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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF ISSUES)
RELATING TO UNIVERSAL SERVICE)
AND LIFELINE ASSISTANCE FUND) CAUSE NO. 42144 S3
ADMINISTRATION ARTICULATED IN)
CAUSE NOS. 40785, 42144, AND 43082,) APPROVED: FEB 22 2012
AND THE PROVISIONS SET FORTH IN)
HEA 1279, CODIFIED AS IC § 8-1-36)

BY THE COMMISSION:

David E. Ziegner, Commissioner
David E. Veleta, Administrative Law Judge

On March 17, 2004, the Commission issued an Order approving a Settlement Agreement in Cause No 42144 which, among other things, established the funding mechanism and the type of oversight for the Indiana Universal Service Fund (“IUSF”). Pursuant to the Settlement Agreement, contributions to the IUSF “may be modified by the administrator of the IUSF upon the approval of the Commission up to twice per calendar year...” *Commission Investigation*, 2004 Ind. PUC Lexis 61, at *161 (March 17, 2004).

On December 20, 2011, the IUSF Oversight Committee filed its *Recommendations on IUSF Surcharge* (“Recommendation”) with the Commission. In its Recommendation, the Oversight Committee indicated that it has worked with the Commission Staff and Solix, the IUSF administrator, to review the factors affecting the IUSF surcharge and reserve levels. The IUSF Oversight Committee recommended that the IUSF surcharge be increased from its current level of 0.40% to 0.52% and that Communications Service Providers (“CSPs”) be allowed sixty (60) days from the date of Commission approval to implement the IUSF surcharge change.

On January 9, 2012, tw telecom of Indiana, l.p. (“TWTC”), moved for the reappointment of Pamela H. Sherwood, as the Competitive Local Exchange Carrier designee to the IUSF Oversight Committee (“Motion”).

On January 27, 2012, Alan I. Matsumoto submitted testimony on behalf of the IUSF Oversight Committee.

In order for the Commission to address both the IUSF Oversight Committee Recommendation and TWTC’s Motion, an evidentiary hearing was held on February 1, 2012 at 9:30 a.m. in 224 of the PNC Center, 101 West Washington Street, Indianapolis, Indiana. TWTC, Indiana Bell Telephone Company, Inc. d/b/a AT&T Indiana, the IUSF Oversight Committee and the Indiana Office of Utility Consumer Counselor (“OUCC”) all participated at the evidentiary hearing.

The Commission, based upon the applicable law and the evidence of record, now finds as follows:

1. **Evidence Presented.** Alan I. Matsumoto testified on behalf of the IUSF Oversight Committee. The IUSF Oversight Committee is comprised of a representative from each of the different telecommunications industry segments: (1) the three largest Incumbent Local Exchange Carriers (“ILECs”); (2) the Rural Local Exchange Carriers (“RLECs”); (3) the Competitive Local Exchange Carriers (“CLECs”); (4) the Interexchange carriers (“IXCs”); and (5) the wireless providers. Further, the OUCC is a member of the Oversight Committee.

Mr. Matsumoto testified that the IUSF Oversight Committee recommended that the Commission approve: (1) an increase in the IUSF surcharge from its current level of 0.40% to 0.52%; and (2) CSPs be allowed 60 days from the date of Commission approval to implement the IUSF surcharge change. Mr. Matsumoto testified that the IUSF Oversight Committee analyzed the IUSF funding requirements and determined that the surcharge would need to be increased in order to maintain adequate IUSF funding reserves. Mr. Matsumoto stated that the Oversight Committee recommended the surcharge be increased to 0.52% in order to target \$2,000,000 in IUSF reserve, or approximately two months of IUSF disbursements. Furthermore, Mr. Matsumoto testified that the IUSF Oversight Committee is recommending a 60-day implementation period from the date of Commission approval of the IUSF surcharge change to provide adequate time for notification to affected Communications Service Providers and to allow time for them to update their billing systems.

