

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 1997-239-C - ORDER NO. 2016-680

SEPTEMBER 27, 2016

IN RE: Proceeding to Establish Guidelines for an) ORDER ADOPTING
Intrastate Universal Service Fund (USF)) RECOMMENDATIONS

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Petition of the Office of Regulatory Staff (“ORS”) pursuant to S.C. Reg. 103-825 and other applicable rules of practice and procedure of the Commission seeking Commission approval for a calendar fund year; to extend the current Universal Service Fund (“USF”) fund year by one month; to truncate the current Interim Local Exchange Carrier Fund (“ILF”) fund year by four months; and approval of the amounts ORS is to disburse to each Carrier of Last Resort (“COLR”).

In Commission Order No. 2001-996, issued October 10, 2001, the Commission established the Guidelines for the South Carolina Universal Service Fund (the “Fund” or “USF”) and, in 2005, the Commission designated ORS as the Administrator of the Fund in compliance with S.C. Code Ann. § 58-9-280 (E)(1). On January 26, 2016, in Order No. 2016-22, the Commission determined that wireless voice telecommunications services compete with local voice telecommunications services and required wireless telecommunications carriers to contribute to the Fund but did not increase the size of the Fund. The State Telecom Equity in Funding Act, or Act 181, was enacted on May 25, 2016.

Act 181 established a cap on the Fund – freezing it at the 2015 support amounts for COLRs, and required the ILF to be combined with the USF at 2015 support levels.

In its Petition, ORS proposes to implement Commission Order No. 2016-22 consistent with Act 181 effective January 1, 2017. The new revised USF worksheet was posted on ORS's website June 2, 2016, and mailed to the wireless telecommunications carriers that operate in South Carolina on June 7, 2016. The USF worksheet return deadline was extended by one month to provide wireless carriers ample time to complete the worksheet. ORS will resize the Fund and combine the ILF in the late summer or early fall time frame such that billing under the new USF would begin January 1, 2017. ORS will establish the USF factor and the fixed per-transaction fee for prepaid wireless sales by the end of September or early October time frame and plans to provide more than thirty days' notice of the USF factor and the fixed pre-transaction fee for prepaid wireless sales.

To accomplish the proposed transition, ORS seeks Commission approval of the following actions:

- 1. Approval for a calendar fund year.** ORS seeks to modify the fund year and move to a traditional calendar year (January – December).
- 2. Approval to extend the current USF fund year by one month.** The USF fund year currently runs from December through November. The fund year would be changed to run from January through December. By extending the current fund year by one month, the USF would be sized once rather than twice. Existing contributors would pay the same amount in December as that paid in November and recipients would receive the same amount in December as that received in

- November. ORS requests approval to bill, collect, and disburse one additional month of the current USF for this fund year.
3. **Approval to truncate the current ILF fund year by four months.** The ILF fund year starts in May and runs through April. Act 181 requires that the ILF support amounts be combined with the USF at the 2015 support level, which is \$13,259,571.77. Combined the USF fund will be \$40,732,660.91, not including amounts for Lifeline, administration, and the yearly independent audit.
 4. **Approval of the amounts ORS is to disburse to each COLR.** Exhibit B attached hereto as Order Exhibit 1 provides the annual support amount ORS disbursed to each COLR in 2015. As administrator of the USF, the amounts set forth in Exhibit B are the amounts disbursed to the COLRs in 2015 for the USF and the ILF. ORS seeks Commission approval of the support amount to be disbursed to each COLR under the USF starting January 1, 2017.

Additionally, the intervenors in this case, Sprint Spectrum, L.P. (Sprint Wireless), AT&T South Carolina, Frontier Communications of the Carolinas, LLC, United Telephone Company of the Carolinas, LLC d/b/a CenturyLink, and the South Carolina Telephone Coalition, are all in support of the relief requested by ORS.

FINDINGS OF FACT AND CONCLUSIONS OF LAW:

1. The Commission has jurisdiction over this matter pursuant to S.C. Code Ann. Section 58-9-2510, et. seq.
2. ORS has been designated under S.C. Code Ann. § 58-9-280(E)(1) to administer the USF under guidelines to be adopted by the Commission.

3. No parties in this docket have voiced any concerns or objections to the ORS Petition filed with the Commission on June 27, 2016. Filings made in this docket subsequent to the ORS Petition by Intervenors South Carolina Telephone Coalition, Frontier, AT&T, Sprint Wireless and CenturyLink all supported the relief requested in the Petition.

