

# OPEN MEETING



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## MEMORANDUM

**ORIGINAL**

TO: THE COMMISSION

Arizona Corporation Commission

**DOCKETED**

RECEIVED

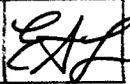
2013 NOV 29 P 3:52

FROM: Utilities Division

NOV 29 2013

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: November 29, 2013

DOCKETED BY 

RE: IN THE MATTER OF THE NOTICE OF PROPOSED AMENDMENTS TO THE ARIZONA UNIVERSAL SERVICE FUND (DOCKET NO. RT-00000H-97-0137)

On September 22, 1989, the Arizona Corporation Commission ("Commission") established the Arizona Universal Service Fund ("AUSF") in Decision No. 56639. The AUSF was established to maintain statewide average rates and the availability of basic telephone service to the greatest extent reasonably possible. The Commission entered into an agreement for professional services with the National Exchange Carriers Association (now "Solix, Inc.") to administer the AUSF.

One half of the AUSF funding requirement is collected through a surcharge paid by providers of basic local exchange service, wireless service, paging service and other Commercial Mobile Radio Service providers that interconnect with the public switched network. These entities are known as Category One providers. The second half of the AUSF funding requirement is collected from providers of intrastate toll service. These entities are known as Category Two providers.

In order for a utility to receive AUSF support, that funding must be authorized by the Commission in a rate case. Citizens Telecommunications Company of the White Mountains, Inc. ("Citizens") (formerly Comtel of the West, Inc.) is receiving AUSF money in the amount of \$769,620 annually per Decision No. 56657, dated October 10, 1989.

Solix has requested and received data from all Arizona telecommunications providers for use in calculating the surcharges that would be applied to all telecommunications providers in 2014. From this data, Solix has calculated that the year 2014 monthly surcharge for Category One providers to be \$0.010769 per access line and \$0.107694 per interconnecting trunk line. For Category Two providers, the year 2014 monthly surcharge would be 0.3458 percent of intrastate toll revenues. The current monthly surcharge for Category One providers is \$0.010457 per access line and \$0.104569 per interconnecting trunk line. For Category Two providers, the current monthly surcharge is 0.3672 percent of the intrastate toll revenues.

The collection of these amounts over the year 2014 will generate sufficient funds to cover the amount of the AUSF distributions that Citizens has been authorized to receive. As of December 31, 2013, the AUSF is expected to have a fund balance of \$203,207. The

THE COMMISSION

November 29, 2012

Page 2

recommended surcharges and monthly contributions are projected to increase the end of year 2014 fund balance to approximately \$203,315.

Staff has reviewed the proposed year 2014 monthly surcharges and has found them to be just, reasonable, and in the public interest. Staff does not believe the proposed 2013 monthly surcharges will contribute to a fund balance that is higher than necessary.

Staff therefore recommends approval of the year 2014 monthly AUSF surcharges for service provided on and subsequent to January 1, 2014.



Steven M. Olea  
Director  
Utilities Division

SMO:CLA:sms\MAS

ORIGINATOR: Candrea Allen

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

- BOB STUMP  
Chairman
- GARY PIERCE  
Commissioner
- BRENDA BURNS  
Commissioner
- BOB BURNS  
Commissioner
- SUSAN BITTER SMITH  
Commissioner

IN THE MATTER OF THE NOTICE OF  
PROPOSED AMENDMENTS TO THE  
ARIZONA UNIVERSAL SERVICE FUND

) DOCKET NO. RT-00000H-97-0137  
) DECISION NO. \_\_\_\_\_  
) ORDER

Open Meeting  
December 17 and 18, 2013  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On September 22, 1989, the Arizona Corporation Commission ("Commission") established the Arizona Universal Service Fund ("AUSF") in Decision No. 56639. The AUSF was established to maintain statewide average rates and the availability of basic telephone service to the greatest extent reasonably possible. The Commission entered into an agreement for professional services with the National Exchange Carriers Association (now "Solix, Inc.") to administer the AUSF.
2. One half of the AUSF funding requirement is collected through a surcharge paid by providers of basic local exchange service, wireless service, paging service and other Commercial Mobile Radio Service providers that interconnect with the public switched network. These entities are known as Category One providers. The second half of the AUSF funding requirement is

1 collected from providers of intrastate toll service. These entities are known as Category Two  
2 providers.

