

# OUSF Funding Requests

G-Cases and K-Cases

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Presented by: Jason Palmer



# Agenda

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- Rules & Regulations
- What types of OUSF Requests:
  - G-Case Filings
  - K-Case Filings
- Timeline
- Other



# OUSF Programs

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- The OUSF supports three main programs:
  1. Primary Universal Services
    - G-Cases
    - K-Cases
  2. Special Universal Services
  3. Oklahoma Lifeline



# Eligibility

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- General eligibility to receive OUSF funding (Refer to 17 O.S. § 139.106(m) and 165:59-3-14 for more details)
  - The incumbent local exchange provider as of January 1, 1996, shall be eligible for OUSF funding.
  - Subject to provisions in the Telecommunications Act (17 O.S. § 139.101, et seq.)
  - Provider must meet 47 U.S.C. § 214(e) for Federal Universal Service support
  - Funding granted without hearing, after proper forms and review by OUSF Administrator
  - For areas served by incumbent local exchange telecommunications service provider serving less than 75,000 lines within Oklahoma
  - Only the incumbent is eligible unless:
    - Other providers offer Special Universal Services or Lifeline
    - Incumbent waives exclusivity by notice
    - Commission determines another provider should also be eligible, without adverse economic impact and with full area obligations

## Two Types of Primary Universal Services Funding

There are Two Types of Primary Universal Services funding: (G and K)

- “G” Cases are a full intrastate earnings review and are filed by telephone companies seeking additional OUSF funding for regulated intrastate operations. The cases are voluntary filings submitted by an ILEC under 75,000 access lines and reviewed by the OCC in accordance with 17 O.S. § 139.106(G) and OAC 165:59-3-14.
- “K” Cases and the associated statute are what have been referred to as the "make-whole" provision. Anytime an eligible local exchange telecommunications service provider is impacted by a federal or state mandate, statute, or rule which decreases revenue or increases costs, they can file a case with the OUSF to recover those losses. Approved OUSF funding for such cases are awarded as one-time lump sum and may include recurring funding if the company continues to be impacted in accordance with 17 O.S. § 139.106(K)(1)(a-c) and OAC 165:59-3-14

## G-Cases

### Oklahoma Rules Related to G-Cases:

#### *17 O.S. § 139.106(G)*

*G. Any eligible local exchange telecommunications service provider may request funding from the OUSF as necessary to maintain rates for primary universal services that are reasonable and affordable. OUSF funding shall be provided to eligible local exchange telecommunications service providers for the following:*

- 1. To reimburse eligible local exchange telecommunications service providers for the reasonable investments and expenses not recovered from the federal universal service fund or any other state or federal government fund incurred in providing universal services*
- 2. Infrastructure expenditures or costs incurred in response to facility or service requirements established by a legislative, regulatory, or judicial authority or other governmental entity mandate*
- 3. For reimbursement of the Lifeline Service Program credits as set forth in Section 139.105 of this title*
- 4. To reimburse eligible local exchange telecommunications service providers for providing the Special Universal Services as set forth in Section 6 of this act*
- 5. To defray the costs of administering the OUSF, including the costs of administration, processing, and an annual independent audit. The annual audit shall not be performed by the Commission staff*
- 6. For other purposes deemed necessary by the Commission to preserve and advance universal service*



## G-Cases

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### Important Items to be aware of:

- Filed retroactively for a particular test period and does not impact future test years
- Recovers shortfalls in Intrastate/local regulated revenue requirement. Any loss in interstate or nonregulated revenue requirements cannot be recovered in a G-Case
- Typically uses the costs and intrastate jurisdictional factors developed pursuant to Part 64 and Part 36 Rules
- Currently, applications use the rate of return prescribed by the FCC of 9.75%, but could change in the future (See. 165:59-3-70(p))



# G-Cases

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## Important Items to be aware of (Continued)

- Additional adjustments normally made in G-Cases are:
  - Removal of any Plant Under Construction (Account 2003)
  - Uses a 13-month average for materials and supplies
  - Removal of any revenues recovered from K-Cases to prevent double recovery
  - Adjustment to salaries if higher than the NTCA wage survey
  - Adjustments to use current Federal of State income rates (If applicable)





# G-Cases

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## PROs of G-Case Filings:

- **Multiple Years Allowed**
  - Multiple test years can be filed simultaneously (assuming timely filed)
- **Predictable Calculations**
  - Because G-Cases are based on historical costs, determining intrastate earnings shortfalls is relatively predictable
- **Eligibility**
  - Available to both:
    - Legacy Rate-of-Return (ROR) LECs
    - Companies under model-based support (ACAM I, ACAM II, E-ACAM)
- **Streamlined Future Filings**
  - After the initial G-Case is reviewed by the OCC:
    - A simplified filing process may be used for up to five subsequent years
    - Applies if requested support does not exceed a 5% increase from the base year
    - Per procedures in OAC 165:59-3-70(o)



# G-Cases

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## CONs of G-Case Filings:

- **Annual Filing Requirement**
  - A G-Case must be filed for each test year in order to recover intrastate earnings shortfalls
- **No Recovery for Construction Work in Progress**
  - Plant under construction is currently not recoverable
- **Time-Intensive Process**
  - Preparation and review can be very time-consuming
- **Often requires an onsite visit**
- **Delayed Support**
  - Recovery of intrastate earnings shortfall is not immediate—there can be significant delays
- **Limited Flexibility for ACAM Companies**
  - G-Cases are often the only available option for model-based support companies (e.g., ACAM I, II, E-ACAM)
- **Alternative for Legacy ROR Companies**
  - K-Cases may offer a faster and simpler path to recover part of the intrastate shortfall

