

# **WINDSTREAM TELEPHONE SYSTEM**

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

### **2ND QUARTER 2015 UNIVERSAL SERVICE CONTRIBUTION FACTOR**

#### **DESCRIPTION AND JUSTIFICATION**

**Transmittal No. 73**

**March 17, 2015**

<b>SECTION</b>	<b>DESCRIPTION</b>
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 Nos. 6 and 7.

#### **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 2015 Contribution Factor*, DA 15-326, on March 13, 2015. The Commission proposed a USF factor of 17.4%, an increase from the previous factor of 16.8%. 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 * 17.4%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	61,896	12,203	0.197153289	\$ 9.20	\$ 569,443.20	\$ 99,083.12	51,049	\$ 469,649.78	0.2109723	21.1%	2.3%
Windstream Kentucky East - Lon.	11,510	808	0.070199826	\$ 9.19	\$ 105,776.90	\$ 18,405.18	10,792	\$ 99,176.44	0.1855802	18.6%	2.1%
Windstream Georgia Comm	50,232	21,842	0.434822424	\$ 8.26	\$ 414,916.32	\$ 72,195.44	30,817	\$ 254,547.50	0.2836227	28.4%	3.2%
Georgia Windstream	12,455	4,994	0.400963468	\$ 8.26	\$ 102,878.30	\$ 17,900.82	8,016	\$ 66,211.24	0.2703593	27.0%	3.0%
Windstream Nebraska	53,835	22,871	0.424835144	\$ 5.82	\$ 313,319.70	\$ 54,517.63	33,505	\$ 195,000.39	0.2795770	28.0%	3.1%
Valor Oklahoma	9,889	178	0.017999798	\$ 9.20	\$ 90,978.80	\$ 15,830.31	9,731	\$ 89,523.16	0.1768292	17.7%	2.0%
Valor New Mexico #1	9,112	553	0.060689201	\$ 9.20	\$ 83,830.40	\$ 14,586.49	8,620	\$ 79,308.09	0.1839218	18.4%	2.0%
Valor New Mexico #2	6,398	284	0.044388872	\$ 8.42	\$ 53,871.16	\$ 9,373.58	6,146	\$ 51,745.58	0.1811475	18.1%	2.0%
Valor Texas	40,412	1,875	0.04639711	\$ 9.20	\$ 371,790.40	\$ 64,691.53	38,745	\$ 356,457.07	0.1814848	18.1%	2.0%
Windstream Alabama	3,035	543	0.178912685	\$ 9.20	\$ 27,922.00	\$ 4,858.43	2,552	\$ 23,481.47	0.2069048	20.7%	2.3%
Windstream Arkansas	14,844	5,758	0.387900835	\$ 9.14	\$ 135,674.16	\$ 23,607.30	9,726	\$ 88,893.61	0.2655681	26.6%	3.0%
Windstream Florida	12,116	4,875	0.402360515	\$ 6.34	\$ 76,815.44	\$ 13,365.89	7,783	\$ 49,342.11	0.2708820	27.1%	3.0%
Windstream Georgia	9,323	2,543	0.272766277	\$ 8.26	\$ 77,007.98	\$ 13,399.39	7,063	\$ 58,336.71	0.2296905	23.0%	2.6%
Windstream Standard	12,342	1,634	0.132393453	\$ 8.11	\$ 100,093.62	\$ 17,416.29	10,890	\$ 88,314.30	0.1972080	19.7%	2.2%
Windstream Kentucky West	3,594	566	0.157484697	\$ 6.83	\$ 24,547.02	\$ 4,271.18	3,091	\$ 21,110.77	0.2023224	20.2%	2.2%