Mr. Matsumoto testified in support of the reappointment of Ms. Pamela Sherwood as the CLEC representative on the Oversight Committee.

Finally, Mr. Matsumoto testified that the Oversight Committee is recommending that the Commission modify its procedures for approving IUSF Oversight Committee recommendations and the Oversight Committee reappointment process to allow the Presiding Officers to approve IUSF Oversight Committee recommendations through a docket entry instead of an Order by the Commission. Mr. Matsumoto’s testimony points out that any party could appeal the Presiding Officers’ decision to the full Commission.

2. **Commission Discussion and Findings.**

A. **IUSF Surcharge.** The IUSF Oversight Committee recommended that the IUSF surcharge be increased from its current level of 0.40% to 0.52% and that CSPs be allowed sixty (60) days from the date of Commission approval to implement such IUSF surcharge change. The Commission, having reviewed the Recommendation, hereby finds that the IUSF surcharge shall be increased from its current level of 0.40% to 0.52%. Further, approval of this revision to the IUSF surcharge shall be effective on May 1, 2012.

B. Oversight Committee. On January 9, 2012, TWTC, moved for the reappointment of Pamela H. Sherwood, as the CLEC designee to the IUSF Oversight Committee. On January 31, 2012, the OUCC filed a Motion to Reappoint Ronald L. Keen as its representative on the IUSF Oversight Committee. The Commission’s March 17, 2004 Order in Cause No. 42144 provides for vacancies on the Oversight Committee to be filled by the representative selected by the industry group for which the vacancy exists. Thus, it is unnecessary for the parties to file a motion for the reappointment of individuals to the Oversight Committee. Instead, the Commission requests that the parties file a notification of the reappointment of individuals to the Oversight Committee. The following table illustrates the present makeup of the IUSF Oversight Committee:

Committee Member	Representation	Term Ends
Ronald Keen Indiana Office of Utility Consumer Counselor	OUCC \Public	December 31, 2014
Pamela H. Sherwood tw telecom of Indiana, l.p.	CLECs	December 31, 2014
Bruce A. Hazelett Indiana Exchange Carrier Association (“INECA)	RLECs	December 31, 2012
Alan I. Matsumoto CenturyLink	IXCs	December 31, 2012
David R. Conn T-Mobile USA, Inc.	Wireless Carriers	December 31, 2013
James Stidham, Jr. AT&T Indiana	ILECs	December 31, 2013

C. Recommendations on the Commission’s Approval Process. The Commission’s March 17, 2004 Order requires that modifications to the IUSF surcharge receive Commission approval. Mr. Matsumoto proposed that the Presiding Officers should be authorized to review Oversight Committee recommendations and issue a docket entry regarding the recommendations, rather than having the Commission hold an evidentiary hearing and issue an order. No party opposed Mr. Matsumoto’s recommendation. The Commission agrees with Mr. Matsumoto’s proposal to streamline the approval process. Therefore, from the effective date of this Order, any future recommendations by the IUSF Oversight Committee may be approved by the Presiding Officers.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Indiana Universal Service Oversight Committee’s recommendation to increase the IUSF surcharge from its current level of 0.40% to 0.52% is hereby approved. The approval of this revision to the IUSF surcharge shall be effective on May 1, 2012. Further,

Communications Service Providers shall provide their customers thirty-days advance notification that indicates the IUSF surcharge was increased from 0.40% to 0.52%.

2. Any future recommendations by the IUSF Oversight Committee may be approved by the Presiding Officers.

3. This Order shall be effective on and after the date of its approval.

ATTERHOLT, BENNETT, LANDIS, MAYS AND ZIEGNER CONCUR:

APPROVED: FEB 22 2012

**I hereby certify that the above is a true
and correct copy of the Order as approved.**

A handwritten signature in cursive script, appearing to read "Brenda A. Howe", is written over a horizontal line.

**Brenda A. Howe
Secretary to the Commission**