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ANNUAL

TELECOMMUNICATIONS

REPORT

For Calendar Year 2009

prepared by the

Wyoming Public Service Commission

(023)

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under W. S. § 37-15-407 of the
Wyoming Telecommunications Act

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Foreword

The 2010 Annual Telecommunications Report provides an update on the state of the telecommunications industry in Wyoming for the calendar year 2009. It addresses:

- A. Commission activity
- B. Wyoming Universal Service Fund
- C. Federal Universal Service Fund
- D. Prices (Rates)
- E. Market Trends
- F. Consumer Issues
- G. Wyoming Relay
- H. Telephone Assistance Program

Additional technical details about central office information are available at <http://psc.state.wy.us/htdocs/telco/telco10/appendix2010.pdf>.

A. Commission Activity 2009

The Commission processed 238 telecommunications applications and cases in 2009, including tariff filings, interconnection agreements, investigations, certificates of public convenience and necessity, eligible telecommunications carrier certifications, and intrastate rate rebalancing.

Seven incumbent carriers¹ applied for authority to rebalance rates pursuant to the Wyoming Telecommunications Act (2007 Act). All lowered intrastate switched access rates to \$0.03 per minute in accordance with W.S. 37-15-203(j). CenturyLink offset the reduction of intrastate switched access revenues by increasing its rate for non-regulated operator services. Teton Telecom lowered intrastate switched access rates without increasing local exchange service prices or non-regulated rates. Silver Star Communications lowered its intrastate switched access rate to \$0.03 as required and has since filed an application to increase local exchange service rates effective March 1, 2010.

Effective July 1, 2008, W.S. 16-9-102(a)(iv) requires the governing bodies² which operate 911 emergency reporting systems to file with the Commission “a certified statement of its annual gross receipts and detailed and itemized annual expenditures of any taxes collected pursuant to this act from 2004 through and including the most recent calendar year.” The Commission collected the information from all reporting jurisdictions and provided copies to the Legislative Service Office.

¹ Dubois Telephone, Range Telephone, RT Communications, Union Telephone, Silver Star Communications, Teton Telecommunications, CenturyTel (Embarq and CenturyTel recently merged to become CenturyLink).

² “Governing body” means the board of county commissioners of a county, city council or other governing body of a city, town or county or the board of directors of a special district. W.S. § 16-9-102(a)(iv).

Annually, the Commission reviews and certifies all carriers eligible to receive federal high cost universal service support available for rural and non-rural carriers. The Commission's annual certification is reported to the Federal Communications Commission (FCC) by October 1 of each year. For the carriers receiving certification, this verifies that all federal high cost support will be used for the provision, maintenance, and upgrading of facilities and services for which support is intended.

During 2009, the Commission joined with other states and Qwest Corporation in filing a petition for a writ of mandamus in the U.S. Court of Appeals for the Tenth Circuit (Tenth Circuit) to require the FCC to define the "sufficiency" of federal fund support in order to ensure reasonable comparability of Qwest's rural rates in Wyoming with the FCC's nationwide weighted average urban rate. The FCC negotiated dismissal of the petition for writ of mandamus with a promise to make a decision on the matter by April, 16, 2010. However, the Commission will be free to renew its claims before the Tenth Circuit if necessary.

The Commission expects to conclude its ongoing service quality investigation in 2010. During 2009, commissioners and staff participated in local and national telecommunications association meetings held by such organizations as the Wyoming Telephone Association, the Tri-State Telephone Association, the National Association of Regulatory Utility Commissioners and others to maintain awareness of current issues, developments and trends and to ensure, to the extent possible that Wyoming's telecommunications service issues are clearly understood.

- **The 1995 Act**

The Wyoming Telecommunications Act of 1995 (the 1995 Act) preceded the federal Telecommunications Act of 1996 and included many similar provisions for the reformation and modernization of competitive telecommunications service markets. The 1995 act established:

- cost based pricing³ of telecommunications services
- the Wyoming Universal Service Fund (WUSF)
- definitions for competitive and noncompetitive services
- criteria for competitive designations
- prohibitions against cross subsidies between services

The WUSF is funded by an assessment on gross intrastate wireline, cellular and long distance retail revenues. The assessment revenue is used to support high-cost basic service prices through explicit subsidies to customers to maintain affordable rates. The goal is that, after crediting high-cost customers for the federal universal service high-cost support the carrier receives, no customer should pay more than 130% of the statewide average price for essential local service. Each year this benchmark is recalculated to reflect changes in the marketplace for

³ Cost based pricing requires prices for each service equal to its total service long-run incremental cost (TSLRIC). TSLRIC approximates the long-run marginal cost of providing service. It is the total forward-looking marginal cost of providing a service, using least cost technology, divided by the number of units of production.

basic telephone service. The WUSF benchmark is \$32.57 per month for the 2009-2010 fiscal year.

In 1995, Wyoming had 14 incumbent local exchange carriers (ILECs) and no competitive local exchange carriers (CLECs). On December 31, 2009, there were 14 incumbent local exchange carriers, 83 competitive registered local exchange carriers (17 actively providing service), and 208 interexchange carriers (IXCs) in Wyoming.

Since the passage of the 1995 Act and the federal Telecommunications Act of 1996, there have been significant structural changes in the industry with new entrants providing both competitive local exchange and long distance service. The most significant changes in the telecommunications industry have been the growth of the Internet, the growth of wireless communications, and the entry of the cable industry into voice and data service markets.