4. Based on the lack of any justiciable controversy in this matter, the interests of judicial economy support the Commission's granting of the ORS request for waiver of a hearing in this matter and the Commission's expedited review and approval of the actions recommended in the ORS Petition.

The Commission finds that ORS's recommendations to operate the USF on a calendar year, to extend the current USF fund year by one month, to truncate the current ILF fund year by four months, and to disburse the funds to each COLR as set forth in Exhibit A attached hereto as Order Exhibit 1 are reasonable and not inconsistent with applicable federal law.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. The actions proposed in the ORS Petition for implementation of Commission Order No. 2016-22 are hereby approved and adopted by the Commission.

2. The USF will operate on a standard calendar year, from January to December.

3. The current USF fund year is extended by one month, ending in December instead of November.

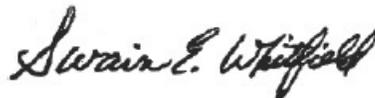
4. The current ILF fund year will be truncated by four months.

5. The amounts ORS is to disburse to each COLR is as set forth in Exhibit B attached hereto as Order Exhibit 1.

6. Expedited review is granted, and the hearing on this matter is waived and cancelled.

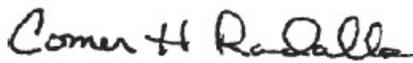
7. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



Swain E. Whitfield, Chairman

ATTEST:



Comer H. Randall, Vice Chairman

EXHIBIT B

NEW USF DISBURSEMENT TO EACH COLR

COLR	2015 TOTAL ILF DISBURSEMENT	2015 TOTAL USF DISBURSEMENT	2017 NEW USF DISBURSEMENT
Bluffton Telephone Company, Incorporated	\$ 97,238.74	\$ 918,229.65	\$ 1,015,468.39
Chesnee Telephone Company, Incorporated	\$ 204,069.40	\$ 89,662.91	\$ 293,732.31
Chester Telephone Company	\$ 505,850.89	\$ 543,788.89	\$ 1,049,639.78
Comporium, Inc.	\$ 270,674.09	\$ 919,081.45	\$ 1,189,755.54
Farmers Telephone Cooperative Incorporated	\$ 1,270,422.16	\$ 4,331,630.23	\$ 5,602,052.39
Fort Mill Telephone Company	\$ 97,831.70	\$ 249,778.14	\$ 347,609.84
Frontier Communications of the Carolinas, LLC	\$ 2,685,046.66	\$ 3,954,725.02	\$ 6,639,771.68
Hargray Telephone Company, Incorporated	\$ 217,675.36	\$ 1,709,031.22	\$ 1,926,706.58
Home Telephone ILEC, LLC	\$ 450,405.91	\$ 2,386,486.61	\$ 2,836,892.52
Horry Telephone Cooperative, Incorporated	\$ 442,872.29	\$ 3,573,324.93	\$ 4,016,197.22
Lancaster Telephone Company	\$ 241,215.94	\$ 461,311.33	\$ 702,527.27
Lockhart Telephone Company	\$ 17,564.74	\$ 11,814.22	\$ 29,378.96
McClellanville Telephone Company	\$ 275,398.70	\$ 91,657.44	\$ 367,056.14
Norway Telephone Company	\$ 28,419.98	\$ 28,040.39	\$ 56,460.37
Palmetto Rural Telephone Cooperative, Incorporated	\$ 769,349.15	\$ 266,138.32	\$ 1,035,487.47
PBT Telecom, Incorporated	\$ 1,003,495.78	\$ 1,514,144.22	\$ 2,517,640.00
Piedmont Rural Telephone Cooperative, Incorporated	\$ 205,277.42	\$ 220,676.96	\$ 425,954.38
Ridgeway Telephone Company	\$ 17,872.28	\$ 48,332.65	\$ 66,204.93
Sandhill Telephone Cooperative, Incorporated	\$ 160,526.89	\$ 346,537.37	\$ 507,064.26
St. Stephen Telephone Company	\$ 225,163.77	\$ 285,899.59	\$ 511,063.36
United Telephone Company of the Carolinas LLC dba CenturyLink	\$ 2,420,910.21	\$ 3,583,266.62	\$ 6,004,176.83
West Carolina Rural Telephone Cooperative, Incorporated	\$ 601,629.32	\$ 271,528.05	\$ 873,157.37
Williston Telephone Company	\$ 480,707.29	\$ 190,506.11	\$ 671,213.40
Windstream South Carolina, LLC	\$ 569,953.10	\$ 1,477,496.82	\$ 2,047,449.92
	\$ 13,259,571.77	\$ 27,473,089.14	\$ 40,732,660.91