

Minutes from the Advisory Board Meeting for the State Universal Communications Services Program held on December 12, 2018.

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 Wednesday, December 12, 2018, 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 December 7, 2018, and was also listed on the Commission's public web page in the Calendar section.

ATTENDEES:

The meeting began at 1:30 pm P.T.; and five of the six Board Members were in attendance:

Board Members attending:

In-Person –

- Jing Roth, Assistant Director - Telecom, Commission Staff – Chairwoman
- Rick Vitzthum, Chief Financial Officer Kalama and Tenino Telephone Companies – (ILECs serving fewer than 40,000 access lines in Washington)
- Phil Grate in lieu of Mark Reynolds, Northwest Region Vice President of Public Policy, CenturyLink – (ILECs serving more than 40,000 access lines in Washington)

Via Telephone Bridge Line –

- Lisa Gafken, Assistant Attorney General – Public Counsel
- Cindy Manheim, Executive Director – Senior Legal Counsel , AT&T – (Wireless Providers)

Board Member not in attendance:

- Rhonda Weaver, Senior Director of State Government Affairs, Comcast – (Competitive Local Exchange Companies or “CLECs”)

Staff in attendance/or participating by phone:

- Brian Thomas, Policy Director
- Sean Bennett, Commission Staff
- Tim Zawislak, Commission Staff

OPENING COMMENTS:

Jing Roth, chair of the board, convened the meeting. She gave a brief statement regarding the history and future of the program, welcomed and thanked all the members for their service on the board. Each board member made a brief introduction.

AGENDA:

Summary of Fund Distributed and Year Five Timeline

Sean Bennett (Commission Staff), summarized the amounts distributed on an annual basis and provided remaining fund balance before administrative costs. Staff provided a timeline for the final fiscal year (2019).

Program Results

Sean Bennett (Commission Staff) described the major program milestones as presented in the Agenda attachments. Additional takeaways included the following:

- The aggregate capital expenditures of Class B companies receiving program funds has increased from an annual average of \$10.2 million for the period 2013 to 2014, to \$21.2 million during the 2015 to 2017 time period. Meanwhile, the ending balances of long term debt only increased from \$44.1 million in 2013 to \$68.9 million (\$24.8 million increase) in 2017. For comparison, the total aggregate regulated capital expenditures increased by \$84 million of this same time period.
- FCC Report 477 indicates that the percentage of Class B company broadband customers in aggregate, has increased from 5 percent as of June 30, 2015 to 17 percent as of June 30, 2018 for broadband speeds of at least 25 down/3 up and from 21 percent to 37% for speeds of 10 down/1 up.

LEGISLATIVE REPORT:

Brian Thomas, Commission, Policy Director, stated that a final report was provided to the legislature in December, 2017. Mr. Thomas indicated that a preliminary report¹ outlining a potential framework for revising the Washington Universal Communications Services Program and providing recommendations concerning broadband funding issues would be filed with the Washington State Office of Financial Management before the end of 2018.

Mr. Thomas provided a brief verbal summary of the report. Some of the key points included:

- Review of current federal and state communications and broadband services programs.
- Recommendations to modernize the State USF program to shift the focus from traditional voice service to broadband service.
- Creation of a state broadband office to coordinate state-wide effort by multiple agencies and other stakeholders

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. Brian also indicated a multifaceted approach of support. That is, an approach that may still benefit smaller companies (both Incumbent and Competitive Local Exchange Companies) as well as larger companies. Mr. Phil Grate, as well as others, voiced their agreement with this approach.

Conclusion:

The meeting adjourned by approximately 2:20 pm, December 12, 2018.

¹ As required by ESSB 6032.pl, Section 141(5)