



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Bill Walker, Governor
Chris Hladick, Commissioner
Robert M. Pickett, Chairman

Regulatory Commission of Alaska

March 22, 2017

The Honorable Mia Costello
The State Senate
State Capitol Room 504
Juneau, AK 99801

Subject: Senate Bill 80 (SB 80) – Telecommunication Services for Certain Disabled Subscribers, Surcharge

Dear Senator Costello:

The Regulatory Commission of Alaska (RCA) was authorized in 1990 to adopt regulations requiring telephone utilities to provide deaf and hard of hearing subscribers with reasonable access to all phases of public telecommunication services.¹ The cost of this service was to be paid for through a surcharge added “to basic local exchange rate[s].” Service under AS 42.05.296 was expanded to “speech impaired” subscribers in 1992.²

The Telecommunications Relay Service (TRS) required by the statute began in 1992 with the initial cost recovery surcharge calculated based upon 297,915 switched access lines paying the surcharge.³ The “basic local exchange rate” means switched access lines or landlines also known as “POTS”: “Plain Old Telephone Service.” The number of reported access lines paying the TRS

¹§ 1 ch 139 SLA 1990, adopting AS 42.05.296.

²§ 1 ch 7 SLA 1992.

³Order U-92-013(1), *Order Opening Docket, Establishing Universal Access Surcharge Rates, and Providing for Comments*, dated March 10, 1992, at 4, Appendix A.

surcharge increased to over 560,000 in 2009⁴ and thereafter has declined to 256,371 residential, single-line business, and multi-line business lines as of December 2016.⁵ This represents a 54% decrease in 7 years. In calendar year 2016, landline count decreased by 15,589 or 5.7%.⁶

Local exchange telecommunications service providers are now facing significant competition from telecommunications service providers other technologies including wireless and broadband based technologies such as Voice over Internet Protocol (VoIP).⁷ As a result of this migration from POTS to wireless and VoIP, the TRS surcharge rates were increased from \$0.01 per residential/single-line business and \$0.02 per multi-line business lines per month⁸ to \$0.09/\$0.18 effective March 1, 2016.⁹ This increase was necessary to continue the current \$288,000 per year annual budget and provide for an adequate working balance of \$300,000.¹⁰

In order to preserve access to all phases of public telephone services and provide enhanced telecommunication services for deaf, hard of hearing, and speech

⁴Reports Studies (Telecomm)-TRS Monthly Report-51.030(a) for CSD (FME February 28, 2009), filed April 7, 2009, at *Monthly Billing Statement Page 2*).

⁵2016 TRS Monthly (December) Report CPCN 750 for Sprint Communications Company L.P., filed January 23, 2017, at *Activity Month Line Report December 2016*.

⁶See Footnote 5; 2015 TRS Monthly (December) Report CPCN 750 for Sprint Communications Company L.P., filed January 19, 2016, at *AKTRS - December 2015 Contribution*.

⁷*Comments of Alaska Communications*, filed March 30, 2016, in Docket R-14-001, citing to *Agreement Between GCI and ACS-AN Providing Data and Withdrawing Request for Further Data from GCI*, filed March 7, 2016, in Docket U-15-139.

⁸Order U-10-057(2), *Order Modifying Telephone Relay Service Surcharge Rates, Requiring Filings, and Closing Docket*, dated July 8, 2011, at 6, 7.

⁹Order U-15-121(2), *Order Modifying Telecommunications Relay Service Surcharge Rates, Requiring Filings, and Closing Docket*, dated December 31, 2015, at 4, 5.

¹⁰See Footnote 7.

disabled subscribers in a competitively neutral and to more equitably spread the cost recovery surcharge to all subscribers the surcharge must be expanded to all telecommunication service providers.

The Federal Communications Commission (FCC) and a number of other states already require wireless and VoIP subscribers to contribute to their respective TRS funds.¹¹

The RCA has also investigated the current status of the TRS equipment distribution program (EDP) that is limited to text telephone (TTY) and Captel telephones, which are texting devices over landlines. These devices are limited in appeal to subscribers. The telecommunications needs of the deaf, hard of hearing and speech disabled are not being adequately met in this digital age. Wireless devices have become indispensable parts of everyday life and are a preferred method of communicating by the disabled particularly enhanced with special software. Examples of this are Video Relay Services (VRS) (a desktop computer funded by the FCC) and iPad tablets using Wi-Fi both of which allow a deaf person the ability to use American Sign Language to be interpreted and then relayed to a hearing person on a telephone or another device.

The RCA is developing a pilot program to test the use and administration of wireless Wi-Fi iPads. The program is being designed by Sprint (Alaska's TRS provider) with the assistance of Assistive Technology of Alaska our outreach and equipment distribution provider.

The pilot program is expected to serve 15 to 20 people in various areas of the state to test such issues as broadband connectivity, hardware and software adjustments, instruction, and support. Key to this program are the measurement, evaluation, and verification steps to judge the success, or failure of the pilot. We have looked at other states programs, the State of New Mexico in particular which recently launched a successful iPad program.

It is the RCA's goal to implement an iPad/tablet program after completion and evaluation of the pilot. The scope of the program will depend on the measurement, evaluation, a verification process, and a consistent revenue requirement to deliver the service and equipment.


