

WINDSTREAM TELEPHONE SYSTEM
2023 Mid-Year Access Charge Tariff Filing
Issued September 15, 2023

Description and Justification

I. Introduction

A. Background

Windstream Telephone System Tariffs FCC No. 6 and 7 issuing carriers as listed in Exhibit COSA (Windstream) hereby submits this filing in support of 2023 Mid-Year Access Charge Tariff Filing to implement required exogenous cost adjustments to reflect changes in the Telecommunications Relay Service (“TRS”) carrier contribution factor, the North American Numbering Plan Administration (“NANPA”) contribution factor, and the annual regulatory fee for Interstate Telecommunications Service Providers (“ITSP”). This filing is being made on at least 16 days’ notice, as required by Section 61.58(a)(2)(ii) of the Federal Communications Commission (“Commission”) Rules in Part 47 of the Code of Federal Regulations (“C.F.R.”), 47 C.F.R. § 61.58(a)(2)(ii).

This filing is being made in compliance with the following:

- Second Report and Order, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Released October 4, 1990;
- Order on Reconsideration, *In the Matter of Policy and Rules Concerning Rates for Dominant Carriers*, CC Docket No. 87-313, Released April 17, 1991;

- First Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Released April 7, 1995;
- Report and Order, *In the Matter of Price Cap Regulation of Local Exchange Carriers, Rate-of-Return Sharing and Lower Formula Adjustment*, CC Docket No. 93-179, Released April 14, 1995;
- Fourth Report and Order, *In the Matter of Price Cap Performance Review for Local Exchange Carriers*, CC Docket No. 94-1, Released May 21, 1997;
- First Report and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released May 16, 1997;
- Second Order on Reconsideration and Memorandum Opinion and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released October 9, 1997;
- Third Report and Order, *In the Matter of Access Charge Reform*, CC Docket No. 96-262, Released November 26, 1997;
- Report and Order & Further Notice of Proposed Rulemaking, *In the Matter of Defining Primary Lines*, CC Docket No. 97-181, Released March 10, 1999;
- Public Notice, DA 99-584, Released March 25, 1999;
- Public Notice, DA 99-1091, released June 4, 1999;
- Sixth Report and Order, *In the Matter of Access Charge Reform*, CC Docket 92-262, Released May 31, 2000 (CALLS);
- *Business Data Services in an Internet Protocol Environment et al.*, WC Docket No. 16-143 et al., Report and Order, 32 FCC Rcd 3459 (2017) (Business Data Services Order);
- Commission Rules in 47 C.F.R. § 61.38 and § 61.41 through § 61.49, herein referred to collectively as the “Price Cap Rules”;
- Commission Rules in 47 C.F.R., Part 61, generally; and
- Report and Order and Further Notice of Proposed Rulemaking FCC 11-61, WC Docket 10-90, GN Docket 09-51, WC Docket 07-135, WC Docket 05-337, CC Docket 01-92, CC Docket 96-45, WC Docket 03-109, WT Docket

10-208, released November 18, 2011, herein referred to as the “USF/ICC Transformation Order”.

In addition, this filing revised Windstream’s tariffs to reflect the change in the Federal Universal Service Fund Contribution Factor for the 4th Quarter of 2023.

B. Waivers

Windstream lists below all currently applicable waivers that permit rate elements different than those specified in 47 C.F.R., Part 69.

The Commission in Memorandum Opinion and Order, *In the Matter of Annual 1989 Access Tariff Filings*, DA 88-1872, Released December 2, 1988, extended indefinitely the waiver allowing carriers to bill \$25.00 for a special access surcharge. This element is included in Windstream's Common Line basket.

The Commission in Memorandum Opinion and Order, *In the Matter of Lincoln Telephone and Telegraph Company Petition for Waiver of Part 69*, DA 89-654, Released June 21, 1989, granted a waiver allowing (then) Lincoln to establish a separate rate element for 900 Access Service. This element is included in Windstream's Local Switching service category within the Traffic Sensitive Basket.

