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# OPEN MEETING

## MEMORANDUM

RECEIVED

Arizona Corporation Commission

**DOCKETED**

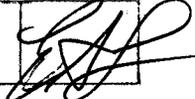
2014 NOV 26 P 2:51

TO: THE COMMISSION

NOV 26 2014

AZ CORP COMMISSION  
DOCKET CONTROL

FROM: Utilities Division

DOCKETED BY 

DATE: November 26, 2014

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 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 Solix, Inc. ("Solix") (formerly the National Exchange Carriers Association) 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.

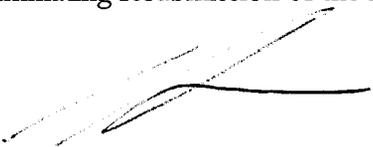
Solix has requested and received data from all Arizona telecommunications providers for use in calculating the surcharges that would be applied to all telecommunications providers in 2015. From this data, Solix has calculated that the year 2015 monthly surcharge for Category One providers to be \$0.011221 per access line and \$0.112215 per interconnecting trunk line. The current monthly surcharge for Category One providers is \$0.010769 per access line and \$0.107694 per interconnecting trunk line. For Category Two providers, the year 2015 monthly surcharge would be 0.3468 percent of intrastate toll revenues. For Category Two providers, the current monthly surcharge is 0.3458 percent of the intrastate toll revenues.

The collection of these amounts over the year 2015 will generate sufficient funds to cover the amount of the AUSF distributions that Citizens has been authorized to receive. As of December 31, 2014, the AUSF is expected to have a fund balance of \$241,600. The recommended surcharges and monthly contributions are projected to increase the end of year 2015 fund balance to approximately \$241,660.

**ORIGINAL**

Staff has reviewed the proposed year 2015 monthly surcharges and has found them to be just, reasonable, and in the public interest. Staff does not believe the proposed 2015 monthly surcharges will contribute to a fund balance that is higher than necessary. Staff therefore recommends approval of the year 2015 monthly AUSF surcharges for service provided on and subsequent to January 1, 2015.

In an effort to improve reporting efficiencies and reduce reporting errors, Staff recommends that all carriers that fund the AUSF be required to file the information that they are required to provide to Solix through an online reporting system. Solix provides an online reporting system, Universal Solutions Platform ("USP"), for all reporting carriers. USP is a web-based interface that allows carriers or third-party reporting agencies 24 hour by 7 day access for required reporting. The system includes numerous automated checks for accuracy, pre-populates provider-specific data onto reporting forms, accepts only fully completed worksheets, and automates all worksheet calculations. According to Solix, mandatory online filing would help prevent unnecessary rework for both the carriers and Solix. For example, unsigned manual forms must be resubmitted while online submission requires approval by a responsible party for the carrier at the time of filing thereby eliminating resubmission of the required forms.



Steven M. Olea  
Director  
Utilities Division

SMO:CLA:sms\MAS

ORIGINATOR: Candrea Allen

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 BOB STUMP

Chairman

3 GARY PIERCE

Commissioner

4 BRENDA BURNS

Commissioner

5 BOB BURNS

Commissioner

6 SUSAN BITTER SMITH

Commissioner

7  
8 IN THE MATTER OF THE NOTICE OF  
PROPOSED ORDER WITH  
9 AMENDMENTS TO THE ARIZONA  
UNIVERSAL SERVICE FUND.

DOCKET NO. RT-00000H-97-0137

DECISION NO. \_\_\_\_\_

ORDER

10  
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13 Open Meeting  
December 11 and 12, 2014  
14 Phoenix, Arizona

15 BY THE COMMISSION:

16 FINDINGS OF FACT

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

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

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28 ...

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

5           4.       Solix has requested and received data from all Arizona telecommunications providers  
6 for use in calculating the surcharges that would be applied to all telecommunications providers in  
7 2015. From this data, Solix has calculated the year 2015 monthly surcharge for Category One  
8 providers to be \$0.011221 per access line and \$0.112215 per interconnecting trunk line. The current  
9 monthly surcharge for Category One providers is \$0.010769 per access line and \$0.107694 per  
10 interconnecting trunk line.

11          5.       For Category Two providers, the year 2015 monthly surcharge would be 0.3468  
12 percent of intrastate toll revenues. For Category Two providers, the current monthly surcharge is  
13 0.3458 percent of the intrastate toll revenues.

14          6.       The collection of these amounts over the year 2015 will generate sufficient funds to  
15 cover the amount of the AUSF distributions that Citizens has been authorized to receive. As of  
16 December 31, 2014, AUSF is expected to have a fund balance of \$241,600. The recommended  
17 surcharges and monthly contributions are projected to increase the end of year 2015 fund balance to  
18 approximately \$241,660.

19          7.       Staff had reviewed the proposed year 2015 monthly surcharges and has found them to  
20 be just, reasonable, and in the public interest. Staff does not believe the proposed 2015 monthly  
21 surcharges will contribute to a fund balance that is higher than necessary.

22          8.       Staff therefore recommends approval of the year 2015 monthly AUSF surcharges for  
23 service provided on and subsequent to January 1, 2015.

24          9.       In an effort to improve reporting efficiencies and reduce reporting errors, Staff  
25 recommends that all carriers that fund the AUSF be required to file the information that they are  
26 required to provide to Solix through an online reporting system. Solix provides an online reporting  
27 system, Universal Solutions Platform (“USP”), for all reporting carriers. USP is a web-based interface  
28 that allows carriers or third-party reporting agencies 24 hour by 7 day access for required reporting.

1 The system includes numerous automated checks for accuracy, pre-populates provider-specific data  
 2 onto reporting forms, accepts only fully completed worksheets, and automates all worksheet  
 3 calculations. According to Solix, mandatory online filing would help prevent unnecessary rework for  
 4 both the carriers and Solix. For example, unsigned manual forms must be resubmitted while online  
 5 submission requires approval by a responsible party for the carrier at the time of filing thereby  
 6 eliminating resubmission of the required forms.

7 CONCLUSIONS OF LAW

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

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

12 3. The 2015 surcharges for Category One and Category Two providers meet the  
 13 requirements of the AUSF rules and are just and reasonable.

14 ORDER

15 IT IS THEREFORE ORDERED that the year 2015 monthly Arizona Universal Service Fund  
 16 surcharge for Category One providers shall be \$0.011221 per access line and \$0.112215 per  
 17 interconnecting trunk line.

18 IT IS FURTHER ORDERED that the year 2015 monthly Arizona Universal Service Fund  
 19 surcharge for Category Two providers is 0.3468 percent of intrastate toll revenues.

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IT IS FURTHER ORDERED that the year 2015 monthly Arizona Universal Service Fund surcharges become effective for services provided on and subsequent to January 1, 2015.

IT IS FURTHER ORDERED that all carriers that fund the Arizona Universal Service Fund shall file the information they are required to provide to Solix through its Universal Solutions Platform online reporting service.

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 \_\_\_\_\_, 2014.

\_\_\_\_\_  
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 Copy of the foregoing mailed this date to the Service List in  
4 Docket Number RT-00000A-97-0137

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