# K-Cases

## Oklahoma Rules related to K-Cases:

### *17 O.S. § 139.106(K)(1)(a-c)*

- Each request for OUSF funding by an eligible ILEC serving less than seventy-five thousand access lines shall be premised upon the occurrence of one or more of the following:
  - a. In the event of a Federal Communications Commission order, rule or policy, the effect of which is to decrease the federal universal service fund revenues of an eligible local exchange telecommunications service provider, the eligible local exchange telecommunications service provider shall recover the decreases in revenues from the OUSF
  - b. If as a result of changes required by existing or future federal or state regulatory rules, orders, or policies or by federal or state law, an eligible local exchange telecommunications service provider experiences a reduction in revenues or an increase in costs, it shall recover the revenue reductions or cost increases from the OUSF, the recovered amounts being limited to the net reduction in revenues or cost increases
  - c. If as a result of changes made as required by existing or future federal or state regulatory rules, orders, or policies or by federal or state law, an eligible local exchange telecommunications service provider experiences a reduction in costs, upon approval by the Commission, the provider shall reduce the level of OUSF funding it receives to a level sufficient to account for the reduction in costs

## Examples of K-Cases

In February 2018, the Commission voted to phase out the High-Cost Fund (HCF)

- By 25% in 2019
- By 50% in 2020
- By 75% in 2021
- By 100% in 2022

The elimination of the HCF caused an increase of “K” cases to be filed under O.S. 17 O.S. § 139.106(K). This change resulted in an increase in disbursements totaling \$37,148,775 from the OUSF annually by 2022

## Examples of K-Cases

### Loss in Federal USF Support based on FCC rule changes

Below are some of the most common K-Case Filings related to FCC rule changes:

1. Budget Control Mechanism (BCM)
2. Corporate Expense Limitation
3. USF Per Line Limit
4. OPEX Limit
5. NACPL Freeze/Pro Rata Reduction of USF HCL Support

## Examples of K-Cases: Budget Control Mechanism (BCM)

Beginning in September 2016, the BCM has imposed reductions to the amounts of Federal high-cost support that rate-of-return carriers receive

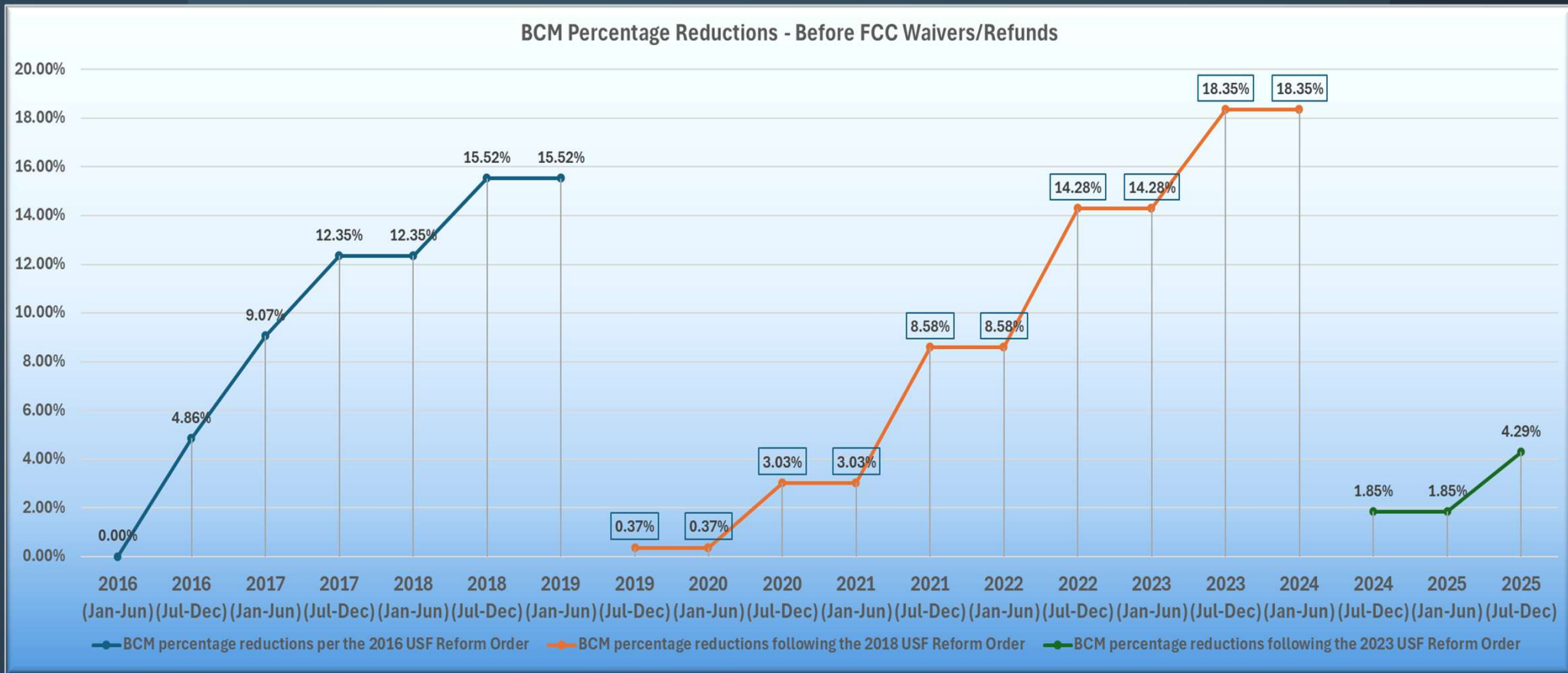
This rule change impacts both USF HCL and USF BLS support

The FCC waived the budget control mechanism for several years due to the significant reductions in support rate-of-return providers would have experienced. If not waived, the BCM reductions would have ranged from 8.58% in fiscal year 2021-2022 to 18.35% in fiscal year 2023-2024

