

WINDSTREAM TELEPHONE SYSTEM

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

1ST QUARTER 2019 UNIVERSAL SERVICE CONTRIBUTION FACTOR

DESCRIPTION AND JUSTIFICATION

Transmittal No. 99

December 17, 2018

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 2019 Universal Service Contribution Factor*, DA 18-1249, on December 12, 2018. The Commission proposed a USF factor of 20.0%, 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 * 20.0%	H = B - (C * 8/9)	I = E * H	J = G / I	K = J	L = K / 9
Windstream Kentucky East - Lex.	43,127	8,932	0.207109236	\$ 9.20	\$ 396,768.40	\$ 79,353.68	35,187	\$ 323,724.49	0.2451272	24.5%	2.7%
Windstream Kentucky East - Lon.	9,228	661	0.071629822	\$ 9.20	\$ 84,897.60	\$ 16,979.52	8,640	\$ 79,492.09	0.2136001	21.4%	2.4%
Windstream Georgia Comm	36,877	16,683	0.452395802	\$ 8.90	\$ 328,205.30	\$ 65,641.06	22,048	\$ 196,224.23	0.3345207	33.5%	3.7%
Georgia Windstream	9,854	3,931	0.398924295	\$ 8.90	\$ 87,700.60	\$ 17,540.12	6,360	\$ 56,602.02	0.3098850	31.0%	3.4%
Windstream Nebraska	39,406	18,431	0.467720652	\$ 6.71	\$ 264,414.26	\$ 52,882.85	23,023	\$ 154,483.58	0.3423202	34.2%	3.8%
Valor Oklahoma	7,468	133	0.01780932	\$ 9.20	\$ 68,705.60	\$ 13,741.12	7,350	\$ 67,617.96	0.2032170	20.3%	2.3%
Valor New Mexico #1	6,509	320	0.049162698	\$ 9.20	\$ 59,882.80	\$ 11,976.56	6,225	\$ 57,265.91	0.2091394	20.9%	2.3%
Valor New Mexico #2	5,366	209	0.038948938	\$ 9.20	\$ 49,367.20	\$ 9,873.44	5,180	\$ 47,658.04	0.2071726	20.7%	2.3%
Valor Texas	34,694	1,124	0.032397533	\$ 9.20	\$ 319,184.80	\$ 63,836.96	33,695	\$ 309,992.98	0.2059303	20.6%	2.3%
Windstream Alabama	1,838	260	0.141458107	\$ 9.20	\$ 16,909.60	\$ 3,381.92	1,607	\$ 14,783.38	0.2287650	22.9%	2.5%
Windstream Arkansas	11,508	4,040	0.351060132	\$ 9.20	\$ 105,873.60	\$ 21,174.72	7,917	\$ 72,835.38	0.2907203	29.1%	3.2%
Windstream Florida	10,234	3,877	0.378835255	\$ 6.47	\$ 66,213.98	\$ 13,242.80	6,788	\$ 43,916.92	0.3015420	30.2%	3.4%
Windstream Georgia	6,686	1,488	0.222554592	\$ 8.90	\$ 59,505.40	\$ 11,901.08	5,363	\$ 47,733.67	0.2493226	24.9%	2.8%
Windstream Standard	9,607	1,443	0.150202977	\$ 9.17	\$ 88,096.19	\$ 17,619.24	8,324	\$ 76,334.14	0.2308173	23.1%	2.6%
Windstream Kentucky West	2,356	455	0.193123939	\$ 7.41	\$ 17,457.96	\$ 3,491.59	1,952	\$ 14,461.03	0.2414484	24.1%	2.7%
Windstream Kerville	2,313	-	0	\$ 8.35	\$ 19,313.55	\$ 3,862.71	2,313	\$ 19,313.55	0.2000000	20.0%	2.2%