- **The 2007 Act (effective December 1, 2007)**

The Wyoming Telecommunications Act was a significant revision of Wyoming telecommunications law. It revised telecommunications policy in Wyoming by directing substantial changes in the provisioning, pricing and regulation of telecommunications services in Wyoming. Among other things, the 2007 Act:

- Expands the circumstances in which the Commission may find a telecommunications services subject to effective competition, and specifies circumstances under which the Commission *must* find a telecommunications service subject to effective competition. (In either case, a finding of effective competition exempts the service from rate regulation.)
- Protects consumers from price increases for basic local service rates, while allowing ILECs to reduce prices for noncompetitive essential telecommunications services without Commission approval.
- Eliminates cost based (TSLRIC) pricing standards⁴
- Requires ILECs with intrastate switched access rates above \$0.03 to reduce them to \$0.03 by 2010. (Carriers may request an extension to 2012⁴); and
- Eliminates the requirement for filing tariffs for competitive services by local and interexchange carriers.⁵

The 2007 Act provided a transition for intrastate switched access charges; generally by 2010, they may not exceed \$0.03 per minute, and provides a revenue neutral provision allowing for corresponding adjustments to essential basic local exchange service, subject to Commission review and approval, to make up for lost revenue from lowered access charges. ILECs can also apply to the Commission to increase the price for essential local service based on certain external factors affecting the cost of those services.

⁴ Except for the limited purpose of extending the transition to \$0.03 switched access charges.

⁵ Carriers are required to provide price schedules to the Commission or to make their prices and terms for generally offered competitive services available online.

The 2007 Act substantially revised and simplified the process by which essential basic local exchange service can be found subject to effective competition and thus exempt from price regulation by the Commission. “Essential services” are defined as basic local exchange service, and intrastate switched access, and are treated as noncompetitive, remaining subject to economic and service quality regulation. “Non-essential services” such as long-distance, and enhanced local calling features (like call forwarding) are treated as competitive and are not subject to economic price regulation.

Criteria for competitive designations include whether functionally equivalent services are available from other providers in the relevant market, substitutability at reasonably comparable prices, terms and conditions, and existing economic, regulatory or technological barriers to entry. ILECs may, without Commission approval, unilaterally lower prices for all telecommunications services in order to respond to competition or other factors. Only ILECs providing noncompetitive telecommunications services must maintain price schedules and tariffs with the Commission. CLECs and IXCs are no longer required to submit or maintain price schedules with the Commission. Telecommunications company mergers and reorganizations are no longer subject to Commission oversight.

- **Effect of the 2007 Act on Consumers:**

Due to the elimination of cost-based pricing requirements for all telecommunications services (W.S. 37-15-402) and the elimination of the prohibition against cross-subsidies among services (W.S. 37-15-403), the 2007 Act provides for considerable downward pricing flexibility for all telecommunications services including non-competitive essential basic local exchange service. While no dramatic decrease in rates has been observed, the 2007 Act became effective relatively recently, and its effects may not yet be apparent.

- **2007 Act Effect on the Commission:**

- The 2007 Act limits the Commission’s jurisdiction over rates to non-competitive essential local service and switched access service provided by ILECs.
- Each local exchange company’s initial maximum price is capped at the price in effect as of July 1, 2006.
- The 2007 Act limits intrastate switched access rates to \$0.03 or less per minute after January 1, 2010, and provides specific standards for determining whether ILECs’ services are subject to effective competition.
- The Commission’s role in responding to customer inquiries and price and service complaints was reduced with the elimination of many filing requirements.
- The maintenance of tariff sheets and price schedules for competitive services has been reduced as most carriers have elected to make that information available to the public online.

- **Industry Response to the 2007 Act:**

In 2008, Embarras Range and RT filed to rebalance their rates. In December 2008, Dubois Telephone Exchange filed to reduce their intrastate switched access rates from \$0.11853 in three phases to \$0.032 by 2012 and will offset the revenue decrease with an increase in local rates. In 2009, Embarras increased its intrastate switched access rate to \$0.03 from \$0.004571. This option is no longer available under W.S. § 37-15-203(e) in the 2007 Act.

B. The Wyoming Universal Service Fund

The WUSF was established by W.S. §§ 37-15-501 and 502, and is further defined in Section 500 of the Commission's Rules. The WUSF promotes affordable prices for local exchange services, being established to "assist only those customers of telecommunications companies located in areas of this state with relatively high rates for essential services." The fund provides support to high-cost customers through an explicit subsidy when their rate for local telecommunications service, after a credit for federal universal service funds, exceeds 130% of the statewide weighted average rate.

The WUSF is funded through an assessment on customer bills applied to all intrastate telecommunications services. **Table 1** shows the assessment level has varied as funding requirements changed due to [i] fluctuations in local telecommunications service prices, [ii] the level of federal support provided to Wyoming's local exchange carriers, and [iii] the balance in the WUSF. Because collections in prior years were sufficient to sustain the fund in the 2004-2005 and 2005-2006 fiscal years, no universal service fund assessment was necessary for two years. The Commission set the WUSF assessment for the fund's 2009-2010 fiscal year at 1.0% of gross intrastate retail telecommunications revenues.

Table 1 -WUSF Assessments

Assessment	Docket Number	Effective Date
1%	90072-XO-97-1	07/01/97
2%	90072-XO-98-2	04/01/98
2%	90072-XO-98-3	07/01/98
6%	90072-XO-98-4	10/01/98
3%	90072-XO-99-6	03/01/99
2%	90072-XO-99-10	07/01/99
3%	90072-XO-99-11	10/01/99
2%	90072-XO-00-13	07/01/00
4%	90072-XO-01-17	07/01/01
4%	90072-XO-02-20	07/01/02
1%	90072-XO-03-22	07/01/03
0%	90072-XO-04-24	07/01/04
0%	90072-XO-05-25	07/01/05
0.85%	90072-26-XO-06	07/01/06
1.05%	90072-27-XO-07	07/01/07
1.00%	90072-XO-28-08	07/01/08
1.00%	90072-XO-29-09	07/01/09

Under Sections 500(e) and 500(k) of the Commission’s rules, the WUSF manager filed reports and documentation with the Commission providing details of the computation of a recommended assessment level for the 2009-2010 WUSF fiscal year and fund activity for the 2008-2009 fiscal year as set forth below:

Table 2
Schedule of Receipts and Disbursements
July 1, 2008, through June 30, 2009

Fiscal Year Beginning Balance		\$525,047
Net Assessments Received	3,040,688	
Qwest Section 271 QPAP Payments	4,667	
Investment Income	22,125	
Total Fiscal Year Receipts		\$3,067,480
Disbursements for Support	(2,676,481)	
Disbursements for Administrative Expenses	(105,965)	
Total Fiscal Year Disbursements		(\$2,782,446)
Fiscal Year Ending Balance		\$810,082

Table 3
Rate Averages and Total Support Projections
July 1, 2009, through June 30, 2010

	Essential Access Lines
Statewide Weighted Average Local Service Rate	\$25.05
130% Support Benchmark	\$32.57
Total 2009-2010 Support Projection	\$2,709,144

At the same time the Commission established the WUSF assessment level for at 1.0% of gross intrastate retail revenues, it also established the weighted statewide average rate at \$25.05 and the associated 130% support benchmark at \$32.57, all for the WUSF fiscal year beginning July 1, 2009.