In the 2023 USF Reform Order and NPRM, the Budget Control Mechanism was reinstated effective July 1, 2024. In the Report and Order, the Commission reset the budget for legacy carriers for fiscal year “2024-2025 at a level equal to 2023-24 legacy support claims less any frozen support received by carriers transitioning from legacy support to Enhanced A-CAM support”

Fiscal Year	Release Date	Reduction Factor	Effective Date
2024–2025	May 1, 2024	1.85%	July 1, 2024
2025–2026	May 1, 2025	4.29%	July 1, 2025

# Examples of K-Cases: Budget Control Mechanism (BCM)



## Examples of K-Cases: Budget Control Mechanism (BCM)

BCM % Reductions Based on FCC Orders	BCM percentage reductions per the 2016 USF Reform Order						
DESCRIPTION	2016		2017		2018		2019
	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
BCM percentage reductions	0.00%	4.86%	9.07%	12.35%	12.35%	15.52%	15.52%
BCM Waived or Refunded on HCL?	NO		NO	YES	YES	YES	YES
BCM Waived or Refunded on BLS?	YES		YES	YES	YES	YES	YES

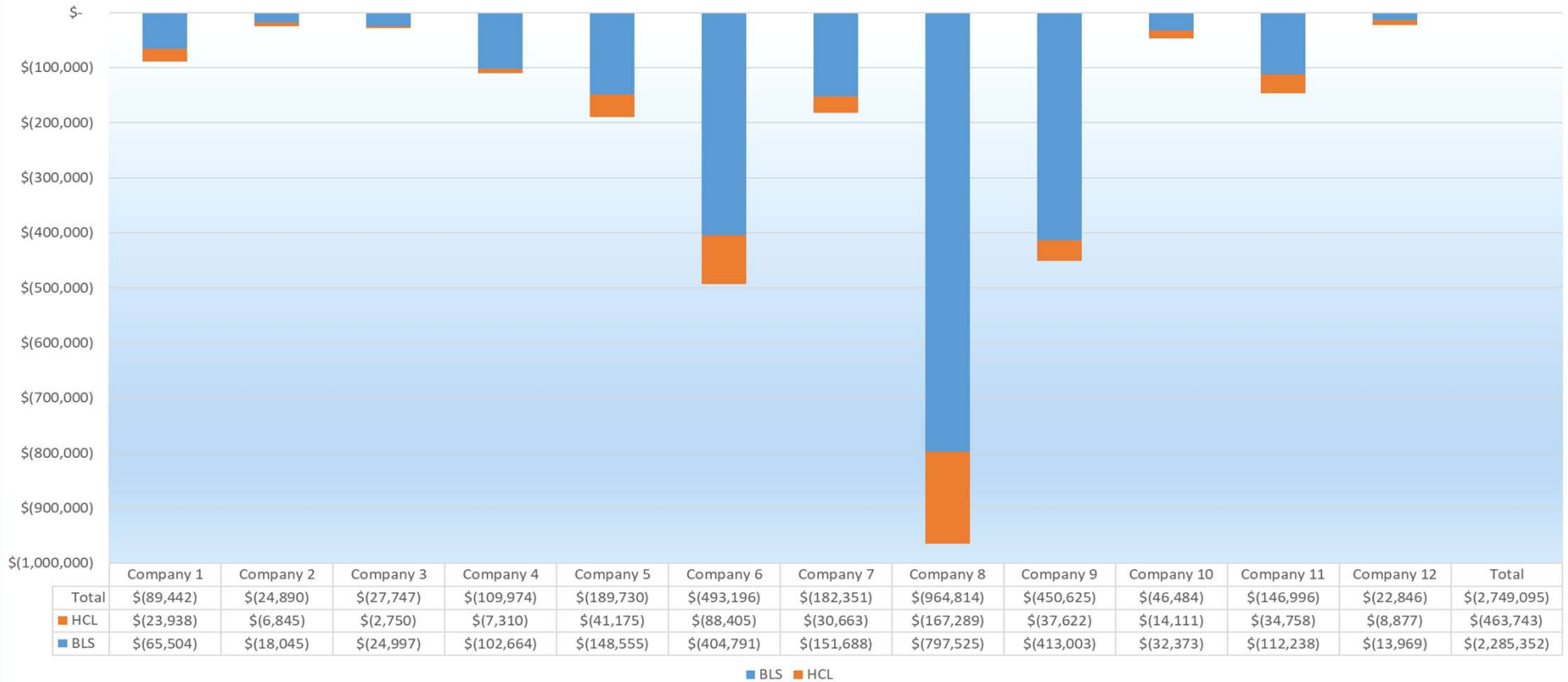
BCM % Reductions Based on FCC Orders	BCM percentage reductions following the 2018 USF Reform Order									
DESCRIPTION	2019	2020		2021		2022		2023		2024
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun
BCM percentage reductions	0.37%	0.37%	3.03%	3.03%	8.58%	8.58%	14.28%	14.28%	18.35%	18.35%
BCM Waived or Refunded on HCL?	NO	NO	NO	NO	YES	YES	YES	YES	YES	YES
BCM Waived or Refunded on BLS?	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

BCM % Reductions Based on FCC Orders	BCM percentage reductions following the 2023 USF Reform Order		
DESCRIPTION	2024	2025	
	Jul-Dec	Jan-Jun	Jul-Dec
BCM percentage reductions	1.85%	1.85%	4.29%
BCM Waived or Refunded on HCL?	NO	N/A	NO
BCM Waived or Refunded on BLS?	NO	NO	NO



