

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

In the Matter of :

An Inquiry into the State)
Universal Service Fund) Case No. 2016-00059

DIRECT TESTIMONY OF JEANNE SHEARER

ON BEHALF OF

McLeodUSA 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; Windstream NuVox, LLC

("WINDSTREAM")

March 7, 2016

**DIRECT TESTIMONY OF
JEANNE SHEARER**

TABLE OF CONTENTS

<u>SUBJECT</u>	<u>PAGE</u>
I. BACKGROUND AND QUALIFICATIONS.....	2
II. PURPOSE OF TESTIMONY	3
III. DISCUSSION.....	4

**DIRECT TESTIMONY OF
JEANNE SHEARER**

I. BACKGROUND AND QUALIFICATIONS

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jeanne Shearer. My business address is 124 East Main Street,
4 Ephrata, Pennsylvania.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Windstream as Regional Government Affairs Vice President
7 for the Northeast Region, an area that includes Kentucky, Ohio, New York and
8 Pennsylvania.

9 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS**
10 **PROCEEDING?**

11 A. I am testifying on behalf of Windstream, whose operating entities in Kentucky
12 were deemed parties by the Commission's February 1, 2016, Order in this
13 proceeding.

14 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL**
15 **BACKGROUND AND PROFESSIONAL EXPERIENCE.**

16 A. I received a Bachelor of Science degree in Elementary Education from the
17 University of Pittsburgh in 1991. I have worked in the telecommunications
18 industry for fifteen years.

19 Over the years, my responsibilities have varied from regulatory
20 reporting and coordinating the implementation of federal and state mandates,
21 to my current responsibilities for leading state level policy advocacy in my
22 region. As part of my duties, I have made presentations on telecommunications

1 issues before state commissions and trade associations, as well as before local
2 and state government officials to address issues affecting the industry.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY PRIOR KENTUCKY**
4 **PUBLIC SERVICE COMMISSION PROCEEDINGS, AS AN EXPERT**
5 **OR FACT WITNESS?**

6 A. No, I have not.

7

8 **II. PURPOSE OF TESTIMONY**

9 **Q. PLEASE DISCUSS THE PURPOSE OF YOUR TESTIMONY.**

10 A. Windstream is an Eligible Telecommunications Carrier (ETC) providing
11 Lifeline services to more than 5,000 low-income customers in this
12 Commonwealth. More than 319,000 Windstream customers contribute to the
13 Kentucky Universal Service Fund (KUSF) through Windstream's assessment of
14 the KUSF monthly per-access line charge. As one of the largest
15 telecommunications providers in Kentucky, focused on serving primarily rural
16 areas – which are disproportionately low-income – Windstream has familiarity
17 with the Kentucky Lifeline program's assessment, disbursement, monitoring,
18 and compliance functions.

19 Windstream believes it offers a unique perspective to this proceeding.
20 Windstream's parent holding company has both incumbent local exchange
21 carrier (ILEC) and competitive local exchange carrier (CLEC) operating
22 companies across the country, and its interests, based on revenues, are nearly
23 evenly weighted between incumbent and competitive operations on a national
24 basis. In Kentucky specifically, Windstream has ILEC and CLEC operations,

1 and its ILECs are certificated ETCs. Windstream's interests are weighted
2 approximately 75% to 25% ILEC to CLEC in Kentucky.

3

4

III. DISCUSSION

5 **Q. WHAT IS WINDSTREAM'S POSITION ON THE CONTINUATION OF**
6 **THE KUSF?**

7 A. Windstream supports the continuation of support for affordable access to basic
8 communications services and has long recognized that a critical component to
9 achieving universal service is ensuring that low-income consumers can take
10 advantage of quality services at reasonable rates. Windstream also maintains
11 that if a universal service fund is to fulfill its intended purposes, a fund should
12 comport with several basic principles, including: (1) the funding level should be
13 stable, sustainable, and predictable, (2) providers should contribute in a
14 competitively and technology-neutral manner, and provider discretion on paying
15 into the fund should be minimized through clear mandates, (3) consumer
16 impacts should be equitably distributed consistent with the public interest
17 benefits of the fund, and (4) administrative efficiency should be maximized.

18 **Q. WHAT DOES WINDSTREAM THINK THE COMMISSION SHOULD**
19 **DO IN THIS PROCEEDING IN LIGHT OF THESE PRINCIPLES?**

20 A. The Commission should take a balanced approach. Windstream's intention is
21 to provide the Commission with information it may find helpful, rather than
22 stake out a firm position one way or the other regarding the appropriate long
23 term fix for the fund. However, whatever the Commission concludes in this

1 proceeding should be consistent with these referenced principles. So, by way of
2 illustration regarding these principles, Windstream notes that the best available,
3 most stable and sustainable funding resource that would not negatively impact
4 competition or disincentivize the purchase of communications services is a
5 state's general revenue fund. However, if the state chooses not to fund universal
6 service programs via general revenue and instead elects to continue to impose a
7 fee on communications services, that fee, to be consistent with these principles,
8 must be fairly applied and broadly assessed on all communications services. In
9 addition, with respect to a service-based fee, the Commission should ensure that
10 its mandates are clear and that there is no room for disparate provider
11 interpretations relative to fee assessment.

12 **Q. DOES WINDSTREAM RECOMMEND THAT THE COMMISSION**
13 **WAIT FOR THE FCC TO COMPLETE ITS REFORMS?**

14 A. Windstream believes that there may be benefits to waiting on the broader
15 Lifeline program changes the Federal Communications Commission (FCC) is
16 considering. For instance, Windstream supports the FCC's proposal to shift
17 eligibility determinations from Lifeline providers to a trusted third-party and
18 recommends that the FCC institute a National Lifeline Eligibility Verifier that
19 will handle verifications for all states. That move would likely reduce waste,
20 fraud, and abuse in Lifeline programs and make them more efficient and reduce
21 administrative burdens on providers. However, because we do not know when
22 the FCC will adopt reforms, the Commission should consider whether some
23 near-term reforms are necessary to ensure the viability of the fund in the interim.
24 Windstream is particularly concerned with the prospect of the KUSF increasing

1 in size over an undetermined period of time without more being done to evaluate
2 how the Kentucky program measures up to the principles announced above.
3 Therefore, Windstream believes that if the Commission waits to do long term
4 reform, it is important that the Commission ensure the program principles are
5 adhered to in the near term with respect to the KUSF.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO THE STATE'S UNIVERSAL) CASE NO.
SERVICE FUND) 2016-00059

VERIFICATION OF JEANNE SHEARER

STATE OF PENNSYLVANIA)
)
COUNTY OF LANCASTER)


Jeanne Shearer, Regional Vice President of State Government Affairs for the Northeast Region of Windstream, being duly sworn, states that she has read the foregoing prepared direct testimony and that she would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of her knowledge, information and belief.



Jeanne Shearer

The foregoing Verification was signed, acknowledged and sworn to before me this 7 day of March, 2016, by Jeanne Shearer.

Commission expiration: May 6 2017



NOTARY PUBLIC, Notary # 1111970