In 2009, the Commission obtained an audit of the WUSF for 2003–2007. The audit identified some discrepancies in the calculation and distribution of the fund and recommended some adjustments to the administration of the fund. Additional information about the audit is available at: <http://psc.state.wy.us/htdocs/WYUSF/WUSFActivityReport08-09.pdf>.

C. Federal Universal Service Issues

The Commission's activity related to federal universal service funding in 2009 centered on two primary issues. First, the Commission actively promoted principles set forth in the Federal Telecommunications Act of 1996 requiring federal universal service funding sufficient to provide reasonable comparability between Qwest's residential rates for customers in rural high cost areas in Wyoming and the national weighted average urban rate. Second, the Commission completed annual certification of eligible telecommunications carriers (ETCs). At the national level, policymaking for universal service continued to focus on reforming the federal universal service support mechanism, with increasing focus on new support for broadband services.

The Commission focused on the FCC failure to respond to the February 23, 2005 remand by the United States Court of Appeals for the Tenth Circuit (Tenth Circuit) in *Qwest Communications Int'l, Inc. v. FCC*, 398 F.3d 1222 (10th Cir. 2005) (*Qwest II*). In this case, the Tenth Circuit reversed and remanded the FCC's mechanism for providing federal support to non-rural telecommunications carriers under Section 254 of the Federal Telecommunications Act of 1996. The Tenth Circuit instructed the FCC to respond to the requirement under 47 U.S.C. § 254 for a federal universal service fund that is sufficient to provide rate comparability between rural and urban areas. To date, the FCC has not made any changes to its policy; and Wyoming customers continue to pay residential rates in rural high cost areas that are about 180% of the weighted national average residential rate for urban areas.

The Commission has repeatedly urged the FCC to address the Court's order and federal law to provide for sufficiency and comparability before undertaking further reform. In 2009, the Commission made several filings explaining to the FCC that Wyoming has unusually high cost of service requirements due to its extremely low-density population and relatively large area. Low population density hinders the reduction of the cost of service through economies of scale. The Commission has repeatedly emphasized to the FCC that Wyoming has been diligent in addressing pro-competitive policies, wringing out implicit support contained in high access rates, and making local basic service rates cost based. We have explained repeatedly to the FCC that Wyoming has acted responsibly by not overburdening the federal fund, making sure that as much necessary explicit support as possible is provided through the WUSF. In spite of Wyoming's efforts, we have been forced to complain repeatedly to the FCC that there remain serious concerns that rural customers of Qwest in Wyoming are paying excessively high rates which are not comparable to national average urban prices.

In 2008, the Commission joined with the Maine Public Utilities Commission, the Vermont Department of Public Service, and Qwest Corporation in a petition for writ of mandamus from the United States Court of Appeals for the Tenth Circuit to require the FCC to define, at last, sufficiency and comparability in accordance with the principles of 254(b) of the federal Telecommunications Act of 1996. To resolve the mandamus proceeding, the FCC proposed to issue a Notice of Inquiry followed by a further rulemaking proceeding. Wyoming and the other petitioners accepted the proposal. In the notice of inquiry matter the Commission filed initial comments urging the FCC to lower the funding benchmark for federal universal service for non-rural carriers such as Qwest to adequately account for the extremely low

population densities and high costs in rural Qwest territories in Wyoming. The Commission also filed reply comments and made three *ex parte* filings concerning these matters; including a telephone conference call with FCC Wireline Competition Bureau staff members and the FCC's Office of General Counsel.

The FCC issued a further notice of proposed rulemaking (FNPRM) on the rate comparability issue in *Qwest II* on December 15, 2009, and has promised to issue a decision no later than April 16, 2010. The Commission filed written comments on January 27, 2010, with the goal of expanding federal universal service support for Qwest's rural customers in Wyoming. The FCC's December 15, 2009, FNPRM repeatedly states tentative conclusions that do not appear favorable to Wyoming's position.

- **Eligible Telecommunications Carriers (ETCs)**

On September 18, 2009, the Commission filed its annual certifications of rural, non-rural, and competitive ETCs (Appendices B and C) with the FCC and the Universal Service Administrative Company (USAC). The Commission's review of each carrier's application for certification was conducted to ensure that federal universal service support for ETCs is used for the purposes intended.

Certified Rural ETCs

Carrier	Study Area Code
All West Communications	512290
CenturyTel of Wyoming	512299
Chugwater Telephone Company	512289
Dubois Telephone Exchange	512291
Range Telephone Cooperative (includes RT Communications)	512251
Silver Star Communications	512295
Tri County Telephone Association (includes TCT WEST)	512296
Union Telephone Company	512297
United Telephone Company of the West/Embarq	511595
Alltel Communications (formerly Western Wireless)	519002
Alltel Communications (formerly Western Wireless)	519007
Union Telephone Company d/b/a Union Cellular	519905
Gold Star Communications LLC	519005

Certified Non-Rural ETCs

Carrier	Study Area Code
Advanced Communications Technology	519004
Qwest Corporation	515108
Silver Star Communications	519001
Union Telephone Company d/b/a Union Cellular	519905
Gold Star Communications LLC	519005
Alltel Communications (formerly Western Wireless)	519002
Alltel Communications (formerly Western Wireless)	519007

Annual certification is a federal requirement for the continued receipt of federal universal service support by Wyoming's designated ETCs. The ETC certification requirements are set forth in Commission Rule 514. On November 4, 2008, the Commission granted Qwest's ETC certification application, but required an audit of its use of federal universal service funds.⁶ On April 15, 2009, Qwest filed the final audit report accompanied by its written response to the audit. Having reviewed the audit report, the Commission found unresolved issues that could not be determined within the context of the ETC docket. Investigation of the issues regarding the accumulation of undistributed federal funds and billing errors is pending.