¹¹47 C.F.R. § 64.604(c)(5)(iii)(A). States that require wireless and VoIP contribution for their TRS funds include California, Colorado, Minnesota, North Carolina, South Carolina, and recently New Mexico.

The essential element of expanding the EDP is meeting the legislative mandate set forth in AS 42.05.296(a) ..."that makes available reasonable access of all phases of public telecommunications [telephone] service to the deaf, hard of hearing, speech impaired [disabled]" In order to meet this legislative mandate, we need a stable revenue stream which is low cost, efficient, and reduces the surcharge to the consumer. That is the purpose of SB 80—to spread the cost of the TRS program to all telecommunication subscribers not just the wireline subscribers.¹²

In addition, SB 80 makes an important revision to the current statute by changing the term "impaired" to "disabled."

Respectfully submitted by,

REGULATORY COMMISSION OF ALASKA

Norman Rokeberg by
 Chairman

Norman Rokeberg
Commissioner

NR/cb

Attachments

By email: Senator.Mia.Costello@akleg.gov
Sorcha.Hazelton@akleg.gov, Legislative Secretary

¹²Current surcharge: $\$0.09/\$0.18 \times 256,371$ wireline telephones = \$34,000 month or \$408,000 year. Estimated annualized surplus \$120,000.

Sample Pro Forma Surcharge: (see attached FCC Form 477 for Alaska line numbers December 2015)

678,000 wireless ("mobile telephony")

300,000 wireline and VoIP

978,000 total adjusted to 900,000 $\times \$0.04 = \$432,000$

This reduces the surcharge by 56% on residential lines and 78% on multi-line businesses for wireline services.

Manaois, John Paul R (RCA)

From: Manaois, John Paul R (RCA)
Sent: Tuesday, January 24, 2017 3:40 PM
To: RCA Commissioners
Cc: Gazaway, Richard L (RCA); Kramer, Steven J (RCA); Walker, Jim L (RCA)
Subject: Sprint's Monthly Report
Attachments: Sprint Outreach Q4 2016.pdf; EDP.pdf; 1 - FY17- Oct Overview.pdf; 1 - FY17 - AKR - NOV Overview.pdf; 1 - FY17 - AKR - Dec Overview.pdf

Importance: High

Dear Commissioners,

Below is a summary of Sprint's monthly reports for 2016.

A. Surcharge collection

Month (2016)	Residential and Single Business Lines	Multi-line Business Lines	Residential and Single Business Collection	Multi-line Business Collection	Adjustments	Total Surcharge Collection
January	138,420	131,993	\$1,384.20	\$2,639.86	-\$3.74	\$4,020.32
February	137,326	131,442	\$1,373.26	\$2,628.84	-\$4.17	\$3,997.93
March	137,133	130,747	\$1,371.33	\$2,614.94	-\$5.05	\$3,981.22
April	136,364	127,097	\$12,272.76	\$22,877.46	-\$10.34	\$35,139.88
May	135,953	130,796	\$12,235.77	\$23,543.28	-\$123.02	\$35,656.03
June	135,656	132,155	\$12,209.04	\$23,787.90	\$3.06	\$36,000.00
July	135,265	132,029	\$12,173.85	\$23,765.22	-\$42.44	\$35,896.63
August	135,227	131,663	\$12,170.43	\$23,699.34	-\$43.95	\$35,825.82
September	133,768	130,899	\$12,039.12	\$23,561.82	-\$60.52	\$35,540.42
October	130,697	129,742	\$11,762.73	\$23,353.56	-\$58.21	\$35,058.08
November	129,662	128,839	\$11,669.58	\$23,191.02	-\$57.99	\$34,802.61
December	128,506	127,865	\$11,565.54	\$23,015.70	-\$58.99	\$34,522.25

B. Monthly Inflows/Outflows

Month (2016)	Revenue Requirement				Total Surcharge Collection	Net Inflows/(Outflows)	TRS Fund Balance
	TRS	CapTel	MRC	Total Revenue Requirement			
January	(\$3,098.83)	(\$2,361.69)	(\$17,500.00)	(\$22,960.52)	\$4,020.32	(\$18,940.20)	\$185,639.64
February	(\$3,440.81)	(\$2,461.97)	(\$17,500.00)	(\$23,402.78)	\$3,997.93	(\$19,404.85)	\$166,677.05
March	(\$3,855.21)	(\$2,804.71)	(\$17,500.00)	(\$24,159.92)	\$3,981.22	(\$20,178.70)	\$147,279.03
April	(\$2,340.08)	(\$3,091.62)	(\$17,500.00)	(\$22,931.70)	\$35,139.88	\$12,208.18	\$158,259.99
May	(\$3,044.74)	(\$3,344.80)	(\$17,500.00)	(\$23,889.54)	\$35,656.03	\$11,766.49	\$170,983.32
June	(\$3,005.38)	(\$3,233.77)	(\$17,500.00)	(\$23,739.15)	\$36,000.00	\$12,260.85	\$183,117.32
July	(\$3,559.57)	(\$4,353.12)	(\$17,500.00)	(\$25,412.69)	\$35,896.63	\$10,483.94	\$195,274.80
August	(\$3,549.49)	(\$3,551.57)	(\$17,500.00)	(\$24,601.06)	\$35,825.82	\$11,224.76	\$205,687.93
September	(\$2,132.50)	(\$2,690.91)	(\$17,500.00)	(\$22,323.41)	\$35,540.42	\$13,217.01	\$216,651.10
October	(\$2,352.93)	(\$2,992.39)	(\$17,500.00)	(\$22,845.32)	\$35,058.08	\$12,212.76	\$229,385.77
November	(\$2,940.07)	(\$2,309.86)	(\$17,500.00)	(\$22,749.93)	\$34,802.61	\$12,052.68	\$241,343.06
December	(\$2,980.16)	(\$2,701.57)	(\$17,500.00)	(\$23,181.73)	\$34,522.25	\$11,340.52	\$253,139.19

