

WINDSTREAM TELEPHONE SYSTEM

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

2ND QUARTER 2016 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 82

March 17, 2016

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 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 2016 Contribution Factor*, DA 16-266, on March 10, 2016. The Commission proposed a USF factor of 17.9%, a decrease from the previous factor. 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.

Windstream Communications, Inc.
MLB & Centrex USF Factor Calculation

Company Name	Total MLB	Centrex	% Centrex of MLB	MLB SLC Rate	MLB I/S RetailRevenue	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 * 17.9%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Georgia Telephone, Inc.	1,231	579	0.47034931	\$ 9.20	\$ 11,325.20	\$ 2,027.21	716	\$ 6,590.27	0.3076068	30.8%	3.4%

Exhibit USF

Windstream Communications, Inc.
MLB & Centrex USF Factor Calculation

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Windstream Kentucky East - Lex.	57,458	11,219	0.195255665	\$ 9.20	\$ 528,613.60	\$ 94,621.83	47,486	\$ 436,867.11	0.2165918	21.7%	2.4%
Windstream Kentucky East - Lon.	10,973	764	0.069625444	\$ 9.20	\$ 100,951.60	\$ 18,070.34	10,294	\$ 94,703.78	0.1908090	19.1%	2.1%
Windstream Georgia Comm	46,798	20,535	0.438800803	\$ 8.38	\$ 392,167.24	\$ 70,197.94	28,545	\$ 239,204.31	0.2934643	29.3%	3.3%
Georgia Windstream	11,660	4,708	0.403773585	\$ 8.38	\$ 97,710.80	\$ 17,490.23	7,475	\$ 62,641.43	0.2792119	27.9%	3.1%
Windstream Nebraska	50,806	21,779	0.428669842	\$ 5.88	\$ 298,739.28	\$ 53,474.33	31,447	\$ 184,907.71	0.2891947	28.9%	3.2%
Valor Oklahoma	9,148	171	0.01869261	\$ 9.20	\$ 84,161.60	\$ 15,064.93	8,996	\$ 82,763.20	0.1820245	18.2%	2.0%
Valor New Mexico #1	8,527	475	0.055705406	\$ 9.18	\$ 78,277.86	\$ 14,011.74	8,105	\$ 74,401.86	0.1883251	18.8%	2.1%
Valor New Mexico #2	6,160	271	0.043993506	\$ 8.54	\$ 52,606.40	\$ 9,416.55	5,919	\$ 50,549.21	0.1862847	18.6%	2.1%
Valor Texas	38,070	1,692	0.044444444	\$ 9.20	\$ 350,244.00	\$ 62,693.68	36,566	\$ 336,407.20	0.1863625	18.6%	2.1%
Windstream Alabama	2,707	476	0.175840414	\$ 9.20	\$ 24,904.40	\$ 4,457.89	2,284	\$ 21,011.78	0.2121614	21.2%	2.4%
Windstream Arkansas	13,896	5,271	0.379317789	\$ 9.20	\$ 127,843.20	\$ 22,883.93	9,211	\$ 84,738.13	0.2700547	27.0%	3.0%
Windstream Florida	11,264	4,425	0.39284446	\$ 6.37	\$ 71,751.68	\$ 12,843.55	7,331	\$ 46,696.35	0.2750440	27.5%	3.1%
Windstream Georgia	8,688	2,281	0.262546041	\$ 8.38	\$ 72,805.44	\$ 13,032.17	6,660	\$ 55,814.52	0.2334907	23.3%	2.6%