Appendix D is the Commission's certification that the rates Qwest's residential customers pay in high cost rural areas (\$46.37 in least densely populated areas, including federal universal service fund and WUSF credits, taxes and surcharges) do not meet the principles set forth in 47 U.S.C. § 254 and are not comparable to the nationwide weighted average urban rate of \$25.62 per month. In fact, the rates Qwest's residential customers pay in high cost rural areas are over 180% of what urban customers pay nationally.

Each year, the Federal-State Joint Board on Universal Service releases a Monitoring Report on the various components of the Federal Universal Service Fund support programs containing information on various universal service support mechanisms. It also summarizes annual contributions to and disbursements from the major federal universal service support programs: low-income; high-cost; schools and libraries; and rural health care. Below are trend data for federal universal service fund support for Wyoming from the December, 2009, Monitoring Report.⁷

Table 4

	2007	2008
Wyoming Low Income Support	\$ 858,718	\$ 730,266
Wyoming Rural Health Care Support	\$ 125,596	\$ 42,615

⁶ Docket No. 70000-1387-TA-08, issued May 20, 2009.

⁷ <http://www.fcc.gov/wcb/iatd/monitor.html>, Visited February 2, 2010.

Chart 1

Wyoming Schools and Libraries Support by Type of Service - Funds Disbursed

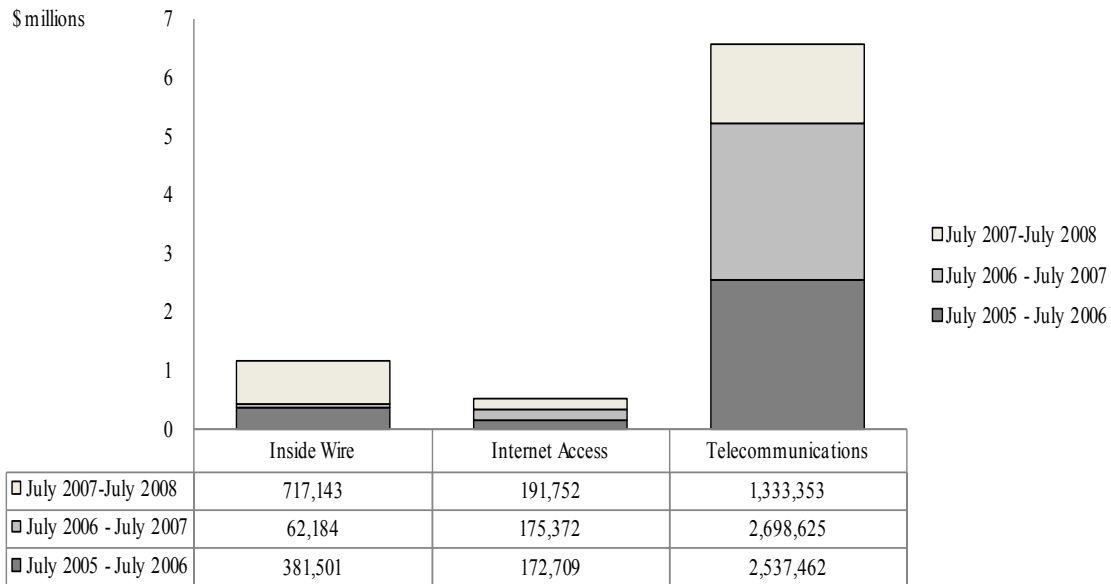


Table 5

Federal Universal Service Mechanisms: 2008
Annual Payments and Contributions

	High-Cost Support	Low-Income Support	Schools and Libraries	Rural Health Care	Total Payments		Estimated Contributions		Estimated Net Dollar Flow
					Amount	% of Total	Amount	% of Total	
Wyoming	\$58,714,064	\$730,266	\$2,242,248	\$42,615	\$62,818,000	0.88%	\$15,731,000	0.22%	\$47,086,000
U.S.	\$4,477,785,800	\$822,200,954	\$1,068,345,950	\$22,650,950	\$7,106,385,000	100%	\$7,276,774,000	100%	-\$170,389,000

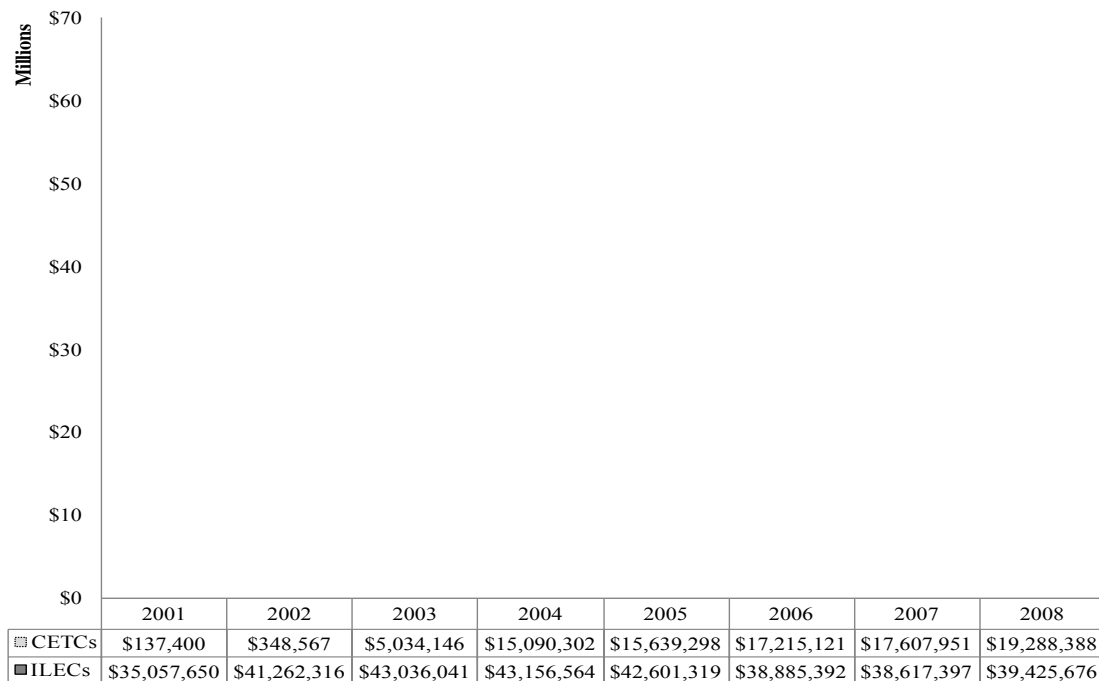
The Monitoring Report shows that Wyoming’s ETCs have received federal high-cost support (including all federal high-cost support mechanisms – high-cost loop, interstate access and common line, long term, and local switching) in the total amounts shown in the table below. These amounts are subject to quarterly revisions and updates throughout the reporting year and thereafter. Reported figures from the previous year are shown for comparative purposes.

