

WINDSTREAM TELEPHONE SYSTEM

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

2ND QUARTER 2017 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 88

March 17, 2017

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 2017 Universal Service Contribution Factor*, DA 17-245, on March 13, 2017. The Commission proposed a USF factor of 17.4%, an increase 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

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.	52,186	10,390	0.199095543	\$ 9.20	\$ 480,111.20	\$ 83,539.35	42,950	\$ 395,144.09	0.2114149	21.1%	2.3%
Windstream Kentucky East - Lon.	10,327	733	0.070978987	\$ 9.20	\$ 95,008.40	\$ 16,531.46	9,675	\$ 89,014.09	0.1857174	18.6%	2.1%
Windstream Georgia Comm	42,810	18,687	0.436510161	\$ 8.52	\$ 364,741.20	\$ 63,464.97	26,199	\$ 223,218.32	0.2843179	28.4%	3.2%
Georgia Windstream	10,962	4,436	0.404670681	\$ 8.52	\$ 93,396.24	\$ 16,250.95	7,019	\$ 59,800.93	0.2717507	27.2%	3.0%
Windstream Nebraska	47,853	21,088	0.440682925	\$ 6.01	\$ 287,596.53	\$ 50,041.80	29,108	\$ 174,939.75	0.2860516	28.6%	3.2%
Valor Oklahoma	8,622	156	0.01809325	\$ 9.20	\$ 79,322.40	\$ 13,802.10	8,483	\$ 78,046.67	0.1768442	17.7%	2.0%
Valor New Mexico #1	7,684	414	0.053878188	\$ 9.13	\$ 70,154.92	\$ 12,206.96	7,316	\$ 66,795.08	0.1827523	18.3%	2.0%
Valor New Mexico #2	5,943	244	0.041056705	\$ 8.61	\$ 51,169.23	\$ 8,903.45	5,726	\$ 49,301.82	0.1805906	18.1%	2.0%
Valor Texas	39,204	1,362	0.034741353	\$ 9.20	\$ 360,676.80	\$ 62,757.76	37,993	\$ 349,538.67	0.1795446	18.0%	2.0%
Windstream Alabama	2,235	308	0.137807606	\$ 9.20	\$ 20,562.00	\$ 3,577.79	1,961	\$ 18,043.24	0.1982896	19.8%	2.2%
Windstream Arkansas	13,100	4,942	0.377251908	\$ 9.20	\$ 120,520.00	\$ 20,970.48	8,707	\$ 80,105.42	0.2617860	26.2%	2.9%
Windstream Florida	10,902	4,270	0.391671253	\$ 6.39	\$ 69,663.78	\$ 12,121.50	7,106	\$ 45,410.18	0.2669335	26.7%	3.0%
Windstream Georgia	7,949	1,988	0.250094351	\$ 8.52	\$ 67,725.48	\$ 11,784.23	6,182	\$ 52,669.69	0.2237384	22.4%	2.5%
Windstream Standard	11,110	1,558	0.140234023	\$ 8.52	\$ 94,657.20	\$ 16,470.35	9,725	\$ 82,857.95	0.1987782	19.9%	2.2%
Windstream Kentucky West	2,875	525	0.182608696	\$ 7.04	\$ 20,240.00	\$ 3,521.76	2,408	\$ 16,954.67	0.2077163	20.8%	2.3%
Windstream Kerrville	3,045	-	0	\$ 7.88	\$ 23,994.60	\$ 4,175.06	3,045	\$ 23,994.60	0.1740000	17.4%	1.9%
Windstream Mississippi	1,315	617	0.469201521	\$ 9.20	\$ 12,098.00	\$ 2,105.05	767	\$ 7,052.31	0.2984911	29.8%	3.3%
Windstream Missouri	7,110	1,298	0.182559775	\$ 9.20	\$ 65,412.00	\$ 11,381.69	5,956	\$ 54,797.24	0.2077055	20.8%	2.3%
Windstream North Carolina	22,409	3,625	0.161765362	\$ 7.57	\$ 169,636.13	\$ 29,516.69	19,187	\$ 145,243.91	0.2032215	20.3%	2.3%
Windstream New York - Fulton	3,793	1,407	0.37094648	\$ 8.95	\$ 33,947.35	\$ 5,906.84	2,542	\$ 22,753.88	0.2595970	26.0%	2.9%
Windstream New York - Jamestown	4,853	2,179	0.449000618	\$ 8.95	\$ 43,434.35	\$ 7,557.58	2,916	\$ 26,099.19	0.2895713	29.0%	3.2%
Windstream New York - Red Jacket	171	29	0.169590643	\$ 8.95	\$ 1,530.45	\$ 266.30	145	\$ 1,299.74	0.2048860	20.5%	2.3%
Windstream Ohio	11,646	5,117	0.439378327	\$ 7.61	\$ 88,626.06	\$ 15,420.93	7,098	\$ 54,012.40	0.2855073	28.6%	3.2%
Windstream Oklahoma	1,800	34	0.018888889	\$ 9.18	\$ 16,524.00	\$ 2,875.18	1,770	\$ 16,246.56	0.1769714	17.7%	2.0%
Oklahoma Windstream	2,954	137	0.046377793	\$ 9.18	\$ 27,117.72	\$ 4,718.48	2,832	\$ 25,999.80	0.1814815	18.1%	2.0%
Windstream Pennsylvania	21,822	7,199	0.329896435	\$ 6.33	\$ 138,133.26	\$ 24,035.19	15,423	\$ 97,626.89	0.2461943	24.6%	2.7%
Windstream South Carolina	4,963	1,088	0.219222245	\$ 8.35	\$ 41,441.05	\$ 7,210.74	3,996	\$ 33,365.67	0.2161126	21.6%	2.4%
Windstream Sugar Land	8,688	1,566	0.180248619	\$ 6.32	\$ 54,908.16	\$ 9,554.02	7,296	\$ 46,110.72	0.2071974	20.7%	2.3%
Texas Windstream	3,565	262	0.073492286	\$ 9.20	\$ 32,798.00	\$ 5,706.85	3,332	\$ 30,655.42	0.1861613	18.6%	2.1%
Windstream Western Reserve	18,884	7,359	0.38969498	\$ 7.40	\$ 139,741.60	\$ 24,315.04	12,343	\$ 91,335.73	0.2662161	26.6%	3.0%
Windstream Lexcom	3,117	172	0.055181264	\$ 9.20	\$ 28,676.40	\$ 4,989.69	2,964	\$ 27,269.82	0.1829749	18.3%	2.0%
Windstream Concord	10,953	54	0.004930156	\$ 8.70	\$ 95,291.10	\$ 16,580.65	10,905	\$ 94,873.50	0.1747659	17.5%	1.9%
Windstream Lakedale #1414	1,309	-	0	\$ 9.20	\$ 12,042.80	\$ 2,095.45	1,309	\$ 12,042.80	0.1740000	17.4%	1.9%
Windstream Ladedale #1482	1,130	-	0	\$ 9.20	\$ 10,396.00	\$ 1,808.90	1,130	\$ 10,396.00	0.1740000	17.4%	1.9%
Windstream Iowa	26,226	3,066	0.116906886	\$ 7.66	\$ 200,891.16	\$ 34,955.06	23,501	\$ 180,015.11	0.1941785	19.4%	2.2%

Windstream Communications, Inc.
MLB & Centrex USF Factor Calculation

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Windstream Georgia Telephone, Inc.	1,183	523	0.442096365	\$ 9.20	\$ 10,883.60	\$ 1,893.75	718	\$ 6,606.62	0.2866437	28.7%	3.2%