR 97470
tims@comspancomm.com

W DAVIS WRIGHT TREMAINE
MARK P TRINCHERO
1300 SW FIFTH AVE STE 2300
PORTLAND OR 97201-5682
marktrinchero@dwt.com

- W DEPARTMENT OF JUSTICE**
JASON JONES
BUSINESS ACTIVITIES SECTION
1162 COURT ST NE
SALEM OR 97301-4096
jason.w.jones@doj.state.or.us
- W FRONTIER COMMUNICATIONS**
RENEE WILLER
EXTERNAL AFFAIRS MANAGER
20575 NW VON NEUMANN DR
BEAVERTON OR 97006-6982
renee.willer@ftr.com
- W GVNW INC**
CARSTEN KOLDSBAEK
CONSULTING MANAGER
PO BOX 2330
TUALATIN OR 97062
ckoldsbaek@gvnw.com
- W INTEGRA TELECOM, INC.**
DOUGLAS K DENNEY
1201 NE LLOYD BLVD STE 500
PORTLAND OR 97232
tgilliam@integratelecom.com
- W OCTA**
MICHAEL DEWEY
EXECUTIVE DIRECTOR
1249 COMMERCIAL ST SE
SALEM OR 97302
mdewey@legadv.com
- W OREGON TELECOM ASSN**
BRANT WOLF
EXECUTIVE VICE PRESIDENT
777 13TH ST SE - STE 120
SALEM OR 97301-4038
bwolf@ota-telecom.org
- W PUBLIC UTILITY COMMISSION**
KAY MARINOS
PO BOX 2148
SALEM OR 97308
kay.marinus@state.or.us
- W DAVIS WRIGHT TREMAINE**
ALAN GALLOWAY
1300 SW FIFTH AVE STE 2300
PORTLAND OR 97201-5682
alangalloway@dwt.com
- W EMBARQ COMMUNICATIONS**
BARBARA YOUNG
STATE EXECUTIVE - OR & WA
902 WASCO ST - ORHRA0305
HOOD RIVER OR 97031-3105
barbara.c.young@centurylink.com
- W GVNW CONSULTING INC**
JEFFRY H SMITH
VP & DIVISION MANAGER
PO BOX 2330
TUALATIN OR 97062
jsmith@gvnw.com
- W GVNW CONSULTING INC**
JIM RENNARD
PO BOX 2330
TUALATIN OR 97062
jrennard@gvnw.com
- W INTEGRA TELECOM OF OR.**
J JEFFERY OXLEY
6160 GOLDEN HILLS DR
GOLDEN VALLEY MN 55416
jjoxley@integratelecom.com
- W RICHARD A FINNIGAN**
ATTORNEY AT LAW
2112 BLACK LAKE BLVD SW
OLYMPIA WA 98512
rickfinn@localaccess.com
- W OREGON EXCHANGE
CARRIER ASSOCIATION**
CRAIG PHILLIPS
800 C ST
VANCOUVER WA 98660
cphillips@oeca.com

- W VERIZON COMMUNICATIONS**
RICHARD B SEVERY
2775 MITCHELL DR, BLDG. 8-2
WALNUT CREEK CA 94598
richard.b.severy@verizon.com
- W VERIZON CORP. COUNSEL**
RUDOLPH M REYES
711 VAN NESS AVE., STE 300
SAN FRANCISCO CA 94102
rudolph.reyes@verizon.com
- W WSTC**
ADAM HAAS
10425 SW HAWTHORNE LN
PORTLAND OR 97225
adamhaas@convergecomm.com
- W TW TELECOM OF OREGON**
LYNDALL NIPPS
9665 GRANITE RIDGE DR - STE 500
SAN DIEGO CA 92123
lyndall.nipps@twtelecom.com
- W WARM SPRINGS TELECOM**
MARSHA SPELLMAN
10425 SW HAWTHORNE LN
PORTLAND OR 97225
marsha.spellman@warmspringstelecom.com
- W CENTURYLINK**
RON TRULLINGER
310 SW PARK AVE 11TH FL
PORTLAND OR 97205
ron.trullinger@centurylink.com
- W PUBLIC UTILITY COMMISSION**
ROGER WHITE
PROGRAM MANAGER
PO BOX 2148
SALEM OR 97308
roger.white@state.or.us
- W MCDOWELL RACKNER AND GIBSON**
ADAM LOWNY
419 SW 11TH AVE., SUITE 400
PORTLAND OR 97205
adam@mcd-law.com
- W QWEST**
CARLA BUTLER
310 SW PARK AVE 11TH FL
PORTLAND OR 97205-3715
carla.butler@centurylink.com
- W MCDOWELL RACKNER AND GIBSON**
LISA F RACKNER
419 SW 11TH AVE., SUITE 400
PORTLAND OR 97205
dockets@mcd-law.com
- W VERIZON BUSINESS**
RICHARD B SEVERY
ASST GENERAL COUNSEL
2775 MITCHELL DR, BLDG. 8-2
WALNUT CREEK CA 94598
richard.b.severy@verizonbusiness.com
- W FRONTIER COMMUNICATIONS OF AMERICA INC**
KEVIN L SAVILLE
2378 WILSHIRE BLVD
MOUND MN 55364
kevin.saville@ftr.com

Respectfully Submitted,

A handwritten signature in black ink that reads "Sommer Templet". The signature is written in a cursive, flowing style.

Sommer Templet
Staff Attorney
Citizens' Utility Board of Oregon
610 SW Broadway, Suite 400
Portland, OR 972205
sommer@oregoncub.org