

WINDSTREAM TELEPHONE SYSTEM

TARIFF F.C.C. NO. 6 & 7

1ST QUARTER 2015 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 72

December 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 First Quarter 2015 Contribution Factor*, DA 14-1832, on December 15, 2014. The Commission proposed a USF factor of 16.8%, an increase from the previous factor of 16.1%. 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 * 16.8%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	63,196	12,455	0.197085259	\$ 9.20	\$ 581,403.20	\$ 97,675.74	52,125	\$ 479,548.98	0.2036825	20.4%	2.3%
Windstream Kentucky East - Lon.	11,645	826	0.07093173	\$ 9.19	\$ 107,017.55	\$ 17,978.95	10,911	\$ 100,270.05	0.1793053	17.9%	2.0%
Windstream Georgia Comm	52,078	23,128	0.444103076	\$ 8.26	\$ 430,164.28	\$ 72,267.60	31,520	\$ 260,353.36	0.2775751	27.8%	3.1%
Georgia Windstream	12,606	5,015	0.397826432	\$ 8.26	\$ 104,125.56	\$ 17,493.09	8,148	\$ 67,304.32	0.2599104	26.0%	2.9%
Windstream Nebraska	55,875	23,356	0.418004474	\$ 5.82	\$ 325,192.50	\$ 54,632.34	35,114	\$ 204,364.13	0.2673284	26.7%	3.0%
Valor Oklahoma	10,169	180	0.017700856	\$ 9.20	\$ 93,554.80	\$ 15,717.21	10,009	\$ 92,082.80	0.1706856	17.1%	1.9%
Valor New Mexico #1	9,290	553	0.059526372	\$ 9.20	\$ 85,468.00	\$ 14,358.62	8,798	\$ 80,945.69	0.1773859	17.7%	2.0%
Valor New Mexico #2	6,458	284	0.043976463	\$ 8.42	\$ 54,376.36	\$ 9,135.23	6,206	\$ 52,250.78	0.1748343	17.5%	1.9%
Valor Texas	41,344	1,996	0.048277864	\$ 9.20	\$ 380,364.80	\$ 63,901.29	39,570	\$ 364,041.96	0.1755328	17.6%	2.0%
Windstream Alabama	3,099	548	0.176831236	\$ 9.20	\$ 28,510.80	\$ 4,789.81	2,612	\$ 24,029.38	0.1993316	19.9%	2.2%
Windstream Arkansas	15,361	6,239	0.406158453	\$ 9.14	\$ 140,399.54	\$ 23,587.12	9,815	\$ 89,711.13	0.2629230	26.3%	2.9%
Windstream Florida	12,305	4,931	0.40073141	\$ 6.34	\$ 78,013.70	\$ 13,106.30	7,922	\$ 50,224.78	0.2609529	26.1%	2.9%
Windstream Georgia	9,533	2,622	0.275044582	\$ 8.26	\$ 78,742.58	\$ 13,228.75	7,202	\$ 59,491.27	0.2223646	22.2%	2.5%
Windstream Standard	12,741	1,882	0.147712111	\$ 8.11	\$ 103,329.51	\$ 17,359.36	11,068	\$ 89,762.38	0.1933923	19.3%	2.1%
Windstream Kentucky West	3,635	567	0.155983494	\$ 6.83	\$ 24,827.05	\$ 4,170.94	3,131	\$ 21,384.73	0.1950431	19.5%	2.2%
Windstream Kerrville	3,693	-	0	\$ 7.65	\$ 28,251.45	\$ 4,746.24	3,693	\$ 28,251.45	0.1680000	16.8%	1.9%
Windstream Mississippi	1,382	654	0.473227207	\$ 9.20	\$ 12,714.40	\$ 2,136.02	801	\$ 7,366.13	0.2899784	29.0%	3.2%
Windstream Missouri	7,791	1,420	0.182261584	\$ 9.20	\$ 71,677.20	\$ 12,041.77	6,529	\$ 60,064.76	0.2004798	20.0%	2.2%
Windstream North Carolina	28,845	4,457	0.154515514	\$ 7.32	\$ 211,145.40	\$ 35,472.43	24,883	\$ 182,145.19	0.1947481	19.5%	2.2%
Windstream New York - Fulton	4,505	1,597	0.354495006	\$ 8.84	\$ 39,824.20	\$ 6,690.47	3,085	\$ 27,275.33	0.2452937	24.5%	2.7%
Windstream New York - Jamestown	6,050	2,755	0.455371901	\$ 8.84	\$ 53,482.00	\$ 8,984.98	3,601	\$ 31,833.82	0.2822462	28.2%	3.1%
Windstream New York - Red Jacket	183	29	0.158469945	\$ 8.84	\$ 1,617.72	\$ 271.78	157	\$ 1,389.84	0.1955449	19.6%	2.2%
Windstream Ohio	15,192	6,880	0.452869932	\$ 7.40	\$ 112,420.80	\$ 18,886.69	9,076	\$ 67,165.69	0.2811956	28.1%	3.1%
Windstream Oklahoma	2,011	45	0.022376927	\$ 9.06	\$ 18,219.66	\$ 3,060.90	1,971	\$ 17,857.26	0.1714094	17.1%	1.9%
Oklahoma Windstream	3,386	216	0.063792085	\$ 9.06	\$ 30,677.16	\$ 5,153.76	3,194	\$ 28,937.64	0.1780989	17.8%	2.0%
Windstream Pennsylvania	27,062	9,442	0.34890252	\$ 6.28	\$ 169,949.36	\$ 28,551.49	18,669	\$ 117,242.02	0.2435261	24.4%	2.7%
Windstream South Carolina	6,442	1,474	0.228810928	\$ 8.00	\$ 51,536.00	\$ 8,658.05	5,132	\$ 41,054.22	0.2108930	21.1%	2.3%
Windstream Sugar Land	11,077	2,252	0.203304144	\$ 6.27	\$ 69,452.79	\$ 11,668.07	9,075	\$ 56,901.64	0.2050568	20.5%	2.3%
Texas Windstream	4,115	408	0.099149453	\$ 9.11	\$ 37,487.65	\$ 6,297.93	3,752	\$ 34,183.76	0.1842374	18.4%	2.0%
Windstream Western Reserve	24,486	10,000	0.408396635	\$ 7.21	\$ 176,544.06	\$ 29,659.40	15,597	\$ 112,455.17	0.2637442	26.4%	2.9%
Windstream Lexcom	3,564	187	0.052469136	\$ 9.20	\$ 32,788.80	\$ 5,508.52	3,398	\$ 31,259.56	0.1762187	17.6%	2.0%
Windstream Concord	13,953	130	0.009316993	\$ 8.49	\$ 118,460.97	\$ 19,901.44	13,837	\$ 117,479.90	0.1694030	16.9%	1.9%
Windstream Lakedale #1414	1,628	-	0	\$ 9.20	\$ 14,977.60	\$ 2,516.24	1,628	\$ 14,977.60	0.1680000	16.8%	1.9%
Windstream Ladedale #1482	1,323	-	0	\$ 9.20	\$ 12,171.60	\$ 2,044.83	1,323	\$ 12,171.60	0.1680000	16.8%	1.9%
Windstream Iowa	30,338	3,703	0.122058145	\$ 7.47	\$ 226,624.86	\$ 38,072.98	27,046	\$ 202,036.94	0.1884456	18.8%	2.1%

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Windstream Georgia Telephone, Inc.	1,611	936	0.581005587	\$ 9.20	\$ 14,821.20	\$ 2,489.96	779	\$ 7,166.80	0.3474300	34.7%	3.9%