Windstream Mississippi	1,080	495	0.458333333	\$ 9.20	\$ 9,936.00	\$ 1,987.20	640	\$ 5,888.00	0.3375000	33.8%	3.8%
Windstream Missouri	6,525	1,106	0.169501916	\$ 9.20	\$ 60,030.00	\$ 12,006.00	5,542	\$ 50,985.38	0.2354793	23.5%	2.6%
Windstream North Carolina	17,202	2,276	0.132310196	\$ 8.02	\$ 137,960.04	\$ 27,592.01	15,179	\$ 121,734.69	0.2266569	22.7%	2.5%
Windstream New York - Fulton	3,141	1,119	0.356255969	\$ 9.18	\$ 28,834.38	\$ 5,766.88	2,146	\$ 19,703.34	0.2926852	29.3%	3.3%
Windstream New York - Jamestown	4,561	2,241	0.491339619	\$ 9.18	\$ 41,869.98	\$ 8,374.00	2,569	\$ 23,583.42	0.3550798	35.5%	3.9%
Windstream New York - Red Jacket	138	29	0.210144928	\$ 9.18	\$ 1,266.84	\$ 253.37	112	\$ 1,030.20	0.2459406	24.6%	2.7%
Windstream Ohio	8,753	3,684	0.420884268	\$ 8.01	\$ 70,111.53	\$ 14,022.31	5,478	\$ 43,881.45	0.3195497	32.0%	3.6%
Windstream Oklahoma	1,613	27	0.016738996	\$ 9.20	\$ 14,839.60	\$ 2,967.92	1,589	\$ 14,618.80	0.2030208	20.3%	2.3%
Oklahoma Windstream	2,374	103	0.043386689	\$ 9.20	\$ 21,840.80	\$ 4,368.16	2,282	\$ 20,998.49	0.2080226	20.8%	2.3%
Windstream Pennsylvania	18,521	5,851	0.315911668	\$ 6.40	\$ 118,534.40	\$ 23,706.88	13,320	\$ 85,248.71	0.2780908	27.8%	3.1%
Windstream South Carolina	3,843	820	0.213374967	\$ 9.00	\$ 34,587.00	\$ 6,917.40	3,114	\$ 28,027.00	0.2468120	24.7%	2.7%
Windstream Sugar Land	7,282	1,247	0.171244164	\$ 6.40	\$ 46,604.80	\$ 9,320.96	6,174	\$ 39,510.76	0.2359094	23.6%	2.6%
Texas Windstream	3,139	232	0.073908888	\$ 9.20	\$ 28,878.80	\$ 5,775.76	2,933	\$ 26,981.56	0.2140633	21.4%	2.4%
Windstream Western Reserve	14,694	5,636	0.383557915	\$ 7.79	\$ 114,466.26	\$ 22,893.25	9,684	\$ 75,440.09	0.3034627	30.3%	3.4%
Windstream Lexcom	2,605	159	0.061036468	\$ 9.20	\$ 23,966.00	\$ 4,793.20	2,464	\$ 22,665.73	0.2114734	21.1%	2.3%
Windstream Concord	8,831	41	0.004642736	\$ 9.10	\$ 80,362.10	\$ 16,072.42	8,795	\$ 80,030.46	0.2008288	20.1%	2.2%
Windstream Lakedale #1414	1,177	-	0	\$ 9.20	\$ 10,828.40	\$ 2,165.68	1,177	\$ 10,828.40	0.2000000	20.0%	2.2%
Windstream Ladedale #1482	1,012	-	0	\$ 9.20	\$ 9,310.40	\$ 1,862.08	1,012	\$ 9,310.40	0.2000000	20.0%	2.2%
Windstream Iowa	23,506	2,531	0.107674636	\$ 9.20	\$ 216,255.20	\$ 43,251.04	21,256	\$ 195,557.24	0.2211682	22.1%	2.5%

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Windstream Georgia Telephone, Inc.	1,102	505	0.458257713	\$ 9.20	\$ 10,138.40	\$ 2,027.68	653	\$ 6,008.62	0.3374617	33.7%	3.7%