The Commission in Memorandum Opinion and Order, *In the Matter of Lincoln Telephone and Telegraph Company Petition for Waiver of the Commission's Rules To Establish 500 Access Service*, DA 95-115, Released January 26, 1995, granted a waiver allowing (then) Lincoln to establish a separate rate element for 500 Access Service. This element is included in Windstream's Local Switching Service category within the Traffic Sensitive Basket.

The Commission in Memorandum Opinion and Order, *In the Matter of United States Telephone Association Petition for Waiver of Section 69.152 (b) and 69.153 (c) (1) of the Commission's Rules*, DA 99-1122, released June 8, 1999, granted a waiver to allow price cap LECs to use USTA's proposed interim calculations only when necessary to compensate for an anomaly that produces negative multi-line business PICCs.

The Commission in Order, *In the Matter of Windstream Petition for Conversion to Price Cap Regulation and for Limited Waiver Relief*, DA 08-81, Released March 18, 2008, provided Windstream with the needed relief to allow Windstream to convert its rate-of-return regulation companies to price cap regulation and establish initial price cap indexes (PCIs) for price cap baskets.

The Commission in Order, *In the Matter of Windstream Petition for Limited Waiver Relief*, WC Docket No. 10-55, DA 10-802, Released May 10, 2010, provided Windstream with the needed relief to allow Windstream Lexcom to convert to price cap regulation and establish initial price cap indexes (PCIs) for price cap baskets.

The Commission in Order, *In the Matter of Windstream Petition for Limited Waiver Relief*, WC Docket No. 11-36, DA 11-966, Released May 27, 2011, provided Windstream with the needed relief to allow Windstream Lakedale, Inc. to convert to price cap regulation and establish initial price cap indexes (PCIs) for price cap baskets.

The Commission in Order, *In the Matter of Joint Petition of Price Cap Holding Companies for Conversion of Average Schedule Affiliates to Price Cap Regulation and for Limited Waiver Relief*, WC Docket No. 12-63, Released December 13, 2012.

C. New Services

Windstream has no new services to report for the 2023 Mid-Year Access Charge Tariff Filing.

II. Index and Rate Development

A. Existing Indices

The existing indices are those indices that will be in effect on September 30, 2023. See IND for transmittal numbers under which existing indices became effective.

B. Exogenous Costs

Windstream developed exogenous cost changes according to the Price Cap Rules. These dollar effects were measured at a 2022 base period level of operations and apportioned on a cost-causative basis between price cap and non-price services and then among the price cap baskets. To apportion exogenous costs changes between those Special Access services that remain subject to price cap regulation and those Special Access services that are de-tariffed as a result of the Business Data Services (BDS) Order, a ratio of the revenues of Special Access services that continue to be subject to price cap regulation to total Special Access revenues prior to the BDS Order was developed. This ratio was applied to allocate total exogenous costs between tariffed and de-tariffed Special Access services. Exogenous cost changes and allocations are shown in Exhibit EXG.

For each allowed exogenous cost, the Exogenous Cost adjustment (“EXG_Cost [Adj]”) is equal to the change in the current Price Cap Exogenous

Cost (“EXG_Cost [t-1]”) less the Exogenous Cost already reflected in the Price Cap indices (“EXG_Cost [t-2]”).

$$EXG_Cost_{Adj} = EXG_Cost_{t-1} - EXG_Cost_{t-2}$$

The current Price Cap Exogenous Cost is calculated by multiplying current year’s 499A Total Revenue (“499A_Total_Rev [t-1]”) by the current Exogenous Cost Factor (“Exg_Factor [t-1]”) adjusted by the ratio of the current year’s 499A Price Cap Revenue (“499A_PriceCap_Rev [t-1]”) to the current year’s 499A Total Revenue (“499A_Total_Rev [t-1]”). This formula simplifies to the current Exogenous Cost Factor multiplied by the current year’s 499A Price Cap Revenue.