# Examples of K-Cases: Budget Control Mechanism (BCM)

Estimated BCM Impacts from 7/1/2025 Through 6/30/2026 for Oklahoma ROR Companies



## Examples of K-Cases: Budget Control Mechanism (BCM)

### PROs of Filing a K-Case for Budget Control Mechanism (BCM):

- USF Impacts of BCM are easily identifiable from USAC USF Disbursements
- Companies may file K-Cases to recover both historical and ongoing monthly impacts (subject to true-ups)
- K-Cases can address interstate BLS reductions caused by BCM—even if the company also files G-Cases

### CONs of Filing a K-Case for Budget Control Mechanism (BCM):

- Risk of OUSF Refunds:
- If the FCC issues retroactive BCM waivers, companies may be required to refund any related OUSF support received

## Examples of K-Cases: Corporate Expense Limitation

Federal rule changes that limit the amount of corporate operations expense that can be included in the Federal Universal Service Fund (FUSF) High-Cost Loop Support (HCLS) algorithm and Broadband Loop Support (BLS). The specific Federal Rule is codified in C.F.R. Section 54.1308 (a)(4) for USF HCL and 54.901(c) for BLS

This rule change impacts both USF HCL and USF BLS support

### PROs of Filing a K-Case for Corporate Expense Limitation:

- Companies may file a K-Case to recover both historical and ongoing monthly impacts (subject to true-ups)
- K-Cases can address interstate BLS reductions caused by this rule change—even if the company also files G-Cases

### CONs PROs of Filing a K-Case for Corporate Expense Limitation:

- USF Impacts on Corporate Expense may not be easily identifiable from USAC USF Disbursements, therefore additional supporting calculations are necessary
- Some work required for true-ups to actual impacts (If monthly recurring OUSF is requested)

## Examples of K-Cases: OPEX Limit

A Federal rule change that limited the amount of operating expense that can be included in the Federal Universal Service Fund (FUSF) High-Cost Loop Support (HCLS) algorithm and Broadband Loop Support (BLS). The specific Federal Rule is codified in C.F.R. Section 54.303

This rule change impacts both USF HCL and USF BLS support

### PROs of Filing a K-Case for OPEX Limit:

- K Case Filing for these impacts can be filed for historic impacts and monthly recurring (subject to true-ups)
- K-Case can be filed for this limit even if a company files G-Cases. K-Case to recover impact on Interstate portion of USF (BLS)

### CONS of Filing a K-Case for OPEX Limit:

- Impacts of this USF limit may not be easily identifiable from USAC USF Disbursements, therefore additional supporting calculations are necessary
- Some work required for true-ups to actual impacts (If monthly recurring OUSF is requested)

## **Examples of K-Cases: NACPL Freeze/Pro Rata Reduction of USF HCL Support**

In a Report and Order released in December 2014, the FCC modified sections of the Part 54 rules pertaining to the application of the cap on High-Cost Loop Support (HCLS)

The modified rules regarding application of the HCLS cap are as follows:

- Beginning July 1, 2015, The NACPL was frozen (54.1309(d))
- If the USF HCL Support for all study areas exceeds the HCLS cap, HCLS is reduced proportionately for all recipients in order to achieve the capped amount of HCLS support. This is accomplished through the use of a pro rata factor (54.1310(b))

This rule change only impacts USF HCL support

## Examples of K-Cases: NACPL Freeze/Pro Rata Reduction of USF HCL Support

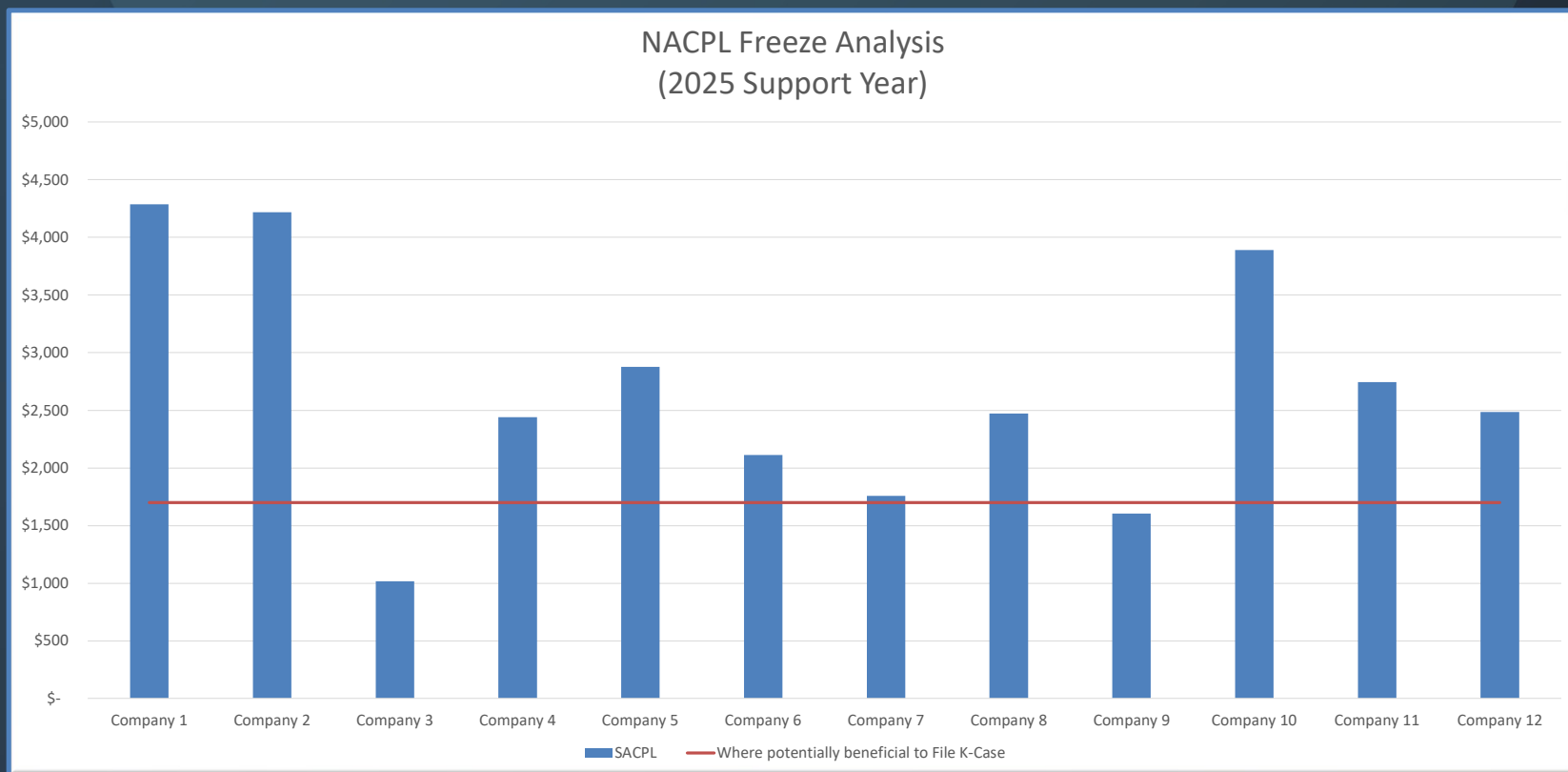
- Depending on the carrier's study area cost per loop, the impact of the rule change could vary
- Some recipients of HCLS experience increases in USF support while others experience reductions