Table 6

Total Federal High-Cost Support for Wyoming ETCs		
Company	2008	2009
United Telephone Co. of the West-WY	\$1,159,395	\$893,385
Range Tel. Cooperative Inc.-WY	\$7,803,717	\$7,562,808
Chugwater Telephone Company	\$405,474	\$316,455
All West Communications-WY	\$124,812	\$84,366
Dubois Telephone Exchange Inc.	\$2,361,153	\$2,357,199
Silver Star Tel. Co.- WY	\$3,012,300	\$2,847,570
Tri-County Tel. Assn. Inc.-WY	\$8,133,895	\$8,051,394
Union Telephone Co.	\$4,053,212	\$3,508,281
CenturyTel of Wyoming, Inc.	\$1,041,063	\$954,945
Qwest Corporation - WY	\$11,330,655	\$10,681,548
Silver Star Tel - WY	\$36,040	\$55,282
Western Wireless	\$10,551,167	\$9,750,724
Advanced Communications Technology, Inc.	\$36,256	\$38,106
Gold Star Communications, LLC	\$0	\$294,240
WWC Holding Co., dba Cellular One	\$2,305,653	\$2,449,527
Union Telephone Co. dba Union Cellular	\$6,359,272	\$6,543,728
TOTAL	\$58,714,064	\$56,389,558

Since May of 2008, the FCC has maintained the cap on the amount of funding for competitive ETCs (most funding for competitive ETCs goes to wireless providers). This was in response to growing concerns about the rapid growth of the fund. The chart below illustrates the growth of the federal fund for Wyoming from 2001 to 2008 for incumbent local exchange companies (ILECs) and for competitive ETCs (CETCs).

**Chart 2
Federal High-Cost Universal Service Support**



As the chart shows, funding for ILECs has been relatively flat, indicating that the number of lines and costs have remained somewhat constant. However, the chart shows funding for CETCs has multiplied since 2001. This is primarily attributable to the explosive growth of the cellular telephone service industry.

D. Basic Local Telephone Prices (Rates)

The 2007 Act requirement for intrastate switched access rates of \$0.03 per minute or less prompted several incumbent carriers to decrease switched access rates. The carriers generally balanced those decreases with increased rates for basic local service as allowed by the 2007 Act. Chugwater Telephone Co. rebalanced its rates when it sought and was granted an increase in local telephone rates due to significant new investment in equipment. Union Telephone, RT Communications, Dubois Telephone, and Range Telephone increased their local basic service prices in 2009. Silver Star Communications applied for and received approval to increase basic local service prices. CenturyLink (formerly CenturyTel) and Teton Telecom reduced switched access rates but did not seek increases in basic local rates.

Table 7
Basic Local Residential Telephone Service Rates

Company	rate area	1995	12/31/2009
Qwest	base rate area:	\$14.64	\$23.10
	farthest from base area:	\$24.54	\$69.35*
Union Telephone	base rate area:	\$8.49	\$41.68
	farthest from base area:	\$26.49	\$89.20
CenturyTel of Wyoming	base rate area:	\$10.00	\$15.00
	farthest from base area:	\$17.50	\$28.00
Dubois Telephone	all	\$11.00	\$23.75
Range Telephone	all	\$11.65	\$17.50
RT Communications	Shoshoni & central WY exch:	\$10.04	\$23.99
	farthest from base area:	\$19.94	\$33.89
	Thermopolis & Newcastle:	\$10.78	\$23.89
	farthest from base area:	\$20.68	\$33.89
	Worland exchange:	\$11.51	\$23.99
	farthest from base area:	\$21.41	\$33.89
Embarq/United	Pine Bluffs, Burns, Carpenter:	\$12.98	\$23.99
	farthest from base area:	\$22.88	\$33.99
	Guernsey exchange:	\$7.94	\$35.38
	LaGrange exchange:	\$11.13	\$71.34
TCT West	Lingle exchange:	\$11.13	\$71.34
	West Lyman:	\$11.13	\$70.82
	Torrington exchange:	\$11.13	\$26.24
	Greybull exchange:	\$10.14	\$27.31
	Lovell exchange:	\$10.78	\$30.63
Tri County Telephone	Basin exchange:	\$10.78	\$31.42
	Frannie & Meeteetse:	\$10.78	\$45.08*
	Burlington exchange:	\$6.75	\$44.86*
Teton Telecom †	all other exchanges:	\$8.25	\$45.08*
	all	\$29.65 †	\$31.25
Silver Star Comm.	all	\$16.80	\$26.45 ‡
Chugwater Telephone	all	\$10.50	\$80.76*
All West Communications	all	\$14.25	\$59.52*

* Before applying credits for Wyoming and federal universal service fund support.