Windstream Standard	11,663	1,584	0.135814113	\$ 8.31	\$ 96,919.53	\$ 17,348.60	10,255	\$ 85,219.05	0.2035765	20.4%	2.3%
Windstream Kentucky West	3,207	537	0.167446211	\$ 6.96	\$ 22,320.72	\$ 3,995.41	2,730	\$ 18,998.48	0.2103015	21.0%	2.3%
Windstream Kerrville	3,337	-	0	\$ 7.79	\$ 25,995.23	\$ 4,653.15	3,337	\$ 25,995.23	0.1790000	17.9%	2.0%
Windstream Mississippi	1,358	648	0.477172312	\$ 9.20	\$ 12,493.60	\$ 2,236.35	782	\$ 7,194.40	0.3108465	31.1%	3.5%
Windstream Missouri	7,336	1,344	0.183206107	\$ 9.20	\$ 67,491.20	\$ 12,080.92	6,141	\$ 56,500.27	0.2138207	21.4%	2.4%
Windstream North Carolina	25,029	4,002	0.159894522	\$ 7.45	\$ 186,466.05	\$ 33,377.42	21,472	\$ 159,963.92	0.2086559	20.9%	2.3%
Windstream New York - Fulton	4,207	1,551	0.368671262	\$ 8.91	\$ 37,484.37	\$ 6,709.70	2,828	\$ 25,200.45	0.2662533	26.6%	3.0%
Windstream New York - Jamestown	5,455	2,451	0.449312557	\$ 8.91	\$ 48,604.05	\$ 8,700.12	3,276	\$ 29,192.13	0.2980298	29.8%	3.3%
Windstream New York - Red Jacket	179	29	0.162011173	\$ 8.91	\$ 1,594.89	\$ 285.49	153	\$ 1,365.21	0.2091146	20.9%	2.3%
Windstream Ohio	13,291	5,866	0.44135129	\$ 7.52	\$ 99,948.32	\$ 17,890.75	8,077	\$ 60,737.37	0.2945592	29.5%	3.3%
Windstream Oklahoma	1,911	41	0.021454736	\$ 9.11	\$ 17,409.21	\$ 3,116.25	1,875	\$ 17,077.20	0.1824801	18.2%	2.0%
Oklahoma Windstream	3,207	199	0.062051762	\$ 9.11	\$ 29,215.77	\$ 5,229.62	3,030	\$ 27,604.31	0.1894495	18.9%	2.1%
Windstream Pennsylvania	24,080	8,090	0.335963455	\$ 6.31	\$ 151,944.80	\$ 27,198.12	16,889	\$ 106,568.89	0.2552163	25.5%	2.8%
Windstream South Carolina	5,657	1,280	0.22626834	\$ 8.18	\$ 46,274.26	\$ 8,283.09	4,519	\$ 36,967.24	0.2240658	22.4%	2.5%
Windstream Sugar Land	9,742	1,878	0.192773558	\$ 6.30	\$ 61,374.60	\$ 10,986.05	8,073	\$ 50,857.80	0.2160151	21.6%	2.4%
Texas Windstream	3,763	290	0.077066171	\$ 9.16	\$ 34,469.08	\$ 6,169.97	3,505	\$ 32,107.84	0.1921639	19.2%	2.1%
Windstream Western Reserve	21,449	8,453	0.394097627	\$ 7.31	\$ 156,792.19	\$ 28,065.80	13,935	\$ 101,866.47	0.2755156	27.6%	3.1%
Windstream Lexcom	3,297	178	0.053988474	\$ 9.20	\$ 30,332.40	\$ 5,429.50	3,139	\$ 28,876.76	0.1880232	18.8%	2.1%
Windstream Concord	12,178	98	0.008047298	\$ 8.64	\$ 105,217.92	\$ 18,834.01	12,091	\$ 104,465.28	0.1802896	18.0%	2.0%
Windstream Lakedale #1414	1,550	-	0	\$ 9.20	\$ 14,260.00	\$ 2,552.54	1,550	\$ 14,260.00	0.1790000	17.9%	2.0%
Windstream Ladedale #1482	1,251	-	0	\$ 9.20	\$ 11,509.20	\$ 2,060.15	1,251	\$ 11,509.20	0.1790000	17.9%	2.0%
Windstream Iowa	28,080	3,302	0.117592593	\$ 7.64	\$ 214,531.20	\$ 38,401.08	25,145	\$ 192,106.95	0.1998943	20.0%	2.2%