

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**AN INQUIRY INTO THE STATE
UNIVERSAL SERVICE FUND**

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**CASE NO.
2016-00059**

**RESPONSES TO COMMISSION STAFF'S FIRST REQUEST
FOR INFORMATION TO ALL PARTIES OF RECORD
DATED APRIL 6, 2016**

Filed on: April 27, 2016

**WINDSTREAM COMPANIES
PSC CASE NO. 2016-00059
RESPONSE TO INFORMATION REQUEST**

PSC REQUEST FOR INFORMATION DATED 04/06/16

**REQUEST 1 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting, on behalf of
Windstream Kentucky East, LLC and Windstream Kentucky
West, LLC ("Windstream ILECs")**

Request 1. Provide the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

Response 1. The Windstream ILECs are the only Windstream Companies who have received KUSF payments. Please see Exhibits A and B attached to these Responses for true and correct paper copies of the monthly reimbursement forms submitted by the Windstream ILECs for the subject period of time.

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**REQUEST 2 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting, on behalf of
the Windstream ILECs**

Request 2. Provide the Federal Communication Commission ("FCC") Form 497 submitted to the FCC from January 2014 to the present.

Response 2. Provided with this response in electronic format as Exhibits C, D and E, are three Excel spreadsheets (one each for 2014, 2015 and 2016) containing data the Windstream ILECs have provided to the FCC as required by Form 497 for the subject period of time. The Windstream ILECs have historically provided this information to the FCC via a direct upload link into the FCC's reporting systems without filing a paper copy.

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**REQUEST 3 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting, on behalf of
the Windstream ILECs**

Request 3. Refer to the Lifeline plans you filed with the Commission with your Application for Designation as an Eligible Telecommunications Carrier ("ETC"). State whether there have been changes to these Lifeline plans since the Commission entered an Order designating you as an ETC for the purpose of offering Lifeline service in Kentucky. If there have been changes to the Lifeline plans, provide:

- a. Copies of all Lifeline plans currently offered to Kentucky subscribers.
- b. For each new or modified Lifeline plan, explain in detail:
 - (1) How the current Lifeline plan modifies the Lifeline plan in effect when you were designated as an ETC;
 - (2) Whether the current Lifeline plan was offered in addition to Lifeline Plans in effect when you were designated as an ETC.
- c. An explanation for why existing Lifeline plans were changed or additional Lifeline plans were added.

Response 3. The Kentucky Commission instituted the requirement that ETC applicants file a Lifeline plan at a time well after the Commission granted the Windstream ILECs ETC status. Accordingly, no plans were filed at the time the Windstream ILECs' ETC applications were approved and none were required thereafter. The Windstream ILECs provide a discount on local phone service in Kentucky to qualifying Lifeline customers based on the FCC's and the Commonwealth's Lifeline discount amounts. The Windstream ILEC tariffs on file with the Commission generally describe their Lifeline service offerings.

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**REQUEST 4 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream ILECs.**

Request 4. If the Commission's decision is to maintain state Lifeline support for only voice service, describe how that decision would affect whether and how you provide Lifeline service in Kentucky.

Response 4. Assuming there are no other substantial changes made to the Lifeline program, the Windstream ILECs do not anticipate that such a decision would impact their Lifeline service offerings in Kentucky.

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**REQUEST 5 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream ILECs.**

Request 5. Identify any cost-effective procedures that you believe should be implemented by the Commission to increase oversight of the Lifeline program.

Response 5. The Federal NLAD program has done much to minimize fraud and abuse within the Lifeline program, and the FCC's recent March 2016 vote to implement an independent National Eligibility Verifier to confirm subscriber eligibility will further ensure that only those that should be eligible for Lifeline discounts receive them. The instant Kentucky proceeding is still in an early stage. As the record for this matter becomes further developed and more information becomes available, the Windstream ILECs may make suggestions for possible improvements to the Commission's Lifeline processes.

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**REQUEST 6 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND (“KUSF”)**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream ILECs.**

Request 6. If the Commission’s decision is to change the amount of Lifeline support, state how soon upon the issuance of an Order by the Commission changing the Lifeline support amount that you are or anticipate being able to implement the changes on customer bills.

Response 6. To allow adequate time to notify customers of the change and to address systems updates, Windstream requests that a minimum of 60 days from order issuance to implementation be provided.

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**REQUEST 7 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream ILECs.**

Request 7. Provide, in detail, the methods employed to verify the eligibility of customers who participate in the Lifeline program.

Response 7. The Windstream ILECs have trained customer service representatives who review each Lifeline application to ensure that each application is properly filled out, all required information is provided, all required supporting documents are attached and the application is properly signed and dated by the end user who, in accordance with FCC requirements, affirms the accuracy of the information provided and his/her Lifeline eligibility.

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**REQUEST 8 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf on the
Windstream ILECs.**

Request 8. State whether you have been subjected to FCC investigation, action, and/or penalties relating to participation in the Lifeline program. If you have been so subjected, provide in detail, including citations to the FCC action, the investigation, action, and/or penalties to which you were subjected.

Response 8. The Windstream ILECs have not been the target of any direct investigatory or enforcement proceedings by the FCC relating to Lifeline program participation. The Windstream ILECs, like many Lifeline providers, are subject to routine Performance Quality Assurance ("PQA") reviews by USAC. Prior PQA reviews have resulted in the identification of a few insignificant errors which the Windstream ILECs have promptly corrected.

