

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

The RLECs', ETC CLECs', and non-ETC CLECs' Responses to the Commission
Staff's Supplemental Requests for Information to the RLECs, ETC CLECs, and non-ETC
CLECs dated June 22, 2016

July 13, 2016

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

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The RLECs',¹ ETC CLECs',² and non-ETC CLECs',³ Responses to the Commission
Staff's Supplemental Requests for Information to the RLECs, ETC CLECs, and non-ETC
CLECs dated June 22, 2016

FILED: July 13, 2016

¹ Ballard Rural Telephone Cooperative Corporation, Inc.; Brandenburg Telephone Company; Duo County Telephone Cooperative, Inc.; Foothills Rural Telephone Cooperative, Inc.; Gearheart Communications Co., Inc.; Highland Telephone Cooperative, Inc.; Logan Telephone Cooperative, Inc.; Mountain Rural Telephone Cooperative, Inc.; North Central Telephone Cooperative Corporation; Peoples Rural Telephone Cooperative, Inc.; South Central Rural Telephone Cooperative Corporation, Inc.; Thacker-Grigsby Telephone Company, Inc.; and West Kentucky Rural Telephone Cooperative Corporation, Inc. (collectively, the "RLECs").

² Cumberland Cellular, Inc. d/b/a Duo County Telecom; North Central Communications; and South Central Telcom, LLC (collectively, the "ETC CLECs").

³ Brandenburg Telecom, LLC; Cellular Services, LLC; Inter Mountain Cable, Inc.; Peoples Telecom, LLC; and TV Services, Inc. (collectively, the "non-ETC CLECs").

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1 THE RLECs', ETC CLECs', and non-ETC CLECs' RESPONSES TO THE
2 COMMISSION STAFF'S SECOND REQUESTS FOR INFORMATION
3 TO THE RLECs, ETC CLECs, and non-ETC CLECs
4

5 **Item 1)** *Refer to the Carriers' response to Commission Staff's Request for Information*
6 *to All Parties, Item 1. The response states, "The non-ETC CLECs do not collect from the*
7 *KUSF, and therefore, do not submit KUSF reimbursement forms." State whether the response*
8 *indicates that the Non-ETC CLECs are not collecting the KUSF surcharge. If so, explain why*
9 *they are not collecting the surcharge. If not, explain why the KUSF Form is not being filed*
10 *and why collections are not being submitted to the fund.*

11
12 **Response)** Brandenburg Telecom, LLC and TV Services, Inc. state that the response was not
13 intended to indicate that they are not collecting and remitting the KUSF surcharge. Brandenburg
14 Telecom, LCC and TV Services, Inc. collect and remit the KUSF surcharge. However, they do
15 not have any Lifeline customers. Thus, when they file the KUSF forms they do not seek a
16 reimbursement.

17 Cellular Services, LLC has not been collecting and remitting the KUSF surcharge
18 because Cellular Services, LLC has never provided any voice services to customers. Please also
19 see Cellular Services, LLC's Responses to the Commission's Supplemental Requests Nos. 1 and
20 2 Issued to All Parties.

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1 Inter Mountain Cable, Inc. does not collect the KUSF surcharge and does not file the
2 KUSF form because Inter Mountain Cable, Inc. only provides VoIP services, which are not
3 subject to the KUSF surcharge. Please also see Inter Mountain Cable, Inc.'s Responses to the
4 Commission's Supplemental Requests Nos. 1 and 2 Issued to All Parties.

5 Peoples Telecom, LLC is a new entity that was not providing any services during the
6 timeframe referenced in the Commission Staff's Initial Requests for Information to All Parties,
7 Item 1. Because it had no customers and provided no services, it did not collect any KUSF
8 surcharges, remit any KUSF surcharges, or file any KUSF reimbursement forms. Starting in May
9 of 2016, Peoples Telecom, LLC began providing voice and other services. It presently serves
10 approximately 20 customers. Because it provides voice services, it understands that it must
11 collect and remit the KUSF surcharge from those customers, and it is scheduled (in August) to
12 submit its initial report and remittance reflecting its line count since service commencement.
13 Following the August report submission, it anticipates it will file future reports and remittances
14 on a monthly basis rather than a quarterly basis. Because it has no Lifeline customers, however,
15 Peoples Telecom, LLC will not seek any reimbursement from the KUSF. Please also see Peoples
16 Telecom, LLC's Responses to the Commission's Supplemental Requests Nos. 1 and 2 Issued to
17 All Parties.

18

19 **Witness)** Allison T. Willoughby (Brandenburg Telecom, LLC)

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July 13, 2016

- 1 Ruth Conley (Cellular Services, LLC)
- 2 James Campbell (Inter Mountain Cable, Inc.)
- 3 Keith Gabbard (Peoples Telecom, LLC)
- 4 William K. Grigsby (TV Services, Inc.)

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1 **Item 2)** *Refer to the Carriers' response to Commission Staff's Request for Information*
2 *to All Parties, Item 2. Several of the individual responses state that, "[a]ctual Lifeline revenues*
3 *are divided by a discount rate to determine an effective number of customers. The effective*
4 *number of customers is rounded to the nearest whole number." Explain why the credited*
5 *revenues divided by the discount rate would not already be a whole number.*

6

7 **Response)** The RLECs and ETC CLECs state that actual Lifeline Revenues divided by the
8 discount rate is not always a whole number because the total Lifeline revenues reflect a prorated
9 number of customers for a partial month's service. This approach sometimes requires the
10 "average number of customers" to be rounded to a whole number, *i.e.*, the carriers do not report
11 that they served half of a customer.

