**Minutes from the second Advisory Board meeting for the State Universal Communications Service Program**

**INTRODUCTION:**

 The Advisory Board for the State Universal Communications Service Program (State USF) pursuant to Washington Administrative Code (WAC) 480-123-150 and described in docket UT-150067 held its second meeting of 2015on Thursday, December 3, 2015 at the Washington Utilities and Transportation Commission Building at Olympia, Washington in Room 139.

Public Notice of the meeting was published on November 23, 2015 and was also listed on the Commission’s public web page in the Calendar section.

**ATTENDEES:**

The meeting began at 10:30 and the following Board members participated by phone or were in attendance:

 **Board Members attending:**

 Roger Hahn, Chairman – Staff

 Simon ffitch, Senior Assistant Attorney General – Public Counsel

 Rhonda Weaver, Senior Director – State Government Affairs, Comcast – CLECs

Rick Vitzthum, Chief Financial Officer, Kalama and Tenino Telephone Company (ILEC’s serving fewer than 40,000 access lines in Washington)

**Board Member Participating by Phone:**

Cindy Manheim, General Attorney AT&T – Wireless communications providers

**Other parties in attendance:**

 Brian Thomas, Commission - Director - Policy

 Bill Weinman, Commission - Assistant Director Telecommunications

**Not in attendance:**

Mark Reynolds, Northwest Region Vice President – Public Policy, CenturyLink (ILECs serving more than 40,000 access lines in Washington)

**AGENDA ITEM I. - OPENING COMMENTS**

Roger Hahn, Chairman, convened the meeting by welcoming all participants and provided a summary of the agenda.

**AGENDA ITEM II. – 2015 ACTIVITY**

Roger Hahn discussed State USF program activities that had occurred since the Advisory Board met in April. Major activities and accomplishments included company training, compliance reporting by the companies, Year 2 program petitions and Open Meeting results. Chairman Hahn described to the Board criteria used by staff in determining how companies were granted distributions from the program or denied. A schedule of company 2014 rate of returns (ROR) and amounts approved or denied was also provided to Board members.

The Advisory Board reviewed and discussed in detail the five eligibility factors described in WAC 480-123-120. This topic was placed on the agenda as staff wanted to receive feedback from the Board whether the method used in determining eligibility met the intent of the WAC and the Legislation that created the State USF program. All of the Advisory Board members provided good insight and thoughts on the intent of the program. A summary of Board member thoughts include the following:

1. It was suggested that the quantitative factors for eligibility which include ROR and ROE are good indicators if a company’s customers are at risk of rate instability or service interruptions or cessation. The qualitative factors of transitioning from voice to broadband and becoming more efficient, is supporting the Legislation’s intent of companies to transition from depending on voice service to broadband revenue and are not as critical in determining if a company should receive state USF funds. This feedback was important to staff as some petitioners believe that all eligibility factors should be considered equally.
2. Board members did not disagree or a provide a recommendation on the use of a 10 and 11.25 percent ROR range in making an initial determination of company eligibility. There was no feedback to reduce or increase the ROR. A Board member also suggested that even though a company may have an ROR between 6 – 8 percent which appears healthy it will be impacted in the feature by having limited ability to invest and expand the business.
3. There was also an acknowledgement from the Board that the State USF fund is not a broadband fund even though capital expenditures to expand broadband coverage to Washington citizens is in the public interest.
4. A Board member indicated that as long as staff was consistent in its process and transparent in decision making, it would be meeting the intent of the Legislation.

In a related matter, Board member, Rhonda Weaver indicated that from her contact with various legislators that Staff was managing the state USF program properly. Also Rick Vitzhum, Chief Financial Officer of Tenino and Kalama Telephone stated that he was not aware of any major concerns from the WITA companies that file petitions requesting support.

**AGENDA ITEM III. – 2016 ACTIVITY**

Chairman Hahn described to Board members planned Year 3, 2016 activity and Board members agreed that only one meeting was required in 2016 and that it should be scheduled in November or December after the Open Meeting determines Year 3 distributions but is prior to the 2017 legislative session.

The meeting adjourned at 11:40 am, December 3, 2015.