

WINDSTREAM TELEPHONE SYSTEM

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

1ST QUARTER 2017 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 87

December 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 First Quarter 2017 Contribution Factor*, DA 16-1367, on December 9, 2016. The Commission proposed a USF factor of 16.7%, 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 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.	53,392	10,538	0.197370393	\$ 9.20	\$ 491,206.40	\$ 82,031.47	44,025	\$ 405,028.98	0.2025323	20.3%	2.3%
Windstream Kentucky East - Lon.	10,446	737	0.070553322	\$ 9.20	\$ 96,103.20	\$ 16,049.23	9,791	\$ 90,076.18	0.1781740	17.8%	2.0%
Windstream Georgia Comm	43,586	18,866	0.432845409	\$ 8.52	\$ 371,352.72	\$ 62,015.90	26,816	\$ 228,474.21	0.2714350	27.1%	3.0%
Georgia Windstream	11,168	4,522	0.404906877	\$ 8.52	\$ 95,151.36	\$ 15,890.28	7,148	\$ 60,904.75	0.2609038	26.1%	2.9%
Windstream Nebraska	48,638	21,317	0.438278712	\$ 6.01	\$ 292,314.38	\$ 48,816.50	29,690	\$ 178,434.23	0.2735826	27.4%	3.0%
Valor Oklahoma	8,807	156	0.017713183	\$ 9.20	\$ 81,024.40	\$ 13,531.07	8,668	\$ 79,748.67	0.1696715	17.0%	1.9%
Valor New Mexico #1	7,874	424	0.053848108	\$ 9.13	\$ 71,889.62	\$ 12,005.57	7,497	\$ 68,448.62	0.1753953	17.5%	1.9%
Valor New Mexico #2	6,016	247	0.041057181	\$ 8.61	\$ 51,797.76	\$ 8,650.23	5,796	\$ 49,907.39	0.1733256	17.3%	1.9%
Valor Texas	39,770	1,410	0.03545386	\$ 9.20	\$ 365,884.00	\$ 61,102.63	38,517	\$ 354,353.33	0.1724342	17.2%	1.9%
Windstream Alabama	2,314	335	0.144770959	\$ 9.20	\$ 21,288.80	\$ 3,555.23	2,016	\$ 18,549.24	0.1916644	19.2%	2.1%
Windstream Arkansas	13,315	5,012	0.376417574	\$ 9.20	\$ 122,498.00	\$ 20,457.17	8,860	\$ 81,510.98	0.2509744	25.1%	2.8%
Windstream Florida	11,025	4,303	0.390294785	\$ 6.39	\$ 70,449.75	\$ 11,765.11	7,200	\$ 46,008.71	0.2557148	25.6%	2.8%
Windstream Georgia	8,083	1,993	0.246566869	\$ 8.52	\$ 68,867.16	\$ 11,500.82	6,311	\$ 53,773.51	0.2138751	21.4%	2.4%
Windstream Standard	11,231	1,566	0.139435491	\$ 8.52	\$ 95,688.12	\$ 15,979.92	9,839	\$ 83,828.28	0.1906268	19.1%	2.1%
Windstream Kentucky West	2,933	525	0.178997613	\$ 7.04	\$ 20,648.32	\$ 3,448.27	2,466	\$ 17,362.99	0.1985989	19.9%	2.2%
Windstream Kerrville	3,116	-	0	\$ 7.88	\$ 24,554.08	\$ 4,100.53	3,116	\$ 24,554.08	0.1670000	16.7%	1.9%
Windstream Mississippi	1,355	636	0.469372694	\$ 9.20	\$ 12,466.00	\$ 2,081.82	790	\$ 7,264.93	0.2865576	28.7%	3.2%
Windstream Missouri	7,157	1,302	0.181919799	\$ 9.20	\$ 65,844.40	\$ 10,996.01	6,000	\$ 55,196.93	0.1992142	19.9%	2.2%
Windstream North Carolina	23,126	3,748	0.162068667	\$ 7.57	\$ 175,063.82	\$ 29,235.66	19,794	\$ 149,843.94	0.1951074	19.5%	2.2%
Windstream New York - Fulton	3,875	1,431	0.369290323	\$ 8.95	\$ 34,681.25	\$ 5,791.77	2,603	\$ 23,296.85	0.2486074	24.9%	2.8%
Windstream New York - Jamestown	4,952	2,226	0.449515347	\$ 8.95	\$ 44,320.40	\$ 7,401.51	2,973	\$ 26,611.33	0.2781336	27.8%	3.1%
Windstream New York - Red Jacket	173	29	0.167630058	\$ 8.95	\$ 1,548.35	\$ 258.57	147	\$ 1,317.64	0.1962408	19.6%	2.2%
Windstream Ohio	11,840	5,202	0.439358108	\$ 7.61	\$ 90,102.40	\$ 15,047.10	7,216	\$ 54,913.76	0.2740133	27.4%	3.0%
Windstream Oklahoma	1,840	34	0.018478261	\$ 9.18	\$ 16,891.20	\$ 2,820.83	1,810	\$ 16,613.76	0.1697888	17.0%	1.9%
Oklahoma Windstream	3,075	185	0.060162602	\$ 9.18	\$ 28,228.50	\$ 4,714.16	2,911	\$ 26,718.90	0.1764354	17.6%	2.0%
Windstream Pennsylvania	22,277	7,397	0.332046505	\$ 6.33	\$ 141,013.41	\$ 23,549.24	15,702	\$ 99,392.96	0.2369307	23.7%	2.6%
Windstream South Carolina	5,087	1,131	0.222331433	\$ 8.35	\$ 42,476.45	\$ 7,093.57	4,082	\$ 34,081.92	0.2081329	20.8%	2.3%
Windstream Sugar Land	8,835	1,597	0.180758347	\$ 6.32	\$ 55,837.20	\$ 9,324.81	7,415	\$ 46,865.61	0.1989692	19.9%	2.2%
Texas Windstream	3,587	266	0.074156677	\$ 9.20	\$ 33,000.40	\$ 5,511.07	3,351	\$ 30,825.11	0.1787850	17.9%	2.0%
Windstream Western Reserve	19,430	7,517	0.386875965	\$ 7.40	\$ 143,782.00	\$ 24,011.59	12,748	\$ 94,336.84	0.2545304	25.5%	2.8%
Windstream Lexcom	3,147	172	0.054655227	\$ 9.20	\$ 28,952.40	\$ 4,835.05	2,994	\$ 27,545.82	0.1755276	17.6%	2.0%
Windstream Concord	11,203	54	0.004820137	\$ 8.70	\$ 97,466.10	\$ 16,276.84	11,155	\$ 97,048.50	0.1677186	16.8%	1.9%
Windstream Lakedale #1414	1,358	-	0	\$ 9.20	\$ 12,493.60	\$ 2,086.43	1,358	\$ 12,493.60	0.1670000	16.7%	1.9%
Windstream Ladedale #1482	1,160	-	0	\$ 9.20	\$ 10,672.00	\$ 1,782.22	1,160	\$ 10,672.00	0.1670000	16.7%	1.9%
Windstream Iowa	26,595	3,120	0.117315285	\$ 7.66	\$ 203,717.70	\$ 34,020.86	23,822	\$ 182,473.97	0.1864422	18.6%	2.1%

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Windstream Georgia Telephone, Inc.	1,194	530	0.443886097	\$ 9.20	\$ 10,984.80	\$ 1,834.46	723	\$ 6,650.58	0.2758349	27.6%	3.1%