

# **WINDSTREAM TELEPHONE SYSTEM**

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

### **4TH QUARTER 2015 UNIVERSAL SERVICE CONTRIBUTION FACTOR**

#### **DESCRIPTION AND JUSTIFICATION**

**Transmittal No. 80**

**September 16, 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 Fourth Quarter 2015 Contribution Factor*, DA 15-1016, on September 14, 2015. The Commission proposed a USF factor of 16.7%, a decrease from the previous factor of 17.1%. 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 * 16.7%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	60,167	11,596	0.192730234	\$ 9.20	\$ 553,536.40	\$ 92,440.58	49,859	\$ 458,706.89	0.2015243	20.2%	2.2%
Windstream Kentucky East - Lon.	11,306	788	0.069697506	\$ 9.20	\$ 104,015.20	\$ 17,370.54	10,606	\$ 97,571.11	0.1780295	17.8%	2.0%
Windstream Georgia Comm	49,025	21,484	0.438225395	\$ 8.38	\$ 410,829.50	\$ 68,608.53	29,928	\$ 250,797.57	0.2735614	27.4%	3.0%
Georgia Windstream	12,043	4,805	0.398986963	\$ 8.38	\$ 100,920.34	\$ 16,853.70	7,772	\$ 65,128.43	0.2587763	25.9%	2.9%
Windstream Nebraska	52,126	22,147	0.424874343	\$ 5.88	\$ 306,500.88	\$ 51,185.65	32,440	\$ 190,745.89	0.2683447	26.8%	3.0%
Valor Oklahoma	9,621	177	0.018397256	\$ 9.20	\$ 88,513.20	\$ 14,781.70	9,464	\$ 87,065.73	0.1697764	17.0%	1.9%
Valor New Mexico #1	8,885	525	0.059088351	\$ 9.18	\$ 81,564.30	\$ 13,621.24	8,418	\$ 77,280.30	0.1762576	17.6%	2.0%
Valor New Mexico #2	6,324	280	0.044275775	\$ 8.54	\$ 54,006.96	\$ 9,019.16	6,075	\$ 51,881.45	0.1738418	17.4%	1.9%
Valor Texas	39,126	1,754	0.044829525	\$ 9.20	\$ 359,959.20	\$ 60,113.19	37,567	\$ 345,615.38	0.1739309	17.4%	1.9%
Windstream Alabama	2,895	470	0.162348877	\$ 9.20	\$ 26,634.00	\$ 4,447.88	2,477	\$ 22,790.44	0.1951642	19.5%	2.2%
Windstream Arkansas	14,434	5,527	0.382915339	\$ 9.20	\$ 132,792.80	\$ 22,176.40	9,521	\$ 87,594.22	0.2531719	25.3%	2.8%
Windstream Florida	11,672	4,583	0.392649075	\$ 6.37	\$ 74,350.64	\$ 12,416.56	7,598	\$ 48,400.68	0.2565369	25.7%	2.9%
Windstream Georgia	9,096	2,433	0.267480211	\$ 8.38	\$ 76,224.48	\$ 12,729.49	6,933	\$ 58,101.33	0.2190912	21.9%	2.4%
Windstream Standard	12,157	1,706	0.140330674	\$ 8.31	\$ 101,024.67	\$ 16,871.12	10,641	\$ 88,423.02	0.1908001	19.1%	2.1%
Windstream Kentucky West	3,434	546	0.158998253	\$ 6.96	\$ 23,900.64	\$ 3,991.41	2,949	\$ 20,522.72	0.1944872	19.4%	2.2%
Windstream Kerrville	3,492	-	0	\$ 7.79	\$ 27,202.68	\$ 4,542.85	3,492	\$ 27,202.68	0.1670000	16.7%	1.9%