$$\begin{aligned} EXG_{Cost_{t-1}} &= (499A_Total_Rev_{t-1} * EXG_Factor_{t-1}) * \frac{499A_PriceCap_Rev_{t-1}}{499A_Total_Rev_{t-1}} \\ \rightarrow &= EXG_Rate_{t-1} * 499A_PriceCap_Rev_{t-1} \end{aligned}$$

The level of exogenous cost already reflected in the Price Cap indices is calculated by multiplying the previous year’s 499A Total Revenue (“499A_Total_Rev [t-2]”) by the exogenous cost factor included in the price cap indices (“Exg_Factor [t-2]”). This result is then multiplied by the ratio of the previous year’s 499A Price Cap Revenue (“499A_PriceCap_Rev [t-2]”) to the previous year’s 499A Total Revenue (“499A_Total_Rev [t-2]”). The result is lastly multiplied by the ratio of the current year’s 499A Price Cap revenue (“499A_PriceCap_Rev [t-1]”) to the previous year’s 499A Price Cap revenue (“499A_PriceCap_Rev [t-2]”). This formula simplifies to the exogenous cost factor included in the price cap indices multiplied by the current year’s 499A Price Cap revenue.

$$\begin{aligned} EXG_Cost_{t-2} &= (499A_Total_Rev_{t-2} * EXG_Factor_{t-2}) * \frac{499A_PriceCap_Rev_{t-2}}{499A_Total_Rev_{t-2}} * \frac{499A_PriceCap_Rev_{t-1}}{499A_PriceCap_Rev_{t-2}} \\ \rightarrow &= (499A_Total_Rev_{t-2} * EXG_Rate_{t-2}) * \frac{499A_PriceCap_Rev_{t-1}}{499A_Total_Rev_{t-2}} \\ \rightarrow &= EXG_Rate_{t-2} * IS_PriceCap_Rev_{t-1} \end{aligned}$$

Thus, the Exogenous Cost adjustment is equal to the current Exogenous Cost Factor (“EXG_Factor [t-1]”) multiplied by the current year’s 499A Price Cap revenues (“499A_PriceCap_Rev [t-1]”) less the Exogenous Cost factor already in the Price Cap indices (“EXG_Factor [t-2]”) multiplied by the current year’s 499A Price Cap revenue (“499A_PriceCap_Rev [t-1]”). This simplifies to the change in the Exogenous Cost factor, i.e. the current Exogenous Cost factor less the Exogenous Cost factor already in the Price Cap indices, multiplied by the current year’s 499A Price Cap revenue.

$$\begin{aligned}
 EXG_Cost_{Adj} &= (EXG_Factor_{t-1} * 499A_PriceCap_Rev_{t-1}) - (EXG_Factor_{t-2} * 499A_PriceCap_Rev_{t-1}) \\
 \rightarrow &= (EXG_Factor_{t-1} - EXG_Factor_{t-2}) * 499A_PriceCap_Rev_{t-1}
 \end{aligned}$$

1) Regulatory Fees

Local Exchange Companies are allowed to recover the impact of regulatory fees as an exogenous cost. The calculations of the regulatory fees to be paid in the 2023 tariff year are based on the factor of 0.00540 as referenced in *Appendix B of the Assessment and Collection of Regulatory Fees for Fiscal Year 2023 and Review of the Commission’s Assessment and Collection of Regulatory Fees*, MD Docket No. 23-159 & 22-301, Report and Order and Notice of Inquiry, FCC 23-66, released August 10, 2023.

2) Telecommunications Relay Service

All common carriers providing interstate telecommunications services are required to contribute to a fund designated to support telecommunications relay services. For the 2023 tariff year, the fee will be based on the TRS IPCTS factor of 0.01615 and TRS Non-IPCTS factor of 0.00025 as set forth in *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 03-123 & 10-51, Order, DA 23-577, released June 30, 2023.

