

WINDSTREAM TELEPHONE SYSTEM

TARIFF F.C.C. NO. 6

2ND QUARTER 2014 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 67

March 17, 2014

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 Second Quarter 2014 Contribution Factor*, DA 14-337, on March 12, 2014. The Commission proposed a USF factor of 16.6%, an increase from the previous factor of 16.4%. 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 * 16.6%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	67,182	13,985	0.208165878	\$ 9.20	\$ 618,074.40	\$ 102,600.35	54,751	\$ 503,708.18	0.2036901	20.4%	2.3%
Windstream Kentucky East - Lon.	11,885	844	0.071013883	\$ 9.20	\$ 109,342.00	\$ 18,150.77	11,135	\$ 102,439.96	0.1771845	17.7%	2.0%
Windstream Georgia Comm	54,832	24,216	0.441639918	\$ 8.26	\$ 452,912.32	\$ 75,183.45	33,307	\$ 275,113.07	0.2732820	27.3%	3.0%
Georgia Windstream	13,350	5,386	0.403445693	\$ 8.26	\$ 110,271.00	\$ 18,304.99	8,562	\$ 70,725.79	0.2588163	25.9%	2.9%
Windstream Nebraska	59,006	24,122	0.408805884	\$ 5.73	\$ 338,104.38	\$ 56,125.33	37,564	\$ 215,242.99	0.2607533	26.1%	2.9%
Valor Oklahoma	10,823	243	0.022452185	\$ 9.20	\$ 99,571.60	\$ 16,528.89	10,607	\$ 97,584.40	0.1693804	16.9%	1.9%
Valor New Mexico #1	9,457	568	0.06006133	\$ 9.20	\$ 87,004.40	\$ 14,442.73	8,952	\$ 82,359.42	0.1753622	17.5%	1.9%
Valor New Mexico #2	6,710	350	0.052160954	\$ 8.80	\$ 59,048.00	\$ 9,801.97	6,399	\$ 56,310.22	0.1740708	17.4%	1.9%
Valor Texas	43,367	2,593	0.059792008	\$ 9.20	\$ 398,976.40	\$ 66,230.08	41,062	\$ 377,771.42	0.1753179	17.5%	1.9%
Windstream Alabama	3,195	588	0.184037559	\$ 9.20	\$ 29,394.00	\$ 4,879.40	2,672	\$ 24,585.47	0.1984670	19.8%	2.2%
Windstream Arkansas	15,869	6,577	0.414455857	\$ 9.19	\$ 145,836.11	\$ 24,208.79	10,023	\$ 92,109.33	0.2628267	26.3%	2.9%
Windstream Florida	13,331	5,858	0.4394269	\$ 6.34	\$ 84,518.54	\$ 14,030.08	8,124	\$ 51,505.46	0.2723998	27.2%	3.0%
Windstream Georgia	9,899	2,811	0.283968078	\$ 8.26	\$ 81,765.74	\$ 13,573.11	7,400	\$ 61,126.75	0.2220486	22.2%	2.5%
Windstream Standard	13,434	2,191	0.163093643	\$ 8.11	\$ 108,949.74	\$ 18,085.66	11,486	\$ 93,155.06	0.1941457	19.4%	2.2%
Windstream Kentucky West	3,746	572	0.152696209	\$ 6.82	\$ 25,547.72	\$ 4,240.92	3,238	\$ 22,080.13	0.1920696	19.2%	2.1%
Windstream Kerrville	3,823	-	0	\$ 7.63	\$ 29,169.49	\$ 4,842.14	3,823	\$ 29,169.49	0.1660000	16.6%	1.8%
Windstream Mississippi	1,399	681	0.486776269	\$ 9.20	\$ 12,870.80	\$ 2,136.55	794	\$ 7,301.73	0.2926090	29.3%	3.3%
Windstream Missouri	8,032	1,503	0.187126494	\$ 9.20	\$ 73,894.40	\$ 12,266.47	6,696	\$ 61,603.20	0.1991207	19.9%	2.2%
Windstream North Carolina	30,770	4,719	0.153363666	\$ 7.30	\$ 224,621.00	\$ 37,287.09	26,575	\$ 193,999.93	0.1922015	19.2%	2.1%
Windstream New York - Fulton	4,672	1,681	0.359803082	\$ 8.83	\$ 41,253.76	\$ 6,848.12	3,178	\$ 28,059.78	0.2440548	24.4%	2.7%
Windstream New York - Jamestown	6,419	2,878	0.448356442	\$ 8.83	\$ 56,679.77	\$ 9,408.84	3,861	\$ 34,090.67	0.2759946	27.6%	3.1%
Windstream New York - Red Jacket	182	29	0.159340659	\$ 8.83	\$ 1,607.06	\$ 266.77	156	\$ 1,379.44	0.1933912	19.3%	2.1%
Windstream Ohio	15,986	7,357	0.460215188	\$ 7.37	\$ 117,816.82	\$ 19,557.59	9,446	\$ 69,620.30	0.2809180	28.1%	3.1%
Windstream Oklahoma	2,034	45	0.022123894	\$ 9.15	\$ 18,611.10	\$ 3,089.44	1,994	\$ 18,245.10	0.1693300	16.9%	1.9%
Oklahoma Windstream	3,507	226	0.064442543	\$ 9.15	\$ 32,089.05	\$ 5,326.78	3,306	\$ 30,250.92	0.1760866	17.6%	2.0%
Windstream Pennsylvania	28,263	10,066	0.35615469	\$ 6.27	\$ 177,209.01	\$ 29,416.70	19,315	\$ 121,107.84	0.2428967	24.3%	2.7%
Windstream South Carolina	6,829	1,548	0.226680334	\$ 7.97	\$ 54,427.13	\$ 9,034.90	5,453	\$ 43,460.41	0.2078881	20.8%	2.3%
Windstream Sugar Land	11,835	2,444	0.206506126	\$ 6.26	\$ 74,087.10	\$ 12,298.46	9,663	\$ 60,487.60	0.2033220	20.3%	2.3%
Texas Windstream	4,234	409	0.096598961	\$ 9.19	\$ 38,910.46	\$ 6,459.14	3,870	\$ 35,569.38	0.1815926	18.2%	2.0%
Windstream Western Reserve	25,812	10,965	0.424802417	\$ 7.19	\$ 185,588.28	\$ 30,807.65	16,065	\$ 115,509.75	0.2667104	26.7%	3.0%
Windstream Lexcom	3,618	213	0.058872305	\$ 9.20	\$ 33,285.60	\$ 5,525.41	3,429	\$ 31,543.73	0.1751666	17.5%	1.9%
Windstream Concord	14,664	141	0.009615385	\$ 8.47	\$ 124,204.08	\$ 20,617.88	14,539	\$ 123,142.51	0.1674310	16.7%	1.9%
Windstream Lakedale #1414	1,651	-	0	\$ 9.20	\$ 15,189.20	\$ 2,521.41	1,651	\$ 15,189.20	0.1660000	16.6%	1.8%
Windstream Ladedale #1482	1,415	-	0	\$ 9.20	\$ 13,018.00	\$ 2,160.99	1,415	\$ 13,018.00	0.1660000	16.6%	1.8%
Windstream Iowa	31,531	3,900	0.123687799	\$ 7.46	\$ 235,221.26	\$ 39,046.73	28,064	\$ 209,359.93	0.1865053	18.7%	2.1%