Below is an illustrative example of the possible impacts of the NACPL Freeze

CALCULATION OF HIGH COST LOOP SUPPORT IMPACT OF NACPL FREEZE ON HCLS		EXAMPLE 1	EXAMPLE 2
		SACPL: \$1600	SACPL: \$1700
Description		USF Payments	USF Payments
Annual Amount Before NACPL Freeze		\$401,251.93	\$476,251.93
Annual Amount After NACPL Freeze		\$422,405.50	\$422,405.50
Impact of NACPL Freeze ("Latest View" NACPL)		\$21,153.57	(\$53,846.43)
BENEFICIAL TO FILE OUSF K-CASE:		NO	YES

## Examples of K-Cases: NACPL Freeze/Pro Rata Reduction of USF HCL Support

Below are the current Study Area Cost Per Loop amounts For Oklahoma ROR companies.



## Examples of K-Cases: NACPL Freeze/Pro Rata Reduction of USF HCL Support

A Federal rule change that limited the amount of operating expense that can be included in the Federal Universal Service Fund (FUSF) High-Cost Loop Support (HCLS) algorithm and Broadband Loop Support (BLS). The specific Federal Rule is codified in C.F.R. Section 54.303

This Rule Change impacts both USF HCL and USF BLS Support

### PROs of Filing a K-Case for NACPL Freeze/Pro Rata Reduction of USF HCL Support:

- K Case Filing for these impacts can be filed for historic impacts and monthly recurring (subject to true-ups)
- K-Case can be filed for this limit even if a company files G-Cases. K-Case to recover impact on Interstate portion of USF (BLS)

### CONs of Filing a K-Case for NACPL Freeze/Pro Rata Reduction of USF HCL Support:

- Impacts of this USF limit are not be easily identifiable from USAC USF Disbursements, therefore additional supporting calculations are necessary
- K-Case should not be filed for this limit if a company files G-Cases since the NACPL freeze impacts the intrastate earnings.
- Some work required for true-ups to actual impacts (If monthly recurring OUSF is requested)





## Examples of K-Cases:

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Other common K-Case filing:

- Cost Incurred for Highway Relocates Mandated by ODOT

OAC 165:59-3-70(c)(6) For highway relocation causes, the additional following minimum filing requirements are necessary:

- a) Copies of all bids or written explanation why bids were not requested
- b) The request for proposal, if any
- c) Copies of all invoices and work orders and proof of payment including check details
- d) Documentation showing internal material accounting
- e) Documentation showing internal labor accounting, including time sheets, and separate documentation showing accounting of overtime work
- f) A certificate of completion of the relocation
- g) Documentation from the governmental entity requesting the relocation
- h) Map(s) showing the before and after location of the relocated facilities
- i) A description of betterments, if any, made during the relocation and the cost sought to be recovered



## TIMELINE

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17 O.S. § 139.106(L):

- Upon request for OUSF funding by an ILEC serving seventy-five thousand or more access lines or a CLEC, the Commission shall after notice and hearing make a determination of the level of OUSF funds, if any, that the provider is eligible to receive for the purposes contained in subsection K of this section. If the Commission fails to make a determination within one hundred twenty (120) days of the filing of the request, the request for funding shall be deemed approved.

# Other

## OUSF Funding Requests: Other Key Rules & Requirements

### Amendments & Withdrawals (Refer to OAC 165:59-3-70(d))

- Amendments not allowed
- A provider may withdraw and refile a request before a Determination is issued
- New filings must be submitted under a new cause number

### Incomplete Requests (Refer to OAC 165:59-3-70(e))

- Requests missing required information may be denied

### Review Process (Refer to OAC 165:59-3-70(f))

- Each request is independently evaluated on a case-by-case basis

### Alternative Funding Requirement (Refer to OAC 165:59-3-70(g))

- Providers must make a reasonable and timely effort to obtain funding from alternative sources
- Submit documentation of this effort, or an explanation if not available

## Summary

Between K-Cases and G-Cases, there are several ways to recover losses in regulated revenues particularly losses in Federal USF Support