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**REQUEST 9 TO PARTIES THAT RECEIVED PAYMENT FROM THE KENTUCKY
UNIVERSAL SERVICE FUND ("KUSF")**

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream ILECs.**

Request 9. Describe, in detail, your current marketing programs for Lifeline service in Kentucky, including, but not limited to, person-to-person sales.

Response 9. The Windstream ILECs comply with FCC rules regarding baseline advertising of Lifeline services and do not engage in any other marketing specific to Lifeline service.

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REQUEST 1 TO ALL PARTIES

RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of McLeod USA Telecommunications Services, LLC; Network Telephone, LLC; PAETEC Communications, LLC; Talk America, LLC; The Other Phone Company, LLC; US LEC of Tennessee, LLC; Windstream Communications, LLC; Windstream KDL, LLC; Windstream Kentucky East, LLC; Windstream Kentucky West, LLC; Windstream Norlight, LLC; Windstream NTI, LLC; and Windstream Nuvox, LLC (collectively, the "Windstream Companies").

Request 1. Provide the KUSF reimbursement forms submitted to the Commission and the Department of Finance and Administration from January 2014 to the present.

Response 1. Please see Exhibits F, G, H, I, J and K of this Response for true and correct paper copies of the monthly reimbursement forms submitted by the Windstream Companies other than the Windstream ILECs for the subject period of time. Please note that McLeod USA Telecommunications Services, LLC and PAETEC Communications, LLC's lines are included in the reimbursement reports for US LEC of Tennessee, LLC; Windstream Communications, LLC

has reported no lines in Kentucky in its annual report and Windstream KDL, LLC and Windstream NTI, LLC have no assessable revenues in Kentucky per their annual reports.

For responsive information from the Windstream ILECs, see the Windstream ILECs' response to the first Information Request to Parties that Received Payment from the KUSF and Exhibits A and B.

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REQUEST 2 TO ALL PARTIES

RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the Windstream Companies.

Request 2. Explain how the total number of subscriber lines are calculated for the KUSF reimbursement form when a new customer receives service in the middle of a month.

Response 2. When a new customer subscribes to Lifeline service mid-month, that new service will be billed as of the start date of the next normally recurring Windstream ILEC billing cycle and included as a subscriber line in the reimbursement report in the month of the start date of that first billing cycle. (For example, a customer added on March 15 and included in a billing cycle that starts March 16 would be included in the reporting of March access lines.)

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REQUEST 3 TO ALL PARTIES

RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the Windstream Companies.

Request 3. Explain how the total number of subscriber lines is calculated for the KUSF reimbursement form when a customer leaves in the middle of the month.

Response 3. When a customer's Lifeline service is terminated mid-month, the billing for that service will end at the conclusion of the billing cycle for that customer and the service will be excluded as a subscriber line in the reimbursement report in the month when that billing cycle ends. (For example, a Lifeline customer included in the billing cycle that starts on the 16th of the month and disconnects service on the March 12 would be excluded in the reporting of March access lines, whereas the same customer who disconnects on March 17 would be counted for the March report but not for April).

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REQUEST 4 TO ALL PARTIES

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream Companies.**

Request 4. Explain how the KUSF surcharge remittance is calculated when you experience a bad debt. Explain whether none of the surcharge amount or the full surcharge amount billed to, but not paid by, the customer is remitted.

Response 4. Any bad debt incurred would be recognized within the billing system when the bad debt is realized. The KUSF surcharge remittance amount reflects an adjustment for bad debt during the month that bad debt was realized.

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REQUEST 5 TO ALL PARTIES

RESPONSIBLE PARTY: Jeanne Shearer, Regional V.P., State Government Affairs on behalf of the Windstream Companies.

Request 5. State whether you believe the Commission should wait until the FCC's investigation of Lifeline Reform¹ is concluded before rendering a decision in this proceeding, and explain the basis for your response.

Response 5. Windstream addresses this data request in the pre-filed direct testimony of Jeanne Shearer (page 5, line 12, through page 6, line 5). The FCC recently voted on a series of Lifeline reforms on March 31, 2016, and a written order explaining the details of those reforms was just released on the same date as this filing (April 27, 2016). Windstream is reviewing the FCC order and may update its position on this question at a later time, as appropriate.

¹ See *Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42; *Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 09-197; *Connect America Fund*, WC Docket No. 10-90.

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REQUEST 6 TO ALL PARTIES

**RESPONSIBLE PARTY: Tim P. Loken, Director, Regulatory Reporting on behalf of the
Windstream Companies.**

Request 6. State how soon upon the issuance of an Order by the Commission changing the KUSF surcharge that you are or anticipate being able to implement the changes on customer bills. If it differs by type of account, provide the information for each type of account, along with the number of access lines for each account type.

Response 6. To allow adequate time to notify customers of the change and to address systems updates, Windstream requests that a minimum of 60 days from order issuance to implementation be provided.

CERTIFICATE OF SERVICE

This is to certify that foregoing electronic filing is a true and accurate copy of the document being filed in paper medium; that the electronic filing was transmitted to the Commission on April 27, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that a copy of the filing in paper medium is being hand delivered to the Commission on the 28th day of April.


L. Allyson Honaker