As shown above, the TRS Fund balance as of December 2016 was over \$253,000. In Order U-15-121(2), the Commission proposed to adopt a target balance of \$300,000. The average net inflows since the TRS surcharge (\$0.09/\$0.18 per line per month) was increased in March 2016, is over \$11,000 per month. Based on the average net inflows, the projected TRS Fund balance will breach the \$300,000 mark by the end of **April 2017**.

C. Monthly TRS Minutes and Number of Subscribers

Month (2016)	TTY	STS	CapTel	TTY Subscribers	CapTel Users
January	2,381	3	1,389	1,053	91
February	2,647	0	1,448	1,026	92
March	2,966	0	1,650	1,125	87
April	1,800	0	1,819	980	68
May	2,342	0	1,968	946	69
June	2,312	0	1,902	975	67
July	2,738	0	2,561	1,043	63
August	2,729	1	2,089	1,192	70
September	1,638	2	1,583	1,056	56
October	1,804	6	1,760	1,096	49

November	2,262	0	1,359	1,028	59
December	2,292	0	1,589	943	61

D. Equipment Distribution Program (EDP) – from January 2016 to December 2016

	Total
CapTel	19
TTY	3

*A complete list of distributed TTY and CapTel phones is attached.

E. Outreach Activities

In Q4 2016, Assistive Technology of Alaska (ATLA), the relay ambassador for Sprint, conducted outreach in several communities, including Anchorage, Barrow, Fairbanks, Juneau, Mat-Su, Nome, Seward, Sitka, and Wrangell. Attached is ATLA's reports for more details.

If you have any questions, please let me know.

Thank you,
Jess

AKTRS													
December 2016 Activity Month													
ID	Company	Data Month	# of Residential Lines	Rate	Total Residential	# of Business Single Lines	Rate	Total Business Single Lines	# of Business Multi Lines	Rate	Total Business Multi lines	Uncollectable Surcharge	Total Remittance
000100	ACS of Alaska, Inc.	November 2016	37,333	\$0.09	\$3,359.97	0	\$0.09	\$0.00	51,926	\$0.18	\$9,346.68	\$0.00	\$12,706.65
000104	Adak Eagle Enterprises, LLC	November 2016	27	\$0.09	\$2.43	16	\$0.09	\$1.44	56	\$0.18	\$10.08	\$0.29	\$13.66
000105	Alaska Telephone Company	November 2016	3,920	\$0.09	\$352.80	0	\$0.09	\$0.00	3,217	\$0.18	\$579.06	\$0.00	\$931.86
000106	Arctic Slope Telephone Association Cooperative	November 2016	1,089	\$0.09	\$98.01	79	\$0.09	\$7.11	2,405	\$0.18	\$432.90	\$39.84	\$498.18
000107	Bettles Telephone, Inc.	November 2016	86	\$0.09	\$7.74	0	\$0.09	\$0.00	70	\$0.18	\$12.60	\$0.00	\$20.34
000108	Bristol Bay Cooperative, Inc.	November 2016	485	\$0.09	\$43.65	69	\$0.09	\$6.21	710	\$0.18	\$127.80	\$0.00	\$177.66
000109	Bush-Tell, Incorporated	November 2016	262	\$0.09	\$23.58	24	\$0.09	\$2.16	322	\$0.18	\$57.96	\$0.00	\$83.70
000110	Circle Telephone and Electric, LLC	November 2016	0	\$0.09	\$0.00	0	\$0.09	\$0.00	0	\$0.18	\$0.00	\$0.00	\$0.00
000111	Copper Valley Telephone Cooperative, Inc	November 2016	2,123	\$0.09	\$191.07	0	\$0.09	\$0.00	2,468	\$0.18	\$444.24	\$3.13	\$632.18
000112	Cordova Telephone Cooperative, Inc.	November 2016	761	\$0.09	\$68.49	88	\$0.09	\$7.92	591	\$0.18	\$106.38	\$0.00	\$182.79
000113	GCI Communications Corp.	November 2016	48,709	\$0.09	\$4,383.81	1,953	\$0.09	\$175.77	43,958	\$0.18	\$7,912.44	\$0.00	\$12,472.02
000114	Interior Telephone Company Inc.	November 2016	1,839	\$0.09	\$165.51	0	\$0.09	\$0.00	2,414	\$0.18	\$434.52	\$0.73	\$599.30
000115	City of Ketchikan	November 2016	3,039	\$0.09	\$273.51	222	\$0.09	\$19.98	2,085	\$0.18	\$375.30	\$0.00	\$668.79
000116	Matanuska Telephone Association, Inc.	November 2016	19,790	\$0.09	\$1,781.10	1,461	\$0.09	\$131.49	10,351	\$0.18	\$1,863.18	\$7.67	\$3,768.10
000117	Mukluk Telephone Company, Inc.	November 2016	604	\$0.09	\$54.36	0	\$0.09	\$0.00	1,207	\$0.18	\$217.26	\$0.50	\$271.12
000118	North Country Telephone, Inc.	November 2016	93	\$0.09	\$8.37	0	\$0.09	\$0.00	48	\$0.18	\$8.64	\$0.00	\$17.01
000119	Nushagak Electric & Telephone Cooperative	November 2016	509	\$0.09	\$45.81	45	\$0.09	\$4.05	752	\$0.18	\$135.36	-\$4.87	\$190.09
000120	OTZ Telephone Cooperative, Inc.	November 2016	885	\$0.09	\$79.65	0	\$0.09	\$0.00	1,046	\$0.18	\$188.28	\$10.10	\$257.83
000121	Summit Telephone & Telegraph Company	November 2016	117	\$0.09	\$10.53	12	\$0.09	\$1.08	71	\$0.18	\$12.78	\$0.77	\$23.62
000122	United Utilities, Inc.	November 2016	1,746	\$0.09	\$157.14	37	\$0.09	\$3.33	2,494	\$0.18	\$448.92	\$0.19	\$609.20
000123	United-KUC, Inc.	November 2016	653	\$0.09	\$58.77	46	\$0.09	\$4.14	1,470	\$0.18	\$264.60	\$0.30	\$327.21
000124	Yukon Telephone Company, Inc.	November 2016	91	\$0.09	\$8.19	21	\$0.09	\$1.89	187	\$0.18	\$33.66	\$0.34	\$43.40
000125	Level 3 Communications, LLC	November 2016	0	\$0.09	\$0.00	272	\$0.09	\$24.48	0	\$0.18	\$0.00	\$0.00	\$24.48
000126	TelAlaska Long Distance, Inc. (TALD)	November 2016	0	\$0.09	\$0.00	0	\$0.09	\$0.00	17	\$0.18	\$3.06	\$0.00	\$3.06
Total			124,161		\$11,174.49	4,345		\$391.05	127,865		\$23,015.70		\$34,522.25