### Items to be aware of:

1. Impacts of the various Federal Rule Changes (i.e. USF caps) on your company can vary from year to year, so relooking at any all impacts periodically can be beneficial
2. Determine if filing both G-Cases or K-Cases are warranted and what combination works best for your company
3. Explore all various K-Case filing options, not just the obvious ones (i.e. BCM)
4. Be aware of possible future FCC rule changes that could qualify under 17 O.S. §139.106(K) or (G)

# THANK YOU! QUESTIONS?

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## Reference – Eligibility

**2024 Oklahoma Statutes**  
**Title 17. Corporation Commission**  
**§17-139.106. Oklahoma Universal Service Fund.**

*M. The incumbent local exchange telecommunications service provider, its successors and assigns, which owned, maintained and provided facilities for universal service within a local exchange area on January 1, 1996, shall be the local exchange telecommunications service provider eligible for OUSF funding within the local exchange area, except as otherwise provided for in this act.*

## Reference – Eligibility *Continued*

### **165:59-3-14. Eligibility to receive OUSF funding**

*(a) The incumbent local exchange telecommunications service provider, its successors and assigns, which owned, maintained and provided facilities for universal service within a local exchange area on January 1, 1996, shall be the eligible local exchange telecommunications service provider eligible for OUSF funding within the local exchange area, except as otherwise provided for in the Telecommunications Act, 17 O.S. §§ 139.101, et seq.*

*(b) Upon request, and after notice and hearing, the Commission shall consider the designation of more than one eligible local exchange telecommunications service provider in a universal service area to receive funding from the OUSF under the Oklahoma Telecommunications Act.*

*(c) Where the incumbent local exchange telecommunications service provider receives or is eligible to receive monies from the OUSF, except as otherwise provided in 17 O.S. § 139.106, the Commission, after notice and hearing, may designate other local exchange telecommunications service providers to be eligible for the funding, provided:*

*(1) The other local exchange telecommunications service provider is certificated by the Commission to provide and offer the primary universal services supported by the OUSF to all customers in the universal service area designated by the Commission, using its own facilities, or a combination of its own facilities and the resale of the services or facilities of another;*

*(2) The other local exchange telecommunications service provider may only receive funding for the portion of the facilities that it owns, maintains, and uses for regulated services;*

*(3) The other local exchange telecommunications service provider shall not receive OUSF funding at a level higher than the level of funding the incumbent local exchange telecommunications service provider is eligible to receive for the same area if the incumbent local exchange telecommunications service provider is also providing service in the same area; provided, the cost of any cost studies required to be performed shall be borne by the party requesting such studies, unless the party performing the study utilizes the study for its own benefit;*

*(4) The other local exchange telecommunications service provider advertises the availability and charges for services it provides through a medium of general distribution; and,*

*(5) It is determined by the Commission that the designation is in the public interest and the other local exchange telecommunications service provider is in compliance with all Commission rules for which a waiver has not been granted.*



## Reference – Eligibility *Continued*

### **165:59-3-14. Eligibility to receive OUSF funding**

*(d) For any area served by an incumbent local exchange telecommunications service provider which serves less than seventy-five thousand (75,000) access lines within the State, only the incumbent local exchange telecommunications service provider shall be eligible for OUSF funding except;*

*(1) Other eligible telecommunications service providers and eligible providers which provide Special Universal Services or Lifeline service shall be eligible to request and receive OUSF funds in the same manner as the incumbent local exchange telecommunications service provider in the same area pursuant to this Chapter;*

*(2) The incumbent local exchange telecommunications service provider may elect to waive the right to be the only eligible local exchange telecommunications service provider within the local exchange area by filing notice with the Commission; or*

*(3) When the Commission, after notice and hearing, makes a determination that it is in the public interest that another local exchange telecommunications service provider should also be deemed a carrier of last resort and be eligible to receive OUSF funding in addition to the incumbent local exchange telecommunications service provider. It shall not be in the public interest to designate another local exchange telecommunications service provider as being a carrier of last resort and eligible to receive OUSF funding if such designation would cause a significant adverse economic impact on users of telecommunications services generally or if the other carrier refuses to seek and accept carrier of last resort obligations throughout the universal service area as designated by the Commission. The other local exchange telecommunications service provider shall not receive OUSF funding at a level higher than the level of funding the incumbent local exchange telecommunications service provider is eligible to receive for the same area if the incumbent local exchange telecommunications service provider is also providing service in the same area and the other local exchange telecommunications service provider meets the requirements of subsection (c) of this Section.*

*(e) In order to be designated as an eligible local exchange telecommunications service provider for purposes of Federal Universal Service support, the local exchange telecommunications service provider shall meet the requirements of 47 U.S.C. § 214(e).*

*(f) Notwithstanding the criteria set forth in this Section for designation as an eligible local exchange telecommunications service provider, a commercial mobile radio service provider may, after notice and hearing, seek OUSF Funding for the provision of services supported by the OUSF.*



## Reference – Eligibility *Continued*

### **165:59-3-14. Eligibility to receive OUSF funding**

*(g) Notwithstanding the criteria set forth in this Chapter for designation as an eligible local exchange telecommunications service provider, any eligible provider may seek OUSF Funding for the provision of Special Universal Services consistent with 17 O.S. § 139.109.1.*

*(h) Any eligible provider shall receive funding for any Special Universal Services provided from the OUSF without a hearing, in a manner consistent with OAC 165:59-7-1 and the Oklahoma Telecommunication Act. The funding shall be approved only after the appropriate forms have been filed with the Commission's Court Clerk and reviewed by the OUSF Administrator or contracted agent.*

*(i) For an area served by an incumbent local exchange telecommunications service provider which serves less than seventy-five thousand (75,000) access lines within the State, the incumbent local exchange telecommunications service provider may elect to waive the right to be the only eligible local exchange telecommunications service provider within the local exchange area by filing notice with the Commission*