† Teton Telecom did not exist in 1995. Earlier price shown is Teton's initial rate.

‡ Effective March 2, 2010.

- **Switched access rates under the 1995 and 2007 Acts**

W.S. § 37-15-411 (1995 Act) required the Commission to investigate the appropriate way to calculate intrastate switched access charges and ways to phase out intercompany subsidies in Wyoming by January 1, 2002. The Commission held an investigation proceeding (General Order No. 74), where it decided to handle switched access service pricing on a case-by-case basis and determined it lacked statutory authority to implement pricing by rule. Since 1999, switched access prices have changed principally in ILEC pricing cases, which also changed local service rates in response to the 1995 Act's cost-based pricing (TSLRIC) mandate. Generally, switched access rates were reduced as local business and residential rates increased to cover their own TSLRIC costs, reversing the long-standing pricing policy, prevalent throughout the United States, of allowing higher access and toll service prices to offset some of the cost of basic local service. Table 8, below, illustrates the changes in switched access prices in Wyoming between the implementation of the 1995 Act and the end of 2009.

Because switched access is a noncompetitive essential telecommunications service under the 2007 Act, switched access rates are subject to the initial maximum price as defined in W.S. § 37-15-203(a). Since the passage of the 2007 Act, Chugwater, Range, RT, Embarq, and Dubois Telephone Exchange sought and received authority to charge the maximum switched access rate of \$0.03 per minute.

Table 8
Switched Access Rates

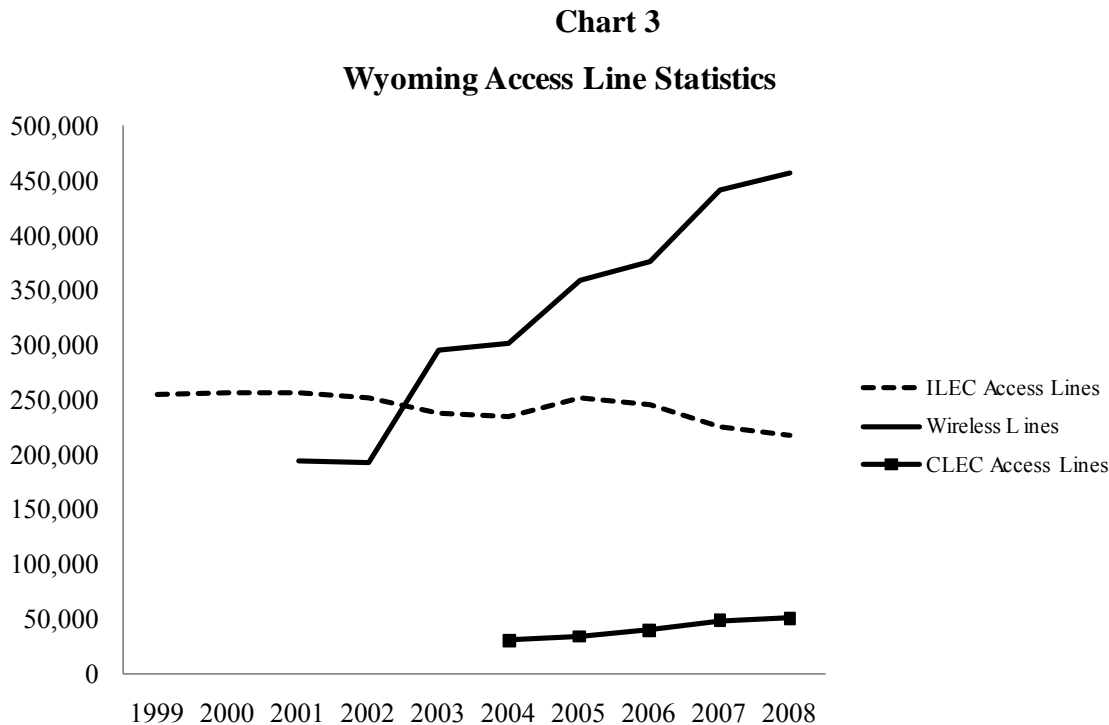
Company	Switched Access Rates (¢ per minute)	
	1995	1-Jan-2010
Qwest	\$0.0971	\$0.014698
Tri County Telephone	\$0.1653	\$0.015445
TCT West	\$0.0971	\$0.015445
Dubois Telephone	\$0.1152	\$0.032000
Union Telephone	\$0.1060	\$0.030000
Embarq/United	\$0.1033	\$0.015000
RT Communications	\$0.0971	\$0.030000
Range Telephone	\$0.0908	\$0.030000
CenturyTel	\$0.0660	\$0.030000
All West	\$0.1478	\$0.015000
Chugwater Telephone	\$0.0899	\$0.030000
Silver Star Communications	\$0.0971	\$0.030000
Teton*	\$0.0659	\$0.030000

* Did not exist in 1995. Initial Teton Telecom rates are shown.

E. Market Trends

In July 2009, the Industry Analysis and Technology Division of the FCC issued its *Local Telephone Competition* report containing selected local exchange telecommunications data, reported to it by industry effective June 30, 2008. The report analyzes the state of competitiveness in the nation's telecommunications market and provides a snapshot of local telephone service competition based on switched access lines in service and numbers of mobile wireless subscribers.

Wyoming access lines statistics, as reported to the FCC for its *Local Telephone Competition* report, are presented in Chart 3 below:



Prior to June 2005, the FCC collected data only from carriers with at least 10,000 switched access lines or mobile telephony subscribers in service in a particular state. Small carriers, many of whom serve rural areas with relatively small populations, were therefore underrepresented in the earlier data. In Wyoming, the FCC required reports from Qwest, Union Telephone, RTC Communications, Verizon Wireless, and Western Wireless (now Alltel Communications). For the December 31, 2006, reporting period the FCC began collecting data from all carriers regardless of size. By including these carriers, the reported number of incumbent LEC and competitive LEC holding companies and unaffiliated carriers reporting local telephone service information tripled and the number of reporting facilities-based mobile telephony providers doubled. Thus, the post-December 2006 data provide more truly comprehensive comparative statistics for Wyoming.

