

ORIGINAL

Commissioner	Yes	No	Not Participating
Huston	√		
Freeman	√		
Krevda	√		
Veleta	√		
Ziegner	√		

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE INDIANA) UNIVERSAL SERVICE FUND) QUALIFICATIONS TEST FOR YEARS) ENDING 2019, 2020 AND 2021)	CAUSE NO. 42144 S7 APPROVED: SEPT 28 2022
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ORDER OF THE COMMISSION

Presiding Officers:
David E. Ziegner, Commissioner
Greg S. Loyd, Administrative Law Judge

On March 17, 2004, the Commission modified and approved a Settlement Agreement (“Settlement Agreement”) in Cause No. 42144 (“Order”) that created the Indiana Universal Service Fund (“IUSF”). This Order further established that the Commission would conduct a qualifications test (“Qualifications Test”) at 3-year increments for purposes of determining an IUSF participant’s continued eligibility for IUSF distributions. The last such review was conducted under Cause No. 42144 S6 in 2019 for the years ending 2016, 2017 and 2018. The Commission therefore commences this Cause to conduct a Qualifications Test for the years ending 2019, 2020 and 2021.

1. 2022 Qualifications Test. Telecommunications companies that receive and want to continue to receive disbursements from the IUSF (“Current IUSF Recipients”) shall complete the attached Qualifications Test forms in their entirety using the Federal Communications Commission’s Part 32 financial statements for the calendar years ending 2019, 2020 and 2021. Current IUSF Recipients must file their completed Qualifications Test forms in this Cause on or before October 26, 2022. Instructions to aid in the completion of the Qualifications Test forms are attached to this Order. Commission staff will email an electronic copy of the Qualifications Test forms and instructions to all parties in this subdocket.

2. Confidential Treatment of Certain Information. Ind. Code § 8-1-2-29 requires the Commission to make all information and records in its possession available to the public for inspection, subject to Indiana’s Access to Public Records Act, Ind. Code ch. 5-14-3. Ind. Code § 5-14-3-4(a)(4) specifically exempts from public disclosure, unless otherwise specifically required by state or federal statute or court order pursuant to rules of discovery, “[r]ecords containing trade secrets.” Indiana Code § 24-2-3-2, provides:

“Trade Secret” means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(1) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and

(2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

Furthermore, information containing confidential financial information requested by the Commission is excepted from public disclosure under Indiana Code § 5-14-3-4(a)(5).

Each time the Qualifications Test has been administered by the Commission, IUSF recipient companies have argued that the qualifications test should be treated confidentially. IUSF recipient companies face competition for their services within their service territories and the public disclosure of financial data, and access line counts at the exchange level, could provide a competitive advantage to other providers. Accordingly, the Presiding Officers have determined that such information required by the IUSF Qualification Test meets the standards of confidentiality under our statutes. As such, we find it is appropriate to preliminarily grant confidential treatment of financial information and access line counts at the exchange level that is filed in the current Cause. The Commission will treat the financial information and access line counts at the exchange level as confidential on a preliminary basis and excepted from public disclosure in accordance with Ind. Code §§ 8-1-2-29 and 5-14-3-4.

Current IUSF Recipients must use the following procedures to ensure that such information is accorded the appropriate treatment. Current IUSF Recipients shall use the customary filing procedures for all public information required in this Cause, which includes filing confidential information in one of the following two methods:

1. Hand delivering the confidential information to the Presiding Administrative Law Judge. The confidential information should be submitted on light green paper in a sealed envelope clearly marked confidential with the 42144 S7 Cause Number noted on the outside of the envelope. Upon doing so, Current IUSF Recipients shall also file a Notice of Filing under this Cause that indicates the confidential information has been filed with the Commission.
2. Submitting the confidential information to the Presiding Administrative Law Judge using the Commission's Electronic Filing System in lieu of submitting paper documents. Documents submitted using the "Confidential" tab of the Electronic Filing System are delivered directly to the Presiding Administrative Law Judge, and will be treated as confidential on a preliminary basis. Current IUSF Recipients shall also file a Notice of Filing under this Cause that indicates the confidential information has been filed with the Commission, but this Notice should not be submitted using the "Confidential" tab of the Electronic Filing System.