1 STATE OF ALASKA

2 THE ALASKA PUBLIC UTILITIES COMMISSION

3
4 Before Commissioners:

Don Schröer, Chairman
Susan M. Knowles
Daniel Patrick O'Tierney
Mark A. Foster
Donald F. May

5
6
7 In the Matter of the Determination of)
a Universal Access Surcharge for)
8 Telecommunications Relay Service)

U-92-13

ORDER NO. 1

9
10 ORDER OPENING DOCKET, ESTABLISHING
11 UNIVERSAL ACCESS SURCHARGE RATES,
12 AND PROVIDING FOR COMMENTS

13 BY THE COMMISSION:

14 By Order R-91-1(3), issued July 1, 1991, the Commission
15 adopted regulations designed to establish and fund a dual-party
16 telecommunications relay service (TRS) and other appropriate com-
17 munications services to meet the needs of deaf, hard-of-hearing,
18 speech-impaired, and hearing persons. Among other things, the
19 Commission determined that the provision of TRS is most appropri-
20 ately considered in the context of a utility service requiring a
21 certificate of public convenience and necessity (certificate).
22 The Commission also found that the provision of TRS is most appro-
23 priately funded by means of a surcharge established by Commission
24 order on an annual basis.
25
26

1 By Order U-91-73(1), issued January 21, 1992, the Com-
2 mission approved the application by GCI Communication Corp.
3 (GCICC) for a certificate to provide TRS.

4 Presently before the Commission is the determination of
5 the Universal Access Surcharge (UAS) to be collected for the pro-
6 vision of TRS. By Order R-91-1(3), the Commission concluded that
7 approximately one-half of the annual surcharge revenues should be
8 recovered from subscribers to local exchange service and one-half
9 should be recovered from subscribers to interexchange service.¹
10 Further, the Commission determined that a two-tier structure with
11 flat rates in each of the tiers provides the best balancing of
12 fairness and efficiency; i.e., one flat rate per line for residen-
13 tial and single-line business subscribers and a separate flat rate
14 per line for multi-line business subscribers.

15 By Letter Order, issued January 14, 1992, the Commission
16 required each local exchange carrier (LEC) and interexchange car-
17 rier (IXC) to provide, by no later than January 31, 1992, its num-
18 ber of access lines, separated into the two tiers discussed above.
19 The Commission also required each LEC and IXC to file, by no later
20 than February 15, 1992, a tariff advice letter providing for
21
22

23
24 ¹The Commission notes the introduction of Senate Bill
25 No. 408, issued February 14, 1992, and House Bill No. 558, issued
26 March 4, 1992, both of which would provide for the cost recovery
for the TRS through surcharges added exclusively to the basic
local exchange rate. The interexchange rates would not be af-
fected by these bills.

1 collection of the UAS from its subscribers.² Additionally, the
2 Commission stated that the UAS would be implemented beginning
3 April 1, 1992, and each LEC and IXC would be required to disburse
4 UAS collections to the TRS provider on a monthly basis, beginning
5 May 10, 1992.