- **A note about cellular telecommunications**

The Commission does not regulate the service offerings of cellular providers but acts in such matters as, for example, the arbitration of controversies between wireless and wireline companies and with respect to some surcharges and assessments, including E-911, Wyoming Relay and the assessment for the WUSF. Our complaint section received and resolved 25 cellular billing and service quality complaints during 2009. There has been great expansion in Wyoming cellular markets, with the number of cellular subscribers now exceeding the number of land access lines. Line count reports from all service providers, large and small, wireline and wireless, (See Chart 3) illustrate the rise in popularity of wireless telephony in Wyoming. Wyoming consumers continue to find more cellular service offerings, including packages, routinely and widely available to them. Cellular competition remains vigorous, and service is becoming more widely available.

F. Consumer Issues

- **Slamming.**

The practice of changing a telephone customer's long distance or local carrier without the customer's knowledge or authorization is called slamming. Slamming emerged in the early years of the competitive telecommunications marketplace. During 2009, slamming prompted eight complaints to the Commission, or approximately 1% of all telecommunications complaints. This is approximately the same percentage as for the previous year, and compares favorably with the 11% rate experienced in 1999. Wyoming's anti-slamming and cramming law, W.S. § 37-15-412, enacted July 1, 1998, is a deterrent to in-state slamming, as this statistic shows. The Commission continues to emphasize rapid correction of consumer slamming complaints and to discuss emerging slamming problems with service providers.

The Commission's Complaint Section continues to see *supposed* slamming complaints; that is, telemarketers often do not correctly give their company's name to the customers; and, if the customers do not listen carefully to the third party verifier, they agree to change their long distance carrier by mistake. Furthermore, as long-distance companies continue to merge, customer bills will often display the name of a merged company or the name of the long distance company's billing agent, which are generally not familiar to the customer. Unfortunately, there is often no explanation on the bill; and customer service personnel are frequently unable to answer questions about this problem. Consumers therefore erroneously believe that they have been slammed. Similarly, changes of company names occur when customers change local exchange service companies and the change orders are not submitted correctly. Customers may have the correct local and long distance carrier on their bills; but, within 30 days thereafter, they are switched to a different company due to local or long distance company errors relating to mergers, reorganizations or bankruptcies. Because the anti-slamming law views habitual "slammers" with disfavor, the Commission documents slamming incidents carefully to determine whether companies operating in Wyoming are using slamming as a "business practice." Wyoming's anti-slamming law equips the Commission to suppress the practice.

Because most slamming relates to interstate long distance service, jurisdiction lies with the FCC. Wyoming, like most states, confirmed to the FCC that it would take primary responsibility for resolving both intrastate and interstate slamming complaints lodged by Wyoming consumers. This “Opting-In” allows Wyoming to act as the primary forum for all slamming complaints arising in the state. This allows interstate problems of Wyoming consumers to be addressed more efficiently.

The Commission and its Complaint Section help Wyoming customers to obtain information and resolve slamming problems efficiently and rapidly. The Commission’s brochure on the subject, *Telephone Slamming: You don’t have to be a victim!* is available free of charge, and online at <http://psc.state.wy.us/htdocs/brochure/slam.pdf>.

- **Telecommunications complaints.**

The overall number of utility complaints received by the Commission decreased from 669 in 2008 to 590 in 2009, excluding cellular complaints. Table 9 provides a percentage breakdown of the complaints received by the Commission during the reporting year, and places the volume of telecommunications complaints into perspective:

**Table 9
Consumer Complaints**

Year	Water	Gas	Electric	Local Telecommunications	Long Distance Telecommunications
2006	1%	33%	20%	42%	4%
2007	1%	27%	19%	49%	4%
2008	0%	56%	12%	29%	3%
2009	1%	51%	19%	26%	3%

Although the Commission sees a substantial number of telecommunications complaints attributable to the existence of competitive telecommunications markets, many complaints concern more “traditional” subjects such as service quality, support for advanced services, availability of service enhancements, billing errors and disagreements, and misunderstanding of various charges appearing on bills.

- **Some problem areas persist:**

- The Complaint Section still receives complaints when telephone companies misquote the price of services to customers or have given them other incorrect information. Misquotes are most often significant in dollar amount and create billing discrepancies.
- The response time of local exchange companies and long distance companies to Commission investigations of consumer complaints remains poor, with many companies failing to respond within five working days as requested. Some do not respond adequately or at all.

- Local number portability requirements in Wyoming have helped to decrease problems experienced by consumers in changing from one service provider to another. Companies must work together to release a customer's line and ensure that it is working properly with the newly chosen service provider and with the customer's existing telephone number. Procedures for requesting and implementing carrier changes appear to be working, even if some problems persist. Many of the complaints involve changes from a landline local service provider to a cellular provider.
 - The Commission has experienced a decrease in the number of cramming complaints, from 16 in 2008 to 9 in 2009. "Cramming" is the inclusion in consumers' telephone bills of unauthorized, misleading, or deceptive charges. The most common cramming charges have been for miscellaneous monthly fees, unauthorized voice mail service, Internet set-up fees for service not requested, and unauthorized yellow page advertising.
 - Consumers are unhappy that local exchange companies allow third party billing charges on their bills. If consumers do not scrutinize their bills, they do not notice these charges.
- **Information requests.**

In addition to the 590 complaints received during the reporting year, the Commission also received 105 customer requests for information. Most of these questions concerned the need for additional and higher speed service, price and service charges, customer deposits, telemarketing, extended area service, line extensions and rate increases. Customers remain very interested in the details of the taxes, fees, surcharges and distance charges appearing on their telephone bills. Customers who do not understand distance or zone charges and who are unable to get clear answers from telephone companies continue to contact the Commission. Customers often want charges verified and seek regulatory and legislative action to eliminate them. The public continues to show a general interest in understanding the telecommunications industry and regulation.

- **Speeding up the process.**

Despite occasional difficulties in locating some IXCs and difficulty obtaining timely responses from others, the Complaint Section has decreased the number of unresolved complaints carried over each month to an average of 28, a 42% decrease over 2008.