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

1. Telecommunications companies that receive and want to continue to receive disbursements from the IUSF shall complete the attached Qualifications Test forms in their entirety using the Federal Communications Commission's Part 32 financial statements for the calendar years ending 2019, 2020 and 2021. Such providers must file their completed Qualifications Test forms in Cause No. 42144 S7 on or before October 26, 2022.

2. Financial information and access line counts at the exchange level filed in this Cause are preliminarily granted confidential treatment.

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

HUSTON, FREEMAN, KREVDA, VELETA, AND ZIEGNER CONCUR:

APPROVED: SEPT 28 2022

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

Dana Kosco
Secretary of the Commission

2022 Qualifications Test Instructions

Telecommunications companies that receive and want to continue to receive disbursements from the IUSF shall complete the attached Qualifications Test forms in their entirety using the Federal Communications Commission's Part 32 financial statements for the calendar years ending 2019, 2020 and 2021. Such companies must file their completed Qualifications Test forms in Cause No. 42144 S7 on or before October 26, 2022.

Page 1:

Complete page 1 by providing inputs in the cells highlighted in yellow. Remember to add the utility name in the top yellow blank and the current annual IUSF disbursement in line 25.

Page 2:

Page 2 contains rate information and provides verification that current rates meet the Benchmark Rates as required by the Order. Complete page 2 by providing inputs in the cells highlighted in yellow. If there are multiple exchanges with the same rates, one column may be used to represent more than one exchange. Please enter the rates which were in effect as of 12/31/2021.

Page 3:

If the company decreased its rates, the rate decrease should be entered on page 3. Only companies that decreased their rates should complete page 3, which consists of providing inputs in the cells highlighted in yellow. Rate decreases are treated as income because the Order does not permit an RLEC whose current rates are higher than the Benchmark Rates to receive or increase its IUSF disbursements simply by lowering its rates toward the Benchmark Rates. This is why the rate decrease totals are positive numbers. Enter the number of months the rate decrease was in effect and, if the rate decrease continued into a following year, please add the number of months the rate decrease stayed in place in the following year.

State and federal taxes are totaled on page 3 so they can be subtracted from the rate decrease total. Taxes should not be entered as negative numbers because the numbers entered on page 3 will automatically be populated on page 1, line 11 and subtracted in the net operating income formula.

Once all applicable information is entered, line 16 on page 2 will be automatically populated and will indicate the company's annual disbursement for the next three years.

Please contact the Indiana Universal Service Fund Oversight Committee representative below if you have questions regarding the qualifications test:

Alan Terrell, President
Indiana Rural Broadband Association
IUSF Oversight Committee Representative for Rural ILECs ATerrell@inrba.org

Qualification Test

Cause 42144-S7 - Qualifications Test 2022

Utility Name:

Line	DESCRIPTION	SOURCE	3-Year Average	INPUTS (Year-End Balances)		
		Part 32 Financial Stmt		2019	2020	2021
1	TPIS	2110 - 2690	-			
2	TPUC - Short & Long	2003 - 2004	-			
3	Total Accum. Depreciation - TPIS	3100	-			
4	Accum. Amortization - Capital Lease & Leasehold Imp.	3400	-			
5	Inventories	1220	-			
6	Total Operating Revenues	5000 - 5270, 5300, & 7100	-			
7	Adjustment to Operating Revenues due to Rate Decreases	See Worksheet	-	-	-	-
8	Depreciation & Amortization Expenses	6560	-			
9	Total Operating Expenses	6110 - 6790	-			
10	Operating Taxes	7200	-			
11	Adjustment to Operating taxes due to rate decreases	See Worksheet	-	-	-	-
12	Imputed Operating Income Taxes (S-Corporations Only)		-			
13	State Income Tax Rate	Indiana Dept. of Revenue*		5.6%	5.4%	5.1%
14	Federal Income Tax Rate			21%	21%	21%
15	Rate of Return - Cap		11.50%			

* IDOR general corporate tax rate = average of fiscal year tax rate for each calendar year

CALCULATIONS:

3-Year Average

16	Working Capital [(L9+L10+L11-L8)*45/360]	-
17	Net TPIS [L1+L2-L3-L4]	-
18	Rate Base [L5+L16+L17]	-
19	Net Operating Income [L6+L7-L9-L10-L11-L12]	-
20	3-Year Average Return on Rate Base [L19/L18]	#DIV/0!
21	Net Operating Income - Cap [L15 *L18]	-
22	Calculated NOI Surplus [If L19>L21, then L19-L21, else 0]	-
23	Net to Gross Multiplier [1/((1-L13)-((1-L13)*L14))]	1.3375
24	Calculated Revenue Surplus [L22*L23]	-
25	Annual Disbursement approved in 2019 Qualifications Test	

Rate Information

Cause 42144-S7 - Qualifications Test 2022

Utility Name:

<u>DESCRIPTION</u>	<u>EXCHANGE SPECIFIC INPUTS (as of 12-31-2021)</u>					
1 Exchange Name						
2 Current R-1 Rate						
3 Current B-1 Rate						
4 Authorized SLC Charge - Res.						
5 Authorized SLC Charge - SLB						
6 Current Touch Tone Charge - Res.						
7 Current Touch Tone Charge - SLB						
8 Current Avg Mileage/Zone Charge - Res.						
9 Current Avg Mileage/Zone Charge - SLB						
10 Total Composite Rate - Res. [L2+L4+L6+L8]	-	-	-	-	-	-
11 Total Composite Rate - SLB [L3+L5+L7+L9]	-	-	-	-	-	-
12 Benchmark Rate - Res.	17.15	17.15	17.15	17.15	17.15	17.15
13 Benchmark Rate - SLB	23.60	23.60	23.60	23.60	23.60	23.60

RATE DECREASES

Did you institute any rate **decreases** during 2019, 2020 or 2021? If Yes, complete Rate Decrease Worksheet - Page 3

Is your composite rate (L10 or L11) less than the Benchmark rate (L12 or L13) in any exchange? If so, complete Page 3 and treat the difference as a rate decrease. Line 16 below will be automatically populated to indicate the annual disbursements for the next three years.

IUSF Disbursement Calculations

14	Fund Disbursement Eligibility [Qualification Test, L25]	-
15	Calculated Revenue Surplus [Qualification Test, L24]	-
16	New IN USF Annual Disbursement [L14-L15]	0

Rate Decrease Worksheet

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If BLS (basic local service) or SLB (single line business) rates were decreased during 2019, 2020 or 2021, complete the worksheet below. Include SLC (subscriber line charge), Touch Tone or Zone decreases under the appropriate year and rate class. Is your composite rate less than the Benchmark rate (Page 2 - L12 or L13) in any exchange? If so, complete Page 3 and treat the difference as a rate decrease. Rates must be at least \$16.00/mo. to be eligible for IUSF support.

Exchange Specific Inputs

1	Exchange Name								-
2	BLS rate decreases- Res - 2019								
3	# months in effect in 2019								
4	# of access lines affected								
5	total BLS rate decrease for 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	SLB rate decreases- SLB - 2019								
7	# months in effect in 2019								
8	# access lines affected - monthly average								
9	total SLB rate decrease for 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	2019 total rate decrease								\$ -
11	State Income Taxes (5.6%)								\$ -
12	Federal Income Taxes	enter federal income tax percentage as decimal (i.e. .21)							\$ -
13	Total Taxes 2019								\$ -
14	BLS rate decreases- Res - 2020								
15	# months in effect in 2020								
16	# access lines affected - monthly average								
17	total BLS rate decrease for 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	SLB rate decreases- SLB - 2020								
19	# months in effect in 2020								
20	# access lines affected - monthly average								
21	total SLB rate decrease for 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	2020 total rate decrease								\$ -
23	State Income Taxes (5.4%)								\$ -
24	Federal Income Taxes	enter federal income tax percentage as decimal (i.e. .21)							\$ -
25	Total Taxes 2020								\$ -
26	BLS rate decreases- Res - 2021								
27	# months in effect in 2021								
28	# access lines affected - monthly average								
29	total BLS rate decrease - Res for 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	SLB rate decreases- SLB - 2021								
31	# months in effect in 2021								
32	# access lines affected - monthly average								
33	total SLB rate decrease - SLB - 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	2021 total rate decrease								\$ -
35	State Income Taxes (5.1%)								\$ -
36	Federal Income Taxes	enter federal income tax percentage as a decimal (i.e. .21)							\$ -
37	Total Taxes 2021								\$ -