6 The Commission has received the filings required by the
7 Letter Order. Accordingly, this Docket is opened to review the
8 filings, determine the UAS rates to be collected for the provision
9 of TRS, and provide for comments.

10 The Commission has determined the following amounts
11 should be collected per subscriber, per month for the UAS:

12	Tier 1: Single-line rate	\$.28
13	Tier 2: Multi-line rate	\$.56

14 The IXCs and LECs will each be responsible for collect-
15 ing one-half of both the Tier 1 and Tier 2 rates per subscriber
16 per month.

17 In addition, the Commission received filings from FMUS,
18 dated January 31, 1992, and from KPU, dated March 4, 1992, re-
19 questing clarification on how the universal access surcharge is
20 to be collected.

21
22
23 ²By Letter Order, issued February 12, 1992, the Commission
24 acknowledged that the City of Fairbanks d/b/a Fairbanks Municipal
25 Utilities System (FMUS) and the City of Ketchikan d/b/a Ketchikan
26 Public Utilities (KPU) are not required to file a tariff advice
letter. They have been requested to file a courtesy copy of the
appropriate ordinance that delineates how they propose to collect
the surcharge.

1 Calculation of the UAS

2 These amounts represent the minimum UAS amounts to be
3 collected per subscriber that would allow GCICC to meet its
4 monthly revenue requirement given the following assumptions:

5 1. The ratio of the multi-line rate to the single-line
6 rate is exactly 2:1.

7 2. The annual rate of growth in access lines will be
8 between 2.5 percent and 6.5 percent.

9 3. Uncollectibles will be about one percent.

10 As of December 31, 1991, there were approximately
11 297,915 switched access lines in Alaska. This is shown in
12 Schedule 1 and attached hereto as Appendix A. Schedule 2,
13 attached hereto as Appendix B, shows that annual access line
14 growth over the last three years for all categories of switched
15 access lines (residential, single-line business, and multi-line
16 business) combined is between 3.9 percent and 6.24 percent.
17 Therefore, the Commission believes the assumption that growth will
18 fall in the range of 2.5 percent to 6.5 percent is a reasonable
19 one.

20 Schedule 3, attached hereto as Appendix C, projects ac-
21 cess line growth at various annual rates and calculates the aver-
22 age monthly number of access line under each growth scenario for
23 the initial budget period (April 1992 to December 1992). Sched-
24 ule 4, attached hereto as Appendix D, shows average monthly reve-
25 nues under each growth scenario for various UAS rate combinations
26

1 (\$.26 and \$.52, \$.27 and \$.54, \$.28 and \$.56, and \$.29 and \$.58)
2 and compares each revenue projection to a targeted monthly revenue
3 requirement that includes a 1 percent uncollectible allowance.
4 Schedule 4 indicates that at a \$.28 single-line rate (combined
5 local and interexchange UAS) and a \$.56 multi-line rate, GCI would
6 fully recover its revenue requirement for all but the lowest pro-
7 jected access line growth scenario. It also shows that even if
8 access line growth were to fall to 2.5 percent, GCI would fall
9 short of its allowed revenue requirement by only .03 percent.

10 Therefore, the Commission believes that a single-line
11 rate (combined local and interexchange) of \$.28 and a multi-line
12 rate (combined local and interexchange) of \$.56 are just and
13 reasonable to both the utility and telephone subscribers.

14
15 Collection of the UAS

16 In order to simplify procedures for collection and
17 eliminate confusion that could result from the collection of the
18 UAS by two entities from the same customer, the Commission will
19 require IXCs to utilize the billing and collection services of the
20 LECs in order to collect their portion of the UAS. For example,
21 an LEC will bill and collect from each single-line (tier 1) custo-
22 mer \$.14 for the LEC portion of the UAS and \$.14 for the IXC por-
23 tion of the UAS. It is the Commission's expectation that the
24 "Universal Access Surcharge" will appear as a single, line item
25 on a subscriber's local exchange bill. Residential and single-
26 line business subscribers will see a single, line item of \$0.28

1 charge per month, per line on their bill; multi-line business
2 subscribers will see a single \$0.56 charge per month, per line on
3 their bill.

4 As previously noted, legislation is proposed to elimi-
5 nate the need for a portion of the UAS to be collected from IXC
6 rates. This legislation, if passed, will not affect the calcula-
7 tion of the UAS rates. However, the LECs will be responsible for
8 collecting the entire UAS; i.e. \$.28 for single-line (tier 1)
9 customers and \$.56 for multi-line (tier 2) customers.

10 In response to the questions raised by FMUS and KPU re-
11 garding the application of the surcharge, the Commission finds
12 that the application of the UAS should parallel the application
13 of the Subscriber Line Charge (SLC), a.k.a. the End User Common
14 Line Charge (EUCL). The Commission adopts the guidelines con-
15 tained in the National Exchange Carrier Association (NECA)
16 Exchanges No. 3 as appropriate for the UAS collections (see
17 Appendix E).

18 Finally, the Commission would like to reiterate 3 AAC
19 51.115(1) which states in part:

20 Local exchange carriers . . . shall disburse
21 surcharge collections on a monthly basis to
22 the certificated provider of telecommunica-
tions relay service.