3) North American Numbering Plan Fee

In the North American Numbering Plan Administration (“NANPA”) Order, the Commission required all telecommunications carriers to contribute to the cost recovery for numbering administration. To remain consistent in the price cap treatment of such fees, *i.e.*, Regulatory Fee and Telecommunications Relay Services Fee, the NANPA fee is treated as an exogenous change. For the 2023 tariff year, the fee will be based on the factor of 0.0001047 as set forth in Public Notice, “Wireline Competition Bureau Announces the Proposed North American Numbering Plan Administration Fund Size Estimate and Contribution Factor for October 2023 through September 2024,” CC Docket No. 92-237, DA 23-675, released August 10, 2023.

C. CMT Per Line Revenue

Section 61.3(d) of the Commission's Rules, 47 C.F.R. § 61.3(d), sets forth the calculation of the maximum Subscriber Line Charge (“SLC”) for residential and single-line business customers, non-primary residential, and multi-line business service categories based on the average common line, marketing and transport interconnection charge (“CMT”) revenue per line. Exhibit RDET (Rates and Revenue Exhibit) depicts the CMT per line calculation.

D. Excluded Services

Exhibit OUTPC provides a detailed listing of those services which are not included under price cap regulation.

III. USF/ICC Order

A. Access Recovery Charge (ARC Rate Ceiling) Worksheet

In compliance with the FCC's USF/ICC Transformation Order, Windstream is including the Rate Ceiling-CAF and the Tariff Rate Comparison_CAF workbooks. The Rate Ceiling-CAF workbook is utilized by Windstream to calculate the Access Recovery Charge ("ARC") allowed by 47 C.F.R. §51.915(e) and the CAF ICC allowed by 47 C.F.R. §51.915(f). Windstream's supporting calculations utilize the templates released by the FCC on May 11, 2023.

The FCC Rate Ceiling-CAF workbook template provides the methodology for calculating Expected Access Recovery Charge Revenues and any CAF ICC. For each exchange, Windstream totaled the Residential Rate Ceiling Components and measured the total against the Residential Rate Ceiling benchmark of \$30.00. A maximum Residential Access Recovery Charge is determined as \$0.00 when the total of the Residential Rate Ceiling Components is \$30.00 or greater, up to \$2.00 when the total of the Residential Rate Ceiling Components is between \$28.00 and \$30.00 or capped at \$2.50 when rate ceilings are below \$28.00. Once the residential ARC per line is determined, that value is multiplied by the eligible lines to result in the Residential Access Recovery Charge Revenue.

Also, in compliance with Section 51.915 (e)(5)(i)(E), the ARC for single-line business customers was set equal to \$2.50. In compliance with Section 51.915 (e)(5)(ii)(E) and Section 51.915 (e)(5)(iv), the ARC for multi-line business customers was set equal to the lesser of the per line cap of \$5.00, or an amount that when added to the multi-line business SLC does not exceed the \$12.20 ceiling.

B. Tariff Rate Comparison Worksheet

The Tariff Rate Comparison_CAF workbook demonstrates that Windstream has not included any tariffs which would allow for greater recovery than allowed through the caps placed on the Access Recovery Charge per the methodology included in the Rate Ceiling-CAF template. This workbook includes the ARC tariff by exchange. Redacted and non-redacted versions of the workbooks are included with this filing.

C. Eligible Recovery Worksheet

Pursuant to Section 51.915(d)(1)(viii), Windstream calculated the total Eligible Recovery amount based upon reductions calculated pursuant to 51.915(d)(1)(vii)(A) through 51.915(d)(1)(vii)(H), as well as ARC True-Up revenues for the year beginning July 1, 2021 and qualifying common line exogenous cost adjustments. No payments which were received during FY11 for services outside of FY11 were included in the calculation of eligible recovery amounts. Also, billed late fees were excluded from eligible recovery amounts.

The Eligible Recovery amount is calculated by first multiplying the eligible reductions calculated pursuant to Section 51.915(d)(1)(vii)(A) through 51.915(d)(1)(vii)(H) by the July 1, 2023 Price Cap Carrier Traffic Demand Factor of 28.24% or 29.03% and by the July 1, 2023 non-CALLS study area factor of 90%. This amount was then added to ARC True-Up Revenues Exogenous Cost ARC recoverable amount found in CAP-5, Line 610, of the Tariff Review Plan to derive the total Eligible Recovery Amount that is used in the "Rate Ceiling" template as described above.