## Reference – K-Case

**2024 Oklahoma Statutes**  
**Title 17. Corporation Commission**  
**§17-139.106. Oklahoma Universal Service Fund.**

### *17 O.S. § 139.106(K)(1)(a-c)*

- 1. Each request for OUSF funding by an eligible ILEC serving less than seventy-five thousand access lines shall be premised upon the occurrence of one or more of the following:*
  - a. in the event of a Federal Communications Commission order, rule or policy, the effect of which is to decrease the federal universal service fund revenues of an eligible local exchange telecommunications service provider, the eligible local exchange telecommunications service provider shall recover the decreases in revenues from the OUSF,*
  - b. if, as a result of changes required by existing or future federal or state regulatory rules, orders, or policies or by federal or state law, an eligible local exchange telecommunications service provider experiences a reduction in revenues or an increase in costs, it shall recover the revenue reductions or cost increases from the OUSF, the recovered amounts being limited to the net reduction in revenues or cost increases, or*
  - c. if, as a result of changes made as required by existing or future federal or state regulatory rules, orders, or policies or by federal or state law, an eligible local exchange telecommunications service provider experiences a reduction in costs, upon approval by the Commission, the provider shall reduce the level of OUSF funding it receives to a level sufficient to account for the reduction in costs.*

## Reference – K-Case (Minimum Filing Requirements)

### *165:59-3-70 Procedures for Requesting Funding from the OUSF*

*(c) Unless a waiver is granted by the Administrator, the following minimum filing requirements are necessary for cases filed pursuant to 17 O.S. § 139.106(K), and must be made available at the time of filing:*

- (1) The name and address of the Eligible Local Exchange Telecommunications Service Provider;*
- (2) A description of the provisions of the Oklahoma Telecommunications Act relied on for the request;*
- (3) The amount requested for funding;*
- (4) Documentation necessary to substantiate the requested funding; and*
- (5) The most recently filed jurisdictional cost study, if applicable to the specific request;*
- (6) For highway relocation causes, the additional following minimum filing requirements are necessary:*
  - (A) Copies of all bids or written explanation why bids were not requested;*
  - (B) The request for proposal, if any;*
  - (C) Copies of all invoices and work orders and proof of payment including check details;*
  - (D) Documentation showing internal material accounting;*
  - (E) Documentation showing internal labor accounting, including time sheets, and separate documentation showing accounting of overtime work;*
  - (F) A certificate of completion of the relocation;*
  - (G) Documentation from the governmental entity requesting the relocation;*
  - (H) Map(s) showing the before and after location of the relocated facilities; and*
  - (I) A description of betterments, if any, made during the relocation and the cost sought to be recovered*

## Reference – Annual Variance and Risk-Based Review (*Streamlined G-Case*)

### **165:59-3-14. Procedures for requesting funding from the OUSF – Primary Universal Service**

*(o) For cases filed pursuant to 17 O.S. § 139.106(G), consistent with OAC 165:59-3-64(d), and when the Administrator has previously issued an initial Determination or a Commission final order has been issued, an Eligible Local Exchange Telecommunications Service Provider may file an OUSF request pursuant to 17 O.S. § 139.106(G) and request a variance and risk-based review, provided that:*

*(1) Requests for OUSF Funding made pursuant to the variance and risk-based review shall be filed with the Commission's Court Clerk and provided on the date of filing to the Administrator for processing.*

*(2) The above provisions in OAC 165:59-3-70(d)-(f) and (i)-(l) are applicable to cases processed using the variance and risk-based review.*

*(3) The Administrator shall develop an annual variance and risk-based review procedure and reporting format that specifies the information to be made available for purposes of such variance and risk-based review.*

*(4) The annual variance and risk-based review process shall include the submission of all information requested, in a format to be developed by the Administrator.*

*(5) Such annual variance and risk-based review shall be based on comparisons between and among the documentation provided with the initial Request for OUSF Funding, and the information subsequently provided in conjunction with an annual variance and risk-based review.*

*(6) In no case shall an increase in OUSF funding based on an annual variance and risk-based review exceed five (5) percent of the initial amount granted by the Administrator's Determination or a final order issued by the Commission.*

## *Reference – Rate of Return*

### **165:59-3-14. Procedures for requesting funding from the OUSF – Primary Universal Service**

*(p) For cases filed pursuant to 17 O.S. § 139.106(G), determinations of funding shall be based on a Return on Equity and/or Return on Investment factor or methodology applicable to all RLECs as established by the Commission after notice and hearing. In the event of an absence of a Commission established Return on Equity and/or Return on Investment, the Administrator shall rely on the authorized rate of return prescribed by the FCC for the reimbursement year*

## Reference – G-Case

### **2024 Oklahoma Statutes**

#### **Title 17. Corporation Commission**

#### **§17-139.106. Oklahoma Universal Service Fund.**

*G. Any eligible local exchange telecommunications service provider may request funding from the OUSF as necessary to maintain rates for primary universal services that are reasonable and affordable. OUSF funding shall be provided to eligible local exchange telecommunications service providers for the following:*

- 1. To reimburse eligible local exchange telecommunications service providers for the reasonable investments and expenses not recovered from the federal universal service fund or any other state or federal government fund incurred in providing universal services;*
- 2. Infrastructure expenditures or costs incurred in response to facility or service requirements established by a legislative, regulatory, or judicial authority or other governmental entity mandate;*
- 3. For reimbursement of the Lifeline Service Program credits as set forth in Section 139.105 of this title;*
- 4. To reimburse eligible local exchange telecommunications service providers for providing the Special Universal Services as set forth in Section 6 of this act;*
- 5. To defray the costs of administering the OUSF, including the costs of administration, processing, and an annual independent audit. The annual audit shall not be performed by the Commission staff; and*
- 6. For other purposes deemed necessary by the Commission to preserve and advance universal service.*