23 Any interested person may file comments on the Commis-
24 sion's determination of the UAS by no later than March 25, 1992.

ORDER

THE COMMISSION FURTHER ORDERS:

1. Docket U-92-13 is opened to determine the Universal Access Surcharge for the Telecommunications Relay Service.

2. The Universal Access Surcharge is \$.28 for single-line (tier 1) subscribers and \$.56 for multi-line (tier 2) subscribers.

3. One-half of the Universal Access Surcharge for single-line (tier 1) subscribers and multi-line (tier 2) subscribers will be collected by the interexchange carriers, and one-half will be collected by the local exchange carriers.

4. The interexchange carriers are required to use the billing and collection services of the local exchange carriers in order to collect their portion of the UAS.

5. By no later than 4 p.m., March 25, 1992, any interested person may file comments on this decision.

DATED AND EFFECTIVE at Anchorage, Alaska, this 10th day of March, 1992.

BY DIRECTION OF THE COMMISSION
(Commissioner Susan M. Knowles, not participating.)



	Pursuant to 1/14/92 by-direction letter					From R-90-4 Switch Report			Estimated Tiers			Reported plus estimated access lines		
	Single-Line	Single-Line (%)	Multi-Line	Multi-Line (%)	Total	Res	Bus.	Total	S L. Est (73.3%)	M L. Est (26.7%)	Total	Single-line	Multi-line	Total
ATU	86,855	65.3%	46,096	34.7%	132,951							86,855	46,096	132,951
Arctic Slope	519	34.3%	993	65.7%	1,512							519	993	1,512
Bristol Bay	791	64.3%	439	35.7%	1,230							791	439	1,230
Bush-Tell	480	72.5%	182	27.5%	662							480	182	662
Circle (see Note 2)		ERR		ERR	0									0
Copper Valley	2,341	61.9%	1,441	38.1%	3,782							2,341	1,441	3,782
Cordova	1,016	70.3%	429	29.7%	1,445							1,016	429	1,445
FMUS	21,284	77.6%	6,151	22.4%	27,435							21,284	6,151	27,435
GTE	8,756	66.9%	4,333	33.1%	13,089							8,756	4,333	13,089
Interior	1,775	57.2%	1,326	42.8%	3,101							1,775	1,326	3,101
Ketchikan	5,661	71.2%	2,285	28.8%	7,946							5,661	2,285	7,946
MTA	25,583	86.4%	4,015	13.6%	29,598							25,583	4,015	29,598
Mukluk	518	72.4%	197	27.6%	715							518	197	715
National & Bettles	1,723	75.9%	546	24.1%	2,269							1,723	546	2,269
North Country (see Note 2)		ERR		ERR	0	71	31	102	75	27	102	75	27	102
Nushagak	943	68.6%	431	31.4%	1,374							943	431	1,374
OTZ	1,157	61.2%	735	38.8%	1,892							1,157	735	1,892
Summit	34	68.0%	16	32.0%	50							34	16	50
TUA	17,730	80.4%	4,335	19.6%	22,065							17,730	4,335	22,065
TUNI	38,373	89.2%	4,625	10.8%	42,998							38,373	4,625	42,998
United (see Note 1)	2,591	76.7%	788	23.3%	3,379							2,591	788	3,379
Yukon (see Note 2)		ERR		ERR	0	200	120	320	235	85	320	235	85	320
Total LEC lines	218,130	73.3%	79,363	26.7%	297,493	271	151	422	310	112	422	218,439	79,476	297,915
Percentage	73.3%		26.7%			64.2%	35.8%							

	Single-line	Multi-line	Total
Total LEC	218,439	79,476	297,915
GCI (see Note 4)	56,756	23,764	80,520
Alascom (Total LEC - GCI)	161,683	55,712	217,395
Total IXC (see Note 5)	218,439	79,476	297,915
Total UAS assignments	436,879	158,951	595,830

NOTES:

- 1 Does not include 9 vacation lines (tiers not designated).
- 2 Reply to 1/14/92 by-direction letter not received as of 2/5/92.
- 3 Data not available. Alascom did not estimate.
- 4 GCI estimated tiers based on LEC PIC %.
- 5 Does not account for access lines unassigned to any IXC.

ACCESS LINE GROWTH* - 1988 THROUGH 1991

	1988**	1989**	1990**	1991***
Residential	109,449	113,276	119,290	
Single-line Business	52,152	55,360	56,623	
Subtotal	161,601	168,636	175,913	132,343
Multi-line Business	3,518	2,953	6,375	60,992
TOTAL	165,119	171,589	182,288	193,335
Annual Growth - Total lines		3.92%	6.24%	6.06%
Ave. % Change - 1988-90:				
Residential			4.50%	
Total Business			6.58%	
Total			5.20%	
Ave. % Change - 1988-91:				
Total				5.70%

Notes: * Sample represents approximately 2/3 of lines in state:
 ASTAC, ATU, BRISTOL BAY, BUSH-TELL, COPPER VALLEY, GTE
 INTERIOR, MTA, MUKLUK, NUSHAGAK, OTZ, SUMMIT, UNITED
 ** Data from annual reports.
 *** From data filed in response to 1/14/92 by-direction letter.

