

**Minutes from the Advisory Board Meeting for the State Universal Communications Services Program held on December 5, 2017.**

**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 annual meeting on Tuesday, December 5, 2017, at the Washington Utilities and Transportation Commission Building at Olympia, Washington in Room 139.

Public Notice of the meeting and its agenda were distributed on November 17, 2017, and was also listed on the Commission's public web page in the Calendar section.

**ATTENDEES:**

The meeting began at 10:00 am P.T.; and ALL Board Members were in attendance:

**Board Members attending:**

- Roger Hahn, Commission Staff – Chairman
- Lisa Gafken, Assistant Attorney General – Public Counsel
- Rhonda Weaver, Senior Director of State Government Affairs, Comcast – (Competitive Local Exchange Companies or “CLECs”)
- Rick Vitzthum, Chief Financial Officer Kalama and Tenino Telephone Companies – (ILECs serving fewer than 40,000 access lines in Washington)
- Cindy Manheim, Executive Director – Senior Legal Counsel , AT&T – (Wireless Providers)
- Mark Reynolds, Northwest Region Vice President of Public Policy, CenturyLink – (ILECs serving more than 40,000 access lines in Washington)

**Other parties in attendance/or participating by phone:**

Jing Roth, Assistant Director - Telecom, Commission Staff  
Tim Zawislak, Commission Staff  
Sean Bennett, Commission Staff  
Jennifer Cameron-Rulkowski, Assistant Attorney General

## **OPENING COMMENTS:**

Chairman Roger Hahn convened the meeting including the introduction of all attendees and the purpose of the Advisory Board as stated in WAC 480-123-150.

## **AGENDA:**

## **LEGISLATIVE REPORT:**

Brian Thomas, Commission, Policy Director, discussed the Washington Universal Communications Services Program Report that was filed with the Legislature on December 1, 2017 as required by Second Engrossed Second Substitute House Bill (2E2SHB) 1971, Section 212.

The report's findings included the following:

- Program funding has adequately maintained small-carrier service prices in Washington's rural areas at levels comparable to similar services in more urban areas in Washington.
- The funding has provided a necessary transitional lifeline to Washington's smaller telephone companies.
- The small companies have benefited from the program support and they provide essential telecommunications services to the rural communities they operate in.

The report also offered the following conclusions:

- The telecommunication needs of rural Washington are transitioning from voice to broadband services.
- Policymakers need to determine how to best provide financial support to telecommunication providers so that the impact can be achieved in a fiscally efficient manner.
- If the program expires as scheduled in 2019, the loss of funding support will affect the companies receiving funds and their customers in varying ways depending on company's historical level of state and federal funding assistance and operation efficiencies derived.

Brian responded to several board member questions regarding the continuation of the fund after 2019 and if so, what form of support would be developed. Brian stated that there are many rural broadband stakeholders who have ideas and other state agencies may have an interest in administering a program. The commission legislative report did not offer recommendations on how future funding should be administered; however, the commission is willing to offer suggestions and information to policymakers.

#### **Year 4, 2017 Milestones:**

Chairman Hahn described the major 2017 milestones as described in the Agenda. Additional takeaways included the following:

- FCC Report 477 indicates that the percentage of Class B company broadband customers in aggregate has increased from 26 percent as of June 30, 2015 to 42 percent as of June 30, 2017 for broadband speeds of at least 10 down/1 up.
- The aggregate capital expenditures of Class B companies receiving program funds has increased from an annual average of \$10.7 million for the period 2011 to 2013 to \$17.6 million during the 2014 to 2016 time period.
- The Class B Companies in aggregate had an 8 percent loss in access lines for the period 2013 to 2016.

#### **Year 5, 2018 Anticipated Activities:**

In addition to the 2018 activities outlined in the Agenda, Chairman Hahn also stated that Sean Bennett, commission staff, will be responsible for the administration of the program in 2018 as Chairman Hahn is leaving the commission in 2018. Ms. Jing Roth, Assistant Director – Telecom, Commission Staff stated that no decision had been made on naming a new Chairman.

Board member, Rick Vitzhum, also reminded the Chairman that Board member initial appointments and terms established in Docket UT-150067, Order 01, dated January 29, 2015 will expire January 29, 2018. Chairman Hahn asked if all Board members were still willing to remain on the Board for the fifth year of the program and all indicated that they were willing to continue to serve. This is not a final commitment and Ms. Roth will coordinate the preparation of a new order reappointing the members and re-confirming their willingness to serve.

#### **Conclusion:**

The meeting adjourned at 10:55 am, December 5, 2017.