

WINDSTREAM TELEPHONE SYSTEM

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

4TH QUARTER 2016 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 86

September 16, 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 Fourth Quarter 2016 Contribution Factor*, DA 16-1024, on September 12, 2016. The Commission proposed a USF factor of 17.4%, 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.

Exhibit USF

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 * 17.4%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	54,651	10,658	0.195019304	\$ 9.20	\$ 502,789.20	\$ 87,485.32	45,177	\$ 415,630.44	0.2104882	21.0%	2.3%
Windstream Kentucky East - Lon.	10,635	742	0.069769629	\$ 9.20	\$ 97,842.00	\$ 17,024.51	9,975	\$ 91,774.09	0.1855045	18.6%	2.1%
Windstream Georgia Comm	44,564	19,282	0.432681088	\$ 8.52	\$ 379,685.28	\$ 66,065.24	27,424	\$ 233,656.27	0.2827454	28.3%	3.1%
Georgia Windstream	11,378	4,629	0.406837757	\$ 8.52	\$ 96,940.56	\$ 16,867.66	7,263	\$ 61,883.60	0.2725707	27.3%	3.0%
Windstream Nebraska	49,346	21,457	0.434827544	\$ 6.01	\$ 296,569.46	\$ 51,603.09	30,273	\$ 181,941.40	0.2836248	28.4%	3.2%
Valor Oklahoma	8,962	164	0.018299487	\$ 9.20	\$ 82,450.40	\$ 14,346.37	8,816	\$ 81,109.24	0.1768771	17.7%	2.0%
Valor New Mexico #1	8,187	461	0.056308782	\$ 9.13	\$ 74,747.31	\$ 13,006.03	7,777	\$ 71,006.04	0.1831680	18.3%	2.0%
Valor New Mexico #2	6,050	253	0.041818182	\$ 8.61	\$ 52,090.50	\$ 9,063.75	5,825	\$ 50,154.21	0.1807176	18.1%	2.0%
Valor Texas	36,808	1,540	0.041838731	\$ 9.20	\$ 338,633.60	\$ 58,922.25	35,439	\$ 326,039.82	0.1807210	18.1%	2.0%
Windstream Alabama	2,515	456	0.181312127	\$ 9.20	\$ 23,138.00	\$ 4,026.01	2,110	\$ 19,408.93	0.2074309	20.7%	2.3%
Windstream Arkansas	13,546	5,116	0.377676067	\$ 9.20	\$ 124,623.20	\$ 21,684.44	8,998	\$ 82,785.69	0.2619346	26.2%	2.9%
Windstream Florida	11,089	4,347	0.3920101	\$ 6.39	\$ 70,858.71	\$ 12,329.42	7,225	\$ 46,167.75	0.2670569	26.7%	3.0%
Windstream Georgia	8,447	2,235	0.264590979	\$ 8.52	\$ 71,968.44	\$ 12,522.51	6,460	\$ 55,042.04	0.2275081	22.8%	2.5%
Windstream Standard	11,485	1,575	0.137135394	\$ 8.52	\$ 97,852.20	\$ 17,026.28	10,085	\$ 85,924.20	0.1981547	19.8%	2.2%
Windstream Kentucky West	2,996	529	0.176568758	\$ 7.04	\$ 21,091.84	\$ 3,669.98	2,526	\$ 17,781.48	0.2063935	20.6%	2.3%
Windstream Kerrville	3,190	-	0	\$ 7.88	\$ 25,137.20	\$ 4,373.87	3,190	\$ 25,137.20	0.1740000	17.4%	1.9%
Windstream Mississippi	1,349	637	0.472201631	\$ 9.20	\$ 12,410.80	\$ 2,159.48	783	\$ 7,201.56	0.2998629	30.0%	3.3%
Windstream Missouri	7,249	1,328	0.183197682	\$ 9.20	\$ 66,690.80	\$ 11,604.20	6,069	\$ 55,830.71	0.2078462	20.8%	2.3%
Windstream North Carolina	24,074	3,855	0.160131262	\$ 7.57	\$ 182,240.18	\$ 31,709.79	20,647	\$ 156,300.31	0.2028773	20.3%	2.3%
Windstream New York - Fulton	3,960	1,479	0.373484848	\$ 8.95	\$ 35,442.00	\$ 6,166.91	2,645	\$ 23,675.73	0.2604738	26.0%	2.9%
Windstream New York - Jamestown	5,162	2,326	0.450600542	\$ 8.95	\$ 46,199.90	\$ 8,038.78	3,094	\$ 27,695.28	0.2902582	29.0%	3.2%
Windstream New York - Red Jacket	172	29	0.168604651	\$ 8.95	\$ 1,539.40	\$ 267.86	146	\$ 1,308.69	0.2046748	20.5%	2.3%
Windstream Ohio	12,504	5,559	0.444577735	\$ 7.61	\$ 95,155.44	\$ 16,557.05	7,563	\$ 57,551.89	0.2876890	28.8%	3.2%
Windstream Oklahoma	1,843	41	0.022246337	\$ 9.18	\$ 16,918.74	\$ 2,943.86	1,807	\$ 16,584.18	0.1775102	17.8%	2.0%
Oklahoma Windstream	3,159	189	0.05982906	\$ 9.18	\$ 28,999.62	\$ 5,045.93	2,991	\$ 27,457.38	0.1837733	18.4%	2.0%
Windstream Pennsylvania	23,095	7,754	0.335743667	\$ 6.33	\$ 146,191.35	\$ 25,437.29	16,203	\$ 102,562.18	0.2480183	24.8%	2.8%
Windstream South Carolina	5,358	1,194	0.222844345	\$ 8.35	\$ 44,739.30	\$ 7,784.64	4,297	\$ 35,877.17	0.2169803	21.7%	2.4%
Windstream Sugar Land	9,226	1,731	0.187621938	\$ 6.32	\$ 58,308.32	\$ 10,145.65	7,687	\$ 48,583.95	0.2088272	20.9%	2.3%
Texas Windstream	3,644	267	0.073271131	\$ 9.20	\$ 33,524.80	\$ 5,833.32	3,407	\$ 31,341.33	0.1861221	18.6%	2.1%
Windstream Western Reserve	20,250	7,866	0.388444444	\$ 7.40	\$ 149,850.00	\$ 26,073.90	13,258	\$ 98,109.20	0.2657641	26.6%	3.0%
Windstream Lexcom	3,185	178	0.05588697	\$ 9.20	\$ 29,302.00	\$ 5,098.55	3,027	\$ 27,846.36	0.1830957	18.3%	2.0%
Windstream Concord	11,604	83	0.007152706	\$ 8.70	\$ 100,954.80	\$ 17,566.14	11,530	\$ 100,312.93	0.1751134	17.5%	1.9%
Windstream Lakedale #1414	1,518	-	0	\$ 9.20	\$ 13,965.60	\$ 2,430.01	1,518	\$ 13,965.60	0.1740000	17.4%	1.9%
Windstream Ladedale #1482	1,184	-	0	\$ 9.20	\$ 10,892.80	\$ 1,895.35	1,184	\$ 10,892.80	0.1740000	17.4%	1.9%
Windstream Iowa	27,110	3,191	0.117705644	\$ 7.66	\$ 207,662.60	\$ 36,133.29	24,274	\$ 185,935.44	0.1943325	19.4%	2.2%

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Windstream Georgia Telephone, Inc.	1,223	555	0.453802126	\$ 9.20	\$ 11,251.60	\$ 1,957.78	730	\$ 6,712.93	0.2916428	29.2%	3.2%