Access Line Type*	Annual Growth (lines)	ACCESS LINES AT VARIOUS ANNUAL GROWTH RATES												(Apr 92 - Dec 92)	
					Startup Period			Operations						Cumulative UAS Lines	Average UAS Lines
		Jan 92	Feb 92	March 92	April 92	May 92	June 92	July 92	Aug 92	Sept 92	Oct 92	Nov 92	Dec 92		
Single	2.50%	218,439	218,930	219,422	219,915	220,409	220,904	221,401	221,898	222,397	222,896	223,397	223,899	1,997,116	221,902
Multi	2.50%	79,476	79,655	79,834	80,013	80,193	80,373	80,554	80,735	80,916	81,098	81,280	81,463	726,623	80,736
Single	3.00%	218,439	219,027	219,616	220,207	220,800	221,394	221,990	222,587	223,186	223,787	224,389	224,993	2,003,332	222,592
Multi	3.00%	79,476	79,690	79,904	80,119	80,335	80,551	80,768	80,985	81,203	81,422	81,641	81,860	728,885	80,987
Single	3.50%	218,439	219,123	219,809	220,498	221,188	221,881	222,576	223,273	223,973	224,674	225,378	226,084	2,009,525	223,281
Multi	3.50%	79,476	79,725	79,975	80,225	80,476	80,728	80,981	81,235	81,489	81,745	82,001	82,257	731,138	81,238
Single	4.00%	218,439	219,219	220,002	220,788	221,577	222,368	223,163	223,960	224,760	225,563	226,368	227,177	2,015,723	223,969
Multi	4.00%	79,476	79,760	80,045	80,331	80,618	80,906	81,195	81,485	81,776	82,068	82,361	82,655	733,393	81,488
Single	4.50%	218,439	219,315	220,194	221,077	221,963	222,853	223,747	224,644	225,545	226,449	227,357	228,269	2,021,904	224,656
Multi	4.50%	79,476	79,795	80,115	80,436	80,758	81,082	81,407	81,734	82,061	82,390	82,721	83,052	735,642	81,738
Single	5.00%	218,439	219,410	220,385	221,365	222,349	223,337	224,330	225,327	226,329	227,335	228,345	229,360	2,028,076	225,342
Multi	5.00%	79,476	79,829	80,184	80,541	80,899	81,258	81,619	81,982	82,347	82,713	83,080	83,450	737,887	81,987
Single	5.50%	218,439	219,505	220,576	221,652	222,733	223,820	224,912	226,009	227,112	228,220	229,334	230,453	2,034,246	226,027
Multi	5.50%	79,476	79,864	80,253	80,645	81,038	81,434	81,831	82,230	82,632	83,035	83,440	83,847	740,132	82,237
Single	6.00%	218,439	219,599	220,765	221,938	223,117	224,302	225,493	226,690	227,894	229,105	230,322	231,545	2,040,405	226,712
Multi	6.00%	79,476	79,898	80,322	80,749	81,178	81,609	82,042	82,478	82,916	83,357	83,799	84,244	742,373	82,486
Single	6.50%	218,439	219,693	220,955	222,223	223,499	224,783	226,073	227,371	228,677	229,990	231,310	232,639	2,046,565	227,396
Multi	6.50%	79,476	79,932	80,391	80,853	81,317	81,784	82,254	82,726	83,201	83,679	84,159	84,642	744,614	82,735

NOTES: Single = Residential and single-line business
Multi = multi-line business

24-Feb-92

SCHEDULE 3

AVERAGE MONTHLY REVENUES ESTIMATED DURING 1992*

UAS collected only from local bills

Access Line Growth Rate	Single-line Rate			
	\$0.26	\$0.27	\$0.28	\$0.29
	Multi-line Rate			
	\$0.52	\$0.54	\$0.56	\$0.58
2.50%	\$99,677	\$103,511	\$107,345	\$111,178
3.00%	\$99,987	\$103,833	\$107,679	\$111,524
3.50%	\$100,296	\$104,154	\$108,012	\$111,869
4.00%	\$100,606	\$104,475	\$108,346	\$112,214
4.50%	\$100,914	\$104,796	\$108,677	\$112,558
5.00%	\$101,222	\$105,116	\$109,009	\$112,902
5.50%	\$101,530	\$105,435	\$109,340	\$113,245
6.00%	\$101,838	\$105,755	\$109,671	\$113,588
6.50%	\$102,145	\$106,074	\$110,002	\$113,931

* Monthly Revenue Requirement \$106,407
 1.00% Uncollectible Allowance \$1,064
 TARGET Revenue Requirement \$107,471

ACHIEVED RATE OF RETURN ESTIMATED DURING 1992

Access Line Growth Rate	Achieved Rate of Return*			
2.50%	9.64%	10.69%	11.75%	12.80%
3.00%	9.72%	10.78%	11.84%	12.89%
3.50%	9.81%	10.87%	11.93%	12.99%
4.00%	9.89%	10.96%	12.02%	13.08%
4.50%	9.98%	11.05%	12.11%	13.18%
5.00%	10.06%	11.13%	12.20%	13.27%
5.50%	10.15%	11.22%	12.29%	13.37%
6.00%	10.23%	11.31%	12.38%	13.46%
6.50%	10.32%	11.40%	12.48%	13.55%

*Weighted cost of debt is 7.51%. Weighted cost of capital is 4.27%.