## Reference – G-Case: (minimum filing requirements)

### **165:59-3-70(b) Procedures for Requesting Funding from the OUSF**

*(b) Unless a waiver is granted by the OUSF Administrator, the following minimum filing requirements are necessary for causes filed pursuant to 17 O.S. § 139.106(G), and must be made available at the time of filing:*

- (1) The name and address of the eligible local exchange telecommunications service provider;*
- (2) A description of the provisions of the Oklahoma Telecommunications Act relied on for the request;*
- (3) The amount requested for funding;*
- (4) A chart of corporate organization listing all employees, and detailing any affiliate relationships;*
- (5) A list of affiliates, a description of the service(s) or goods provided to or by the requesting eligible telecommunications service provider for each affiliate, and the total expense charged to the requesting eligible local exchange telecommunications service provider by each affiliate in sufficient detail to demonstrate that any affiliate company utilizing employees or assets of the company are allocated or reimbursed in accordance with 47 C.F.R. 32.27. This information shall be provided for the reimbursement year and the previous three (3) years (4 total), and shall include, but not be limited to, all contracts, memorandum, timesheets, calculations, and studies;*
- (6) A written description and documentation showing how costs are separated for each regulated and non-regulated service that the requesting eligible local exchange telecommunications service provider provides to, or receives from, any affiliate that is associated with the Request for OUSF Funding. This description must show compliance with the cost allocation standards and procedures as set forth in 47 C.F.R. 64.901. This information shall be provided for the reimbursement year and the previous three (3) years (4 total), and shall include, but not be limited to, all contracts, memorandum, timesheets, calculations, and studies;*
- (7) If applicable, copies of the eligible local exchange telecommunications service provider's Cost Allocation Manual (CAM), to include any changes to the CAM for the last three (3) years, including documentation supporting the cost allocation procedures and a current example of the application of the CAM's manual. If a CAM is unavailable, similar documentation must be provided*

## Reference – G-Case (minimum filing requirements) **CONTINUED**

### **165:59-3-70(b) Procedures for Requesting Funding from the OUSF**

*(8) The most recent three (3) years preceding the request of audited financial statements, or if not subject to an audit, then reviewed financial statements, (including balance sheet, income*

*statement, statement of cash flows accompanying notes, and any associated management letter);*

*(9) A description of network facilities, identifying all facilities included in the Request for OUSF Funding, with actual documentation available upon request by the OUSF Administrator;*

*(10) A description of the cost and accounting methodologies used to support the Request for OUSF Funding;*

*(11) A trial balance and general ledger in Excel format, or other format as agreed to by the Administrator;*

*(12) If applicable, a fully distributed cost study based on the FCC's Part 32, 36 and 64; provide plant reserve, rate base, income (revenue, expenses, and taxes), and other schedules included in the filing made with NECA or the FCC; a schedule of separations cost study for the reimbursement year. Underlying work-papers to be available onsite;*

*(13) Copies of the company's annual Federal Universal Service Fund (USF) High Cost Loop Data Collection forms for the reimbursement year and the previous three (3) years (4 total);*

*(14) The total number of full-time and part-time employees, officers, and/or contractors to include a listing of each of the above positions that includes title, duties, responsibilities, wages and/or salaries and benefits for the reimbursement year and the previous three (3) years (4 total);*

*(15) A list of expenses sought, including prior period adjustments and/or contingent liabilities that were reported on the eligible local exchange telecommunications service provider's books and records and are part of this request, including but not limited to any: (A) reimbursed employee business expense, including travel, mileage, car rental, lodging, meals, etc.; (B) lobbying; (C) listing of all legal services and fees by law firm; (D) advertising expenses; (E) external relation costs; (F) community outreach; (G) entertainment; (H) food, including travel, normal business, and company events; (I) political contributions; (J) charitable donations; (K) penalties for fines or violations; (L) membership fees and dues; (M) gifts*



## Reference – G-Case (minimum filing requirements) **CONTINUED**

### **165:59-3-70(b) Procedures for Requesting Funding from the OUSF**

(16) The Federal tax classification (C-Corp, Sub-Chapter S, Partnership, etc.) of the eligible local exchange telecommunications service provider, and copies of the eligible local exchange telecommunications service provider's Federal and State tax returns for the reimbursement year and the previous three (3) years (4 total);

(17) A Description of the time tracking and reporting methods used by the eligible local exchange telecommunications service provider to distribute payroll dollars between regulated and non-regulated affiliates. Provide all supporting documentation for the reimbursement year and the previous three (3) years (4 total);

(18) A list of plant in-service retirements for the reimbursement year and the three (3) years prior to the reimbursement year (4 total);

(19) A plant in-service schedule by account that provides existing plant and additions for the reimbursement year and the three (3) years prior to the reimbursement year (4 total);

(20) Listing by account of all revenues, including aggregate customer revenues by category (residential, business, wholesale, etc.), that were used to off-set the eligible local exchange telecommunications service provider's OUSF funding request. This should include any amount received from the Federal USF, OUSF, and any other federal or state funding sources;

(21) The total number of customers by category (residential, business, wholesale, etc.) for the reimbursement year and the three (3) years prior to the reimbursement year (4 total);

(22) A copy of the eligible local exchange telecommunications service provider's regulated Continuing Property Records (CPR). If the CPRs do not tie to the general ledger, provide a reconciliation of the differences; and

(23) A list and copies of any audits or reviews to include letters, reports, memorandum, etc. conducted by the National Exchange Carriers Association (NECA), USAC, or FCC conducted during the reimbursement year and three (3) years prior to the reimbursement year (4 total)