Windstream Mississippi	1,354	648	0.478581979	\$ 9.20	\$ 12,456.80	\$ 2,080.29	778	\$ 7,157.60	0.2906401	29.1%	3.2%
Windstream Missouri	7,534	1,380	0.183169631	\$ 9.20	\$ 69,312.80	\$ 11,575.24	6,307	\$ 58,027.47	0.1994786	19.9%	2.2%
Windstream North Carolina	26,479	4,110	0.155217342	\$ 7.45	\$ 197,268.55	\$ 32,943.85	22,826	\$ 170,051.22	0.1937290	19.4%	2.2%
Windstream New York - Fulton	4,331	1,513	0.349341953	\$ 8.91	\$ 38,589.21	\$ 6,444.40	2,986	\$ 26,606.25	0.2422137	24.2%	2.7%
Windstream New York - Jamestown	5,687	2,563	0.450676983	\$ 8.91	\$ 50,671.17	\$ 8,462.09	3,409	\$ 30,372.21	0.2786128	27.9%	3.1%
Windstream New York - Red Jacket	177	29	0.163841808	\$ 8.91	\$ 1,577.07	\$ 263.37	151	\$ 1,347.39	0.1954673	19.5%	2.2%
Windstream Ohio	13,996	6,198	0.442840812	\$ 7.52	\$ 105,249.92	\$ 17,576.74	8,487	\$ 63,819.73	0.2754123	27.5%	3.1%
Windstream Oklahoma	1,947	45	0.023112481	\$ 9.11	\$ 17,737.17	\$ 2,962.11	1,907	\$ 17,372.77	0.1705029	17.1%	1.9%
Oklahoma Windstream	3,286	202	0.061472915	\$ 9.11	\$ 29,935.46	\$ 4,999.22	3,106	\$ 28,299.71	0.1766528	17.7%	2.0%
Windstream Pennsylvania	25,602	8,782	0.343020077	\$ 6.31	\$ 161,548.62	\$ 26,978.62	17,796	\$ 112,291.36	0.2402555	24.0%	2.7%
Windstream South Carolina	5,991	1,342	0.224002671	\$ 8.18	\$ 49,006.38	\$ 8,184.07	4,798	\$ 39,248.55	0.2085189	20.9%	2.3%
Windstream Sugar Land	10,432	2,137	0.20485046	\$ 6.31	\$ 65,825.92	\$ 10,992.93	8,532	\$ 53,839.72	0.2041788	20.4%	2.3%
Texas Windstream	3,971	392	0.098715689	\$ 9.16	\$ 36,374.36	\$ 6,074.52	3,623	\$ 33,182.61	0.1830633	18.3%	2.0%
Windstream Western Reserve	22,765	9,146	0.401757083	\$ 7.31	\$ 166,412.15	\$ 27,790.83	14,635	\$ 106,983.47	0.2597675	26.0%	2.9%
Windstream Lexcom	3,361	178	0.052960428	\$ 9.20	\$ 30,921.20	\$ 5,163.84	3,203	\$ 29,465.56	0.1752501	17.5%	1.9%
Windstream Concord	12,791	102	0.007974357	\$ 8.62	\$ 110,258.42	\$ 18,413.16	12,700	\$ 109,476.87	0.1681922	16.8%	1.9%
Windstream Lakedale #1414	1,590	-	0	\$ 9.20	\$ 14,628.00	\$ 2,442.88	1,590	\$ 14,628.00	0.1670000	16.7%	1.9%
Windstream Ladedale #1482	1,287	-	0	\$ 9.20	\$ 11,840.40	\$ 1,977.35	1,287	\$ 11,840.40	0.1670000	16.7%	1.9%
Windstream Iowa	28,992	3,431	0.118342991	\$ 7.64	\$ 221,498.88	\$ 36,990.31	25,942	\$ 198,198.58	0.1866326	18.7%	2.1%

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MLB & Centrex USF Factor Calculation

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Windstream Georgia Telephone, Inc.	1,270	600	0.472440945	\$ 9.20	\$ 11,684.00	\$ 1,951.23	737	\$ 6,777.33	0.2879050	28.8%	3.2%