3 3. In order for a utility to receive AUSF support, that funding must be authorized by  
4 the Commission in a rate case. Citizens Telecommunications Company of the White Mountains,  
5 Inc. ("Citizens") (formerly Comtel of the West, Inc.) is receiving AUSF money in the amount of  
6 \$769,620 annually per Decision No. 56657, dated October 10, 1989.

7 4. Solix has requested and received data from all Arizona telecommunications  
8 providers for use in calculating the surcharges that would be applied to all telecommunications  
9 providers in 2014. From this data, Solix has calculated that the year 2014 monthly surcharge for  
10 Category One providers to be \$0.010769 per access line and \$0.107694 per interconnecting trunk  
11 line. For Category Two providers, the year 2014 monthly surcharge would be 0.3458 percent of  
12 intrastate toll revenues. The current monthly surcharge for Category One providers is \$0.010457  
13 per access line and \$0.104569 per interconnecting trunk line. For Category Two providers, the  
14 current monthly surcharge is 0.3672 percent of the intrastate toll revenues.

15 5. The collection of these amounts over the year 2014 will generate sufficient funds to  
16 cover the amount of the AUSF distributions that Citizens has been authorized to receive. As of  
17 December 31, 2013, the AUSF is expected to have a fund balance of \$203,207. The recommended  
18 surcharges and monthly contributions are projected to increase the end of year 2014 fund balance  
19 to approximately \$203,315.

20 6. Staff has reviewed the proposed year 2014 monthly surcharges and has found them  
21 to be just, reasonable, and in the public interest. Staff does not believe the proposed 2013 monthly  
22 surcharges will contribute to a fund balance that is higher than necessary.

23 7. Staff therefore recommends approval of the year 2014 monthly AUSF surcharges  
24 for service provided on and subsequent to January 1, 2014.

#### 25 CONCLUSIONS OF LAW

26 1. The Commission has jurisdiction over the Arizona Universal Service Fund and  
27 matters pertaining to the fund.

28 ...

1           2.     The Commission's Arizona Universal Service Fund Rules, A.A.C. R14-2-1201  
2 through R14-2-1217 provide for the surcharges adopted herein.

3           3.     The 2014 surcharges for Category One and Category Two providers meet the  
4 requirements of the AUSF rules and are just and reasonable.

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ORDER

IT IS THEREFORE ORDERED that the year 2014 monthly Arizona Universal Service Fund surcharge for Category One providers shall be \$0.010769 per access line and \$0.107694 per interconnecting trunk line.

IT IS FURTHER ORDERED that the year 2014 monthly Arizona Universal Service Fund surcharge for Category Two providers is 0.3458 percent of intrastate toll revenues.

IT IS FURTHER ORDERED that the year 2014 monthly Arizona Universal Service Fund surcharges become effective for services provided on and subsequent to January 1, 2014.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

SMO:CLA:sms\MAS

1 SERVICE LIST FOR: ARIZONA UNIVERSAL SERVICE FUND  
2 DOCKET NO. RT-00000A-97-0137

3 (Service List Attached)

4 Mr. Steven M. Olea  
5 Director, Utilities Division  
6 Arizona Corporation Commission  
7 1200 West Washington Street  
8 Phoenix, Arizona 85007

9 Ms. Janice M. Alward  
10 Chief Counsel, Legal Division  
11 Arizona Corporation Commission  
12 1200 West Washington Street  
13 Phoenix, Arizona 85007

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