Overall Rate of Return = 11.78%

TARGET or above is shaded

APPLICATION

NECA Tariff F.C.C. No. 5, Section 4.6 provides the regulations for the application of EUCL charges. Additional information may also be found in Section 4 of the NECA Access Charge Handbook.

End User Access Service is provided to the users who obtain business and/or residence service from the Telephone Company under its general and/or local exchange tariffs. An end user is an individual, partnership, association, joint stock company, trust, corporation, governmental entity or any other entity.

A carrier other than a telephone company may also be an "end user" when the carrier uses a telecommunications service for administrative purposes. A person or entity that offers telecommunications services exclusively as a reseller is an "end user" if all resale transmissions offered by the reseller originate on the premises of the reseller. An example of this type of "end user" reseller would be a hotel providing services to patrons within the premises.

A business end user is considered to be multiline when the end user obtains more than one business line from the same telephone company within the same state under that telephone company's general and/or local exchange tariff. As indicated in the October 10, 1985 order cited under "Background" information, an end user will usually be considered multiline if separate billing accounts are paid with checks drawn on a single bank account. Business Multiline services include business individual lines and trunks, business party lines, business semi-public pay telephone lines and business Centrex CO and Centrex CO-like lines.

CRITERIA FOR APPLYING END USER COMMON LINE CHARGES

Apply Multiline Business end user charges to the following:

1. All end users with more than one, or any combination of the following: business individual or party line, trunk, or semi-public pay telephone service in the same Telephone Company operating territory within the same state (multiline business subscriber).
2. All Centrex CO and Centrex CO-like lines or trunks,² except dormitory residence lines. The charge for Centrex CO and Centrex CO-like lines or trunks installed or on order prior to July 28, 1983 is now \$6.00. All discounted Multiline Business CO Centrex end user charges were phased out April 1, 1989.

² Centrex CO-like services are services (e.g., ESSX, Centron, Centraflex, Airport Service, Hotel-Motel Service) that operate in a manner that is the same as Centrex-CO and (1) are provided using switches located at Telephone Company central offices and (2) link customer main stations to the Telephone Company switch with subscriber loops.

Apply Residence and Single Line Business Subscriber end user charges to the following:

1. Residence service, including student and faculty Centrex CO and Centrex CO-like dormitory (residential) service.
2. Single line business lines or trunks including multi-party and semi-public service.

Do not apply end user charges to the following:

1. Public pay stations.
2. Local exchange service used as a path for the transmission of Radio Common Carrier (RCC) traffic between the RCC's radio equipment and the Telephone Company serving wire center. (End user charges apply to administrative lines).
3. Mobile radio telephone and personal pagers (Beepers).
4. Official Company lines.
5. Remote Call Forwarding (RCF) service.
6. Interstate or Intrastate WATS/800 Service(s). (Effective 6/1/86)

Reduce end user charges to:

1. Qualifying "Lifeline" program participants.

Temporary Suspension of Service

When an end user temporarily suspends its local exchange service which is associated with EUCL, one-half of the applicable EUCL per month charge will be temporarily suspended for the time period the local exchange service is suspended.

Employee Concession Service

Section 210(a) of the Communications Act of 1934 gives Exchange Carriers (EC) the right to issue or give franks. NECA Pool Administration Procedures require that earned revenues be reported to the pools. Earned revenues are those amounts an EC is entitled to receive for providing services billed at rates established in the appropriate tariff. When an EC provides concession service to its employees that EC should report to NECA only EUCL earned revenue (billed portion of EUCL charge).

Facilities Derived from Carrier or Radio

Appropriate end user charges (Bus. or Res.) apply to local service furnished entirely or in part over derived facilities. Examples include, but are not limited to Basic Exchange Radio Service (BETRS) and carrier facilities either subscriber line or T-1 Channels. Access charges should be applied per service, whether derived or physical.

Rate applications are found under Examples, beginning on page 6.

IMPLEMENTATION GUIDELINES

The following guidelines are provided as a suggested sequence to follow for the identification and application of End User Access charges:

1. Identify accounts subject, by definition, to Multiline End User charges:
 - PBX
 - Centrex CO and Centrex CO-like
2. Identify business key accounts. Most will be subject Multiline End User Access charges. Only known exception will be accounts billed a single key line. (See example 5 and 6)
3. Identify all accounts that, by definition, will be subject to Residence and Single Line Business End User charges.
4. Review single line business accounts with a potential for application of Multiline End User Access charges. Examples are:
 - Government (Federal, State, Local, etc.)
 - U.S. Post Office
 - Franchises (McDonalds, Fotomat, etc.)³
 - Known sole proprietors with more than one billing account (See examples 22 through 24)
5. Apply end user charges to each line identified as business Multiline in accordance with NECA Tariff F.C.C. No. 5, Section 17.1.2(D). Charge other lines in accordance with the single line rates in Section 17.1.2(B)
6. Identify and change all Multiline multi-party services to the Multiline Business Subscriber - Individual line or trunk rate.
7. Federal Excise Tax Applies to End User Access charges. As in all tax matters, consultation with your tax advisor is recommended.
8. Bill end user charges in advance for all but Federal Government accounts.

³ Franchised businesses may be individually owned or owned in multiples. In some cases some units may be company owned by the Franchiser.