

WINDSTREAM TELEPHONE SYSTEM

TARIFF F.C.C. NO. 6

1ST QUARTER 2014 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 66

December 17, 2013

SECTION	DESCRIPTION
1	Description and Justification
2	Factor Development

SECTION 1

DESCRIPTION and JUSTIFICATION

DESCRIPTION

This filing is being made to change the Federal Universal Service Contribution factor charged on Centrex and non-Centrex Multi-Line Business Lines listed in Windstream Telephone System Tariff F.C.C No. 6.

JUSTIFICATION

This filing is being made pursuant to §61.38 (b)(2) of the Annotated F.C.C Rules as revised February 1, 1998.

SECTION 2

FACTOR DEVELOPMENT

Factor Development

USF Base Factor

The Commission released its *Proposed First Quarter 2014 Contribution Factor*, DA 13-2388, on December 13, 2013. The Commission proposed a USF factor of 16.4%, an increase from the previous factor of 15.6%. As a result, this filing seeks to implement the updated factor.

USF Factor Reallocation

On March 14, 2003, the FCC released and adopted FCC 03-58. This Order allows, on an interim basis, carriers to continue to recover through the federal universal service line item certain contribution costs associated with Centrex customers on a per line basis from multi-line business customers.

To derive the factors that would need to be charged to multi-line business and Centrex customers, Windstream first calculated our USF contribution by multiplying total multi-line business lines by the current subscriber line charge (SLC) and then by the current USF contribution factor. Next, Windstream determined the number of lines that would be subject to the charge based on the Commission Order allowing Centrex customers to be charged at the rate of 1 full charge for every 9 Centrex lines. Windstream next determined the USF chargeable revenue by multiplying the adjusted lines by the current SLC rate. Windstream's USF contribution, calculated earlier, was then divided by this USF chargeable revenue to determine the factor that would need to be applied to the chargeable lines. Because it is cost prohibitive to modify our billing system to allow one full USF charge for every 9 Centrex lines, Windstream has chosen to divide the full factor by 9 and apply this factor to every Centrex line. Exhibit USF shows how Windstream derived the percentage to charge multi-line business customers as well as Centrex customers.