12 For example, if a company has 100 Lifeline customers at the beginning of the month and
13 7 leave mid-month, the company would receive a full Lifeline credit for 93 customers and a
14 prorated Lifeline credit for 7 customers. The company would receive a \$9.25 credit from the
15 FCC and a \$3.50 credit from the State, for a total Lifeline credit of \$12.75 per Lifeline customer.
16 Thus, the company would receive \$1,185.75 for the 93 customers that received a full month's
17 service ($\$12.75 \times 93$) and \$44.63 for the 7 customers that terminated service in the middle of the
18 month ($\$6.375 \times 7$). Accordingly, at the end of the month the company would receive a total
19 Lifeline credit of \$1,230.38.

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1 To determine the “effective number of customers,” the company would divide the total
2 Lifeline credit (\$1,230.38) by the individual credit (\$12.75). This results in the company having
3 96.5 effective customers. In this scenario, the company would report 97 Lifeline customers.

4 This request is not applicable to the non-ETC CLECs because they do not have any
5 Lifeline customers.

6 During the process of responding to this request, Ballard Rural Telephone Cooperative
7 Corporation, Inc., Logan Telephone Cooperative, Inc. and Mountain Rural Telephone
8 Cooperative, Inc. identified that they mistakenly indicated in their responses to the Item 2 of the
9 Commission’s Initial Requests for Information that they determine the number of Lifeline
10 customers by dividing the actual Lifeline revenues by the amount of the Lifeline discount per
11 customer to arrive an effective number of customers. Rather, Ballard Rural Telephone
12 Cooperative Corporation, Inc., Logan Telephone Cooperative, Inc., and Mountain Rural
13 Telephone Cooperative, Inc. each state that the total number of subscribers reported on the
14 KUSF reimbursement form is calculated using the number of Kentucky customers receiving
15 Lifeline support at the first of the month.

16

17 **Witness)** Randy C. Grogan (Ballard Rural Telephone Cooperative Corporation, Inc.)

18 Allison T. Willoughby (Brandenburg Telephone Company and Brandenburg
19 Telecom, LLC)

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1 Thomas E. Preston (Duo County Telephone Cooperative, Inc. and Cumberland
2 Cellular, Inc.)
3 Ruth Conley (Foothills Rural Telephone Cooperative, Inc. and Cellular Services,
4 LLC)
5 James Campbell (Gearheart Communications Co., Inc. and Inter Mountain Cable,
6 Inc.)
7 Dave Crawford (Highland Telephone Cooperative, Inc.)
8 Greg Hale (Logan Telephone Cooperative, Inc.)
9 Shayne Ison (Mountain Rural Telephone Cooperative, Inc.)
10 Johnny McClanahan (North Central Telephone Cooperative Corporation and
11 North Central Communications)
12 Keith Gabbard (Peoples Rural Telephone Cooperative, Inc. and Peoples Telecom,
13 LLC)
14 Jeff Eaton (South Central Rural Telephone Cooperative Corporation, Inc. and
15 South Central Telcom LLC)
16 William K. Grigsby (Thacker-Grigsby Telephone Company, Inc. and TV
17 Services, Inc.)
18 Karen Jackson-Furman (West Kentucky Rural Telephone Cooperative
19 Corporation, Inc.)

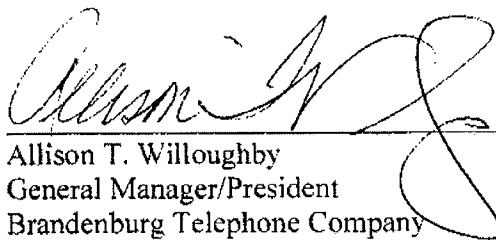
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CERTIFICATION

I hereby certify that I have supervised the preparation of the responses on behalf of Brandenburg Telephone Company and Brandenburg Telecom, LLC to the Requests for Information of the Commission Staff, and that the responses contained herein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



Allison T. Willoughby
General Manager/President
Brandenburg Telephone Company

President
Brandenburg Telecom, LLC

Date: 7.13.16

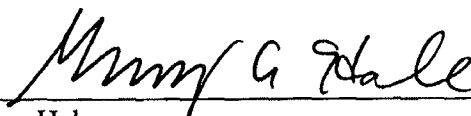
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CERTIFICATION

I hereby certify that I have supervised the preparation of the responses on behalf of Logan Telephone Cooperative, Inc. to the Requests for Information of the Commission Staff, and that the responses contained herein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



Greg Hale
General Manager and Executive Vice President
Logan Telephone Cooperative, Inc.

Date: 7-13-16

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CERTIFICATION

I hereby certify that I have supervised the preparation of the responses on behalf of Thacker-Grigsby Telephone Company, Inc. and TV Services, Inc. to the Requests for Information of the Commission Staff, and that the responses contained herein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



William K. Grigsby
General Manager/ President
Thacker-Grigsby Telephone Company, Inc.

General Manager/President
TV Services, Inc.

Date: 7/13/2016

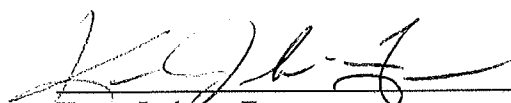
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CERTIFICATION

I hereby certify that I have supervised the preparation of the responses on behalf of West Kentucky Rural Telephone Cooperative Corporation, Inc. to the Requests for Information of the Commission Staff, and that the responses contained herein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



Karen Jackson-Furman
CFO/CIO
West Kentucky Rural Telephone
Cooperative Corporation, Inc.

Date: 07.13.16