Windstream Knoxville	3,602	-	0	\$ 7.65	\$ 27,555.30	\$ 4,794.62	3,602	\$ 27,555.30	0.1740000	17.4%	1.9%
Windstream Mississippi	1,361	649	0.476855253	\$ 9.20	\$ 12,521.20	\$ 2,178.69	784	\$ 7,213.82	0.3020159	30.2%	3.4%
Windstream Missouri	7,699	1,404	0.182361346	\$ 9.20	\$ 70,830.80	\$ 12,324.56	6,451	\$ 59,349.20	0.2076618	20.8%	2.3%
Windstream North Carolina	27,960	4,318	0.154434907	\$ 7.32	\$ 204,667.20	\$ 35,612.09	24,122	\$ 176,571.41	0.2016866	20.2%	2.2%
Windstream New York - Fulton	4,458	1,588	0.356213549	\$ 8.84	\$ 39,408.72	\$ 6,857.12	3,046	\$ 26,930.57	0.2546221	25.5%	2.8%
Windstream New York - Jamestown	5,896	2,677	0.454036635	\$ 8.84	\$ 52,120.64	\$ 9,068.99	3,516	\$ 31,085.37	0.2917447	29.2%	3.2%
Windstream New York - Red Jacket	177	29	0.163841808	\$ 8.84	\$ 1,564.68	\$ 272.25	151	\$ 1,336.80	0.2036605	20.4%	2.3%
Windstream Ohio	14,778	6,631	0.448707538	\$ 7.40	\$ 109,357.20	\$ 19,028.15	8,884	\$ 65,739.96	0.2894458	28.9%	3.2%
Windstream Oklahoma	1,989	45	0.022624434	\$ 9.06	\$ 18,020.34	\$ 3,135.54	1,949	\$ 17,657.94	0.1775711	17.8%	2.0%
Oklahoma Windstream	3,349	217	0.064795461	\$ 9.06	\$ 30,341.94	\$ 5,279.50	3,156	\$ 28,594.37	0.1846342	18.5%	2.1%
Windstream Pennsylvania	26,408	9,176	0.347470463	\$ 6.28	\$ 165,842.24	\$ 28,856.55	18,252	\$ 114,619.77	0.2517589	25.2%	2.8%
Windstream South Carolina	6,245	1,435	0.229783827	\$ 8.00	\$ 49,960.00	\$ 8,693.04	4,969	\$ 39,755.56	0.2186623	21.9%	2.4%
Windstream Sugar Land	10,891	2,223	0.204113488	\$ 6.27	\$ 68,286.57	\$ 11,881.86	8,915	\$ 55,897.05	0.2125669	21.3%	2.4%
Texas Windstream	4,076	396	0.097154073	\$ 9.11	\$ 37,132.36	\$ 6,461.03	3,724	\$ 33,925.64	0.1904468	19.0%	2.1%
Windstream Western Reserve	23,809	9,718	0.40816498	\$ 7.21	\$ 171,662.89	\$ 29,869.34	15,171	\$ 109,381.31	0.2730754	27.3%	3.0%
Windstream Lexcom	3,474	185	0.053252735	\$ 9.20	\$ 31,960.80	\$ 5,561.18	3,310	\$ 30,447.91	0.1826457	18.3%	2.0%
Windstream Concord	13,442	125	0.009299211	\$ 8.49	\$ 114,122.58	\$ 19,857.33	13,331	\$ 113,179.25	0.1754503	17.5%	1.9%
Windstream Lakedale #1414	1,608	-	0	\$ 9.20	\$ 14,793.60	\$ 2,574.09	1,608	\$ 14,793.60	0.1740000	17.4%	1.9%
Windstream Lakedale #1482	1,293	-	0	\$ 9.20	\$ 11,895.60	\$ 2,069.83	1,293	\$ 11,895.60	0.1740000	17.4%	1.9%
Windstream Iowa	29,847	3,579	0.119911549	\$ 7.47	\$ 222,957.09	\$ 38,794.53	26,666	\$ 199,192.53	0.1947590	19.5%	2.2%

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Windstream Georgia Telephone, Inc.	1,610	937	0.581987578	\$ 9.20	\$ 14,812.00	\$ 2,577.29	777	\$ 7,149.42	0.3604890	36.0%	4.0%