Exhibit USF

Windstream Communications, Inc.
MLB & Centrex USF Factor Calculation

Company Name	Total MLB	Centrex	% Centrex of MLB	MLB SLC Rate	MLB I/S Retail Revenue	MLB USF Contribution	Adj MLB Lines	USF Chargeable MLB Revenue	Recovery Factor	Non Centrex per Line Factor	Centrex Per Line Factor
A	B	C	D = C / B	E	F = E * B	G = F * 16.4%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	69,133	15,267	0.220835202	\$ 9.20	\$ 636,023.60	\$ 104,307.87	55,562	\$ 511,173.47	0.2040557	20.4%	2.3%
Windstream Kentucky East - Lon.	11,989	854	0.071231963	\$ 9.20	\$ 110,298.80	\$ 18,089.00	11,230	\$ 103,314.98	0.1750860	17.5%	1.9%
Windstream Georgia Comm	55,647	24,693	0.443743598	\$ 8.26	\$ 459,644.22	\$ 75,381.65	33,698	\$ 278,342.73	0.2708231	27.1%	3.0%
Georgia Windstream	13,449	5,463	0.406201205	\$ 8.26	\$ 111,088.74	\$ 18,218.55	8,593	\$ 70,978.18	0.2566782	25.7%	2.9%
Windstream Nebraska	60,120	24,667	0.410296075	\$ 5.73	\$ 344,487.60	\$ 56,495.97	38,194	\$ 218,850.35	0.2581489	25.8%	2.9%
Valor Oklahoma	10,961	243	0.02216951	\$ 9.20	\$ 100,841.20	\$ 16,537.96	10,745	\$ 98,854.00	0.1672968	16.7%	1.9%
Valor New Mexico #1	9,522	574	0.060281453	\$ 9.20	\$ 87,602.40	\$ 14,366.79	9,012	\$ 82,908.36	0.1732852	17.3%	1.9%
Valor New Mexico #2	6,802	354	0.052043517	\$ 8.80	\$ 59,857.60	\$ 9,816.65	6,487	\$ 57,088.53	0.1719548	17.2%	1.9%
	16,324	928	0.056848812	\$ 8.80	\$ 143,651.20	\$ 23,558.80	15,499	\$ 136,392.18	0.1727284	17.3%	1.9%
Valor Texas	43,673	2,677	0.061296453	\$ 9.20	\$ 401,791.60	\$ 65,893.82	41,293	\$ 379,899.69	0.1734506	17.3%	1.9%
Windstream Alabama	3,228	596	0.184634449	\$ 9.20	\$ 29,697.60	\$ 4,870.41	2,698	\$ 24,823.64	0.1962003	19.6%	2.2%
Windstream Arkansas	15,890	6,665	0.419446193	\$ 9.19	\$ 146,029.10	\$ 23,948.77	9,966	\$ 91,583.46	0.2614967	26.1%	2.9%
Windstream Florida	13,381	5,929	0.44309095	\$ 6.34	\$ 84,835.54	\$ 13,913.03	8,111	\$ 51,422.33	0.2705639	27.1%	3.0%
Windstream Georgia	9,968	2,865	0.287419743	\$ 8.26	\$ 82,335.68	\$ 13,503.05	7,421	\$ 61,300.21	0.2202774	22.0%	2.4%
Windstream Standard	13,629	2,293	0.168244185	\$ 8.11	\$ 110,531.19	\$ 18,127.12	11,591	\$ 94,001.21	0.1928392	19.3%	2.1%
Windstream Kentucky West	3,753	576	0.153477218	\$ 6.82	\$ 25,595.46	\$ 4,197.66	3,241	\$ 22,103.62	0.1899081	19.0%	2.1%
Windstream Kerrville	3,857	-	0	\$ 7.63	\$ 29,428.91	\$ 4,826.34	3,857	\$ 29,428.91	0.1640000	16.4%	1.8%
Windstream Mississippi	1,387	681	0.490987743	\$ 9.20	\$ 12,760.40	\$ 2,092.71	782	\$ 7,191.33	0.2910038	29.1%	3.2%
Windstream Missouri	8,027	1,517	0.188987168	\$ 9.20	\$ 73,848.40	\$ 12,111.14	6,679	\$ 61,442.71	0.1971127	19.7%	2.2%
Windstream North Carolina	31,490	4,794	0.152238806	\$ 7.30	\$ 229,877.00	\$ 37,699.83	27,229	\$ 198,769.27	0.1896663	19.0%	2.1%
Windstream New York - Fulton	4,704	1,696	0.360544218	\$ 8.83	\$ 41,536.32	\$ 6,811.96	3,196	\$ 28,224.60	0.2413482	24.1%	2.7%
Windstream New York - Jamestown	6,554	2,938	0.448275862	\$ 8.83	\$ 57,871.82	\$ 9,490.98	3,942	\$ 34,811.78	0.2726369	27.3%	3.0%
Windstream New York - Red Jacket	180	29	0.161111111	\$ 8.83	\$ 1,589.40	\$ 260.66	154	\$ 1,361.78	0.1914121	19.1%	2.1%
Windstream Ohio	16,345	7,702	0.471214439	\$ 7.37	\$ 120,462.65	\$ 19,755.87	9,499	\$ 70,005.99	0.2822026	28.2%	3.1%
Windstream Oklahoma	2,029	45	0.022178413	\$ 9.15	\$ 18,565.35	\$ 3,044.72	1,989	\$ 18,199.35	0.1672981	16.7%	1.9%
Oklahoma Windstream	3,542	230	0.064935065	\$ 9.15	\$ 32,409.30	\$ 5,315.13	3,338	\$ 30,538.63	0.1740459	17.4%	1.9%
Windstream Pennsylvania	28,660	10,281	0.358722959	\$ 6.27	\$ 179,698.20	\$ 29,470.50	19,521	\$ 122,398.76	0.2407745	24.1%	2.7%
Windstream South Carolina	6,898	1,564	0.226732386	\$ 7.97	\$ 54,977.06	\$ 9,016.24	5,508	\$ 43,896.99	0.2053954	20.5%	2.3%
Windstream Sugar Land	12,076	2,495	0.206608148	\$ 6.26	\$ 75,595.76	\$ 12,397.70	9,858	\$ 61,712.47	0.2008946	20.1%	2.2%
Texas Windstream	4,261	407	0.095517484	\$ 9.19	\$ 39,158.59	\$ 6,422.01	3,899	\$ 35,833.85	0.1792163	17.9%	2.0%
Windstream Western Reserve	26,201	11,254	0.429525591	\$ 7.19	\$ 188,385.19	\$ 30,895.17	16,197	\$ 116,459.63	0.2652865	26.5%	2.9%
Windstream Lexcom	3,650	216	0.059178082	\$ 9.20	\$ 33,580.00	\$ 5,507.12	3,458	\$ 31,813.60	0.1731058	17.3%	1.9%
Windstream Concord	14,964	142	0.009489441	\$ 8.47	\$ 126,745.08	\$ 20,786.19	14,838	\$ 125,675.98	0.1653951	16.5%	1.8%
Windstream Lakedale #1414	1,672	-	0	\$ 9.20	\$ 15,382.40	\$ 2,522.71	1,672	\$ 15,382.40	0.1640000	16.4%	1.8%
Windstream Ladedale #1482	1,435	-	0	\$ 9.20	\$ 13,202.00	\$ 2,165.13	1,435	\$ 13,202.00	0.1640000	16.4%	1.8%
Windstream Iowa	31,838	3,932	0.12350022	\$ 7.46	\$ 237,511.48	\$ 38,951.88	28,343	\$ 211,437.95	0.1842237	18.4%	2.0%