

**Windstream Response to ORS Request for Comments on
Act 181 – Section 5A Codified as S.C. code Section 58-9-280(E)(11)**

The State Universal Service Fund was established through Commission orders as indicated by S.C. Code Section 58-9-280(E) with the stated purpose “to continue South Carolina’s commitment to universally available basic local exchange telephone service at affordable rates and to assist with the alignment of prices and cost recovery with costs...”. Section (11) was added as a result of Act 181, which froze the USF and receipts at 2015 levels. The Act, as codified in Section 58-9-280(E) (11), also requires ORS to report to the Public Utilities Review Committee (PURC) “as to the State Universal Service Fund, the need for funding, and the appropriate level of distributions”. The initial report is due within two years and every four years thereafter.

ORS requested input regarding the definition of “need” and the appropriate level of distributions and how “need” could be standardized and presented to the PURC for each fund recipient.

As both a recipient and contributor to the State USF, Windstream offers the following brief comments in response the request from ORS.

The language in Section 58-9-280(E) (11) suggest the Legislature is seeking information as to the overall need for a state USF. Windstream agrees that if there is a need to ensure access to affordable basic local exchange service, there is then a need for universal service funding.

Windstream believes that the need for USF can be demonstrated with an overall showing of capital expenditures and operating expenditures compared to funding for each COLR. To the extent that expenses and capital expenditures exceed state USF receipts, there is a demonstrated need for funding to meet the financial obligations of providing ubiquitous, affordable basic service. This exercise demonstrates that state USF funds are being spent as intended by the Legislature to upgrade and maintain the network, and provides proper oversight by ORS.

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