D. Summary Eligible Recovery Worksheet

Included with the 2023 Price Cap Long Forms Tariff Review Plan is a workbook that summarizes the required forms outlined above for both of the 2022-2023 filings. Windstream has completed the workbook by extracting the data from the relevant forms and populating the Summary Eligible Recovery form. Redacted and non-redacted versions of the workbook have been prepared.

E. Access Recovery Charge (ARC) True-Up Worksheet

In compliance with the Commission Rules set forth in Section 51.915(d)(1)(viii), 47 C.F.R. § 51.915(d)(1)(viii), Windstream is including the ARC True-Up workbook. With their 2023 Tariff Review Plans, carriers are required to include True-Up Revenues for Access Recovery Charges for the year beginning July 1, 2021. True-up revenue is determined by taking the difference in the Projected Access Lines for the time period and the Actual Access Lines for the time period multiplied by the tariffed ARC rate. Lines eligible for an ARC assessment include those assessed an end user common line charge pursuant to Section 69.152 of the Commission's Rules, 47 C.F.R. § 69.152. Windstream extracted the line counts meeting the definition criteria for in-service lines within the time period.

Windstream utilized the "2023 True-Up" template released by the FCC on May 11, 2023 in the *TRP Order*. See *Material to be Filed in Support of 2023 Annual Access Tariff Filings*, WC Docket No. 23-9, Order, DA 23-386, released May 11, 2023 ("TRP Order"). The FCC spreadsheet provides the methodology for calculating the 2021 ARC True-Up revenues, and the total 2021 ARC True-Up Revenue are included in the Eligible Recovery Form and the 2023 Summary Eligible Recovery Form.

IV. Conclusion

Windstream is submitting the accompanying information consistent with the requirements of the Commission's price cap regulations for local exchange carriers. The adjustments proposed herein are demonstrated to be just and reasonable and are supported by detailed exhibits reflecting the calculation of the required revisions, price cap indices, and exogenous costs.

EXHIBIT COSA

Issuing Carrier	COSA
Windstream Alabama	WSAL
Windstream Arkansas	WSAR
Windstream Florida	WSFL
Georgia Properties ¹	WSGP
Windstream Standard	WSST
Windstream Kentucky West	WSKY
Windstream Kerrville	WSKR
Windstream Mississippi	WSMS
Windstream Missouri	WSMO
Windstream North Carolina	ALNC
New York Properties ²	WSNY
Windstream Ohio	WSOH
Oklahoma Properties ³	WSOP
Windstream Pennsylvania	ALPA
Windstream South Carolina	WSSC
Windstream Sugar Land	WSSL
Texas Windstream	WSTX
Windstream Western Reserve	ALWR
Windstream Concord	WSCT
Windstream Lexcom	WSLX
Windstream Nebraska	LTNE
Windstream Kentucky East – Lexington	GTKY
Windstream Kentucky East – London	COKY
Valor Oklahoma	VAOK
Valor New Mexico No. 1	VANM
Valor New Mexico No. 2	VANN
Valor Texas No. 1	VATX
Valor Texas No. 2	VCTX
Windstream Lakedale, Inc.	WSLD
Windstream Lakedale, Inc. - Connections	WSSB
Windstream Montezuma	WSMZ
Windstream Accucomm	WSAC
Windstream Georgia Telephone	WSGT
Windstream Buffalo Valley	WSBV
Windstream Conestoga	WSCS
Windstream D&E	WSDE

¹ Georgia Properties includes Windstream Georgia, Georgia Windstream and Windstream Georgia Communications.

² New York Properties includes Windstream New York – Fulton, Windstream New York – Jamestown and Windstream New York – Red Jacket.

³ Oklahoma Properties includes Windstream Oklahoma and Oklahoma Windstream.