G. Wyoming Relay

Telecommunications Relay Service (TRS), under the mandates of Title IV of the federal Americans with Disabilities Act (ADA), is designed to provide universal telephone service for all Americans, including people who are deaf, hard of hearing, or speech-impaired. On July 16, 2008, the FCC again certified Wyoming's TRS program (Wyoming Relay) as meeting or exceeding all established operational, technical, and functional minimum standards. The certification is in effect through July 25, 2013.

Hamilton Relay, Inc., (a subsidiary of Hamilton Telecommunications) is contracted to provide telecommunications relay service for Wyoming through July 31, 2010. It was selected as the result of a competitive bidding process, and began processing Wyoming relay calls on

August 1, 2004. Based in Aurora, Nebraska, Hamilton Relay currently provides relay services to Idaho, Kentucky, Louisiana, Rhode Island, Maine, Iowa, Massachusetts, Pennsylvania, Montana, Georgia, Arizona, Kansas, Maryland, New Mexico, the District of Columbia, Saipan and the Virgin Islands. Established in 1901, Hamilton Telecommunications provides local telephone and cable television service, call center services, Internet services, computer sales, network integration, and other services to customers in Nebraska and across the country.

In 2009, the average number of inbound traditional Wyoming Relay calls per month was 1,763. This is a decrease of 227 calls per month from 2008. Feedback from consumers indicates that Wyoming Relay customers are continuing to switch technology and services. Many are now making Internet (IP) relay calls and video relay (VRS) calls. Since July 2005, the National Exchange Carrier Association (NECA) has been providing monthly data on the number of IP and VRS calls from all providers that terminate in a state. From January 2009 through October 2009, an average of 3,308 IP relay calls and 1,137 VRS calls per month terminated in Wyoming. Customer feedback also indicates there is an increased use of two-way pagers, email, and instant messaging as methods of communication.

The captioned telephone (CapTel™) service continues to show explosive growth with an average of 3,354 inbound calls each month. CapTel™ lets users listen to callers while also receiving written captions of everything the caller says. The captions, provided by a service that uses the latest in voice-recognition technology, are displayed nearly simultaneously with the caller's speech, making CapTel™ ideal for anyone finding it difficult to hear over the telephone. CapTel™ users make telephone calls in a customary manner by simply dialing the called party's telephone number directly. As customers dial, the CapTel™ automatically connects to a captioning service. It all happens quickly, automatically, and transparently; CapTel™ users do not interact with the operator or "set up" the call in any special way. Wyoming Relay also provides 2-Line CapTel™ that requires two telephone lines and provides advanced features not available with 1-Line CapTel™. In the last year, Web CapTel™ and wireless CapTel™ also became available.

Wyoming legislation authorizes funding for both TRS and a new equipment distribution program from a telephone line surcharge. Persons seeking equipment through the program must demonstrate financial need. In 2009, thirty-four amplified telephones/devices, nine text telephones (TTYs), two voice carryover devices, twenty-nine signaling devices, and fourteen CapTel™ telephones were distributed free of charge to individuals with communication impairments who met the financial needs test.

- **Summary of Contact Information for TRS**

After 711 dialing access for relay services was implemented nationwide in 2001, Wyoming Relay maintained the existing toll-free access numbers in addition to adding 711 as a convenience to relay users. Most Wyoming Relay callers now dial 711.

Primary services offered by Wyoming Relay include:

Equal Access to Carrier of Choice: Wyoming Relay gives users access to their chosen Inter-LATA (interstate) and Intra-LATA (intrastate) carrier or carriers when making relay calls, and to all other operator services provide to standard phone users.

Pay Phones: All local relay calls made from pay phones are free. Long distance relay calls from a pay phone require a calling card. (Coins cannot be used.)

TTY (Text Telephone): Traditional relay is a service for people who use a TTY by typing their side of the conversation and reading the other party's response. The Wyoming Relay access number for TTY is 1-877-877-9965.

Voice Carryover (VCO): VCO allows a deaf or hard-of-hearing person to speak directly to a hearing person. When the hearing person speaks, a relay operator will type to the deaf or hard-of-hearing person everything that is said and the communication will appear on a text display. The Wyoming Relay access number for VCO is 1-877-877-1474.

Hearing Carryover (HCO): HCO allows speech-disabled hearing users to listen to the person they are calling. The HCO user types the desired conversation for the relay operator to read to the standard telephone user. The Wyoming Relay access number for HCO is 1-877-877-9965.

Speech-to-Speech (STS): Specially trained relay operators voice conversations for persons with speech disabilities or persons who use a speech synthesizer. The Wyoming Relay access number for STS is 1-877-787-0503.

Spanish Language Relay Service: TTY users can type in Spanish and the conversations will be relayed in Spanish or translated to English. This is also available to hearing/voice relay users. The Wyoming Relay access number for Spanish language service is 1-800-829-2783 (TTY/Voice).

Pay-Per-Call Calls: Deaf, hard-of-hearing, deaf-blind, and speech-disabled callers may access 900 pay-per-call services using Wyoming Relay.

Directory Assistance: Wyoming Relay provides access to local, intrastate, and interstate directory assistance.

Answering Machine Retrieval (AMR): Users can ask relay operators to retrieve messages from their voice or TTY answering machines or voicemail. If needed, the caller gives the relay operator a password, and places the handset next to the speaker of the answering machine or voicemail until all messages are retrieved. Then the relay operator types or voices the message(s) back to the relay user.

Emergency Calls: Wyoming Relay provides a system for incoming emergency calls that, at a minimum, automatically and immediately transfers the caller to the nearest PSAP (Public Safety Answering Point, also known as an emergency dispatch or 911 center). The relay operators pass along the caller's telephone number to the dispatcher when a caller disconnects before being

connected to emergency services. Despite this, Wyoming Relay encourages users to dial 911 directly in the event of an emergency.

Relay Operator Gender Preferences: Wyoming Relay users may request a relay operator of either gender at the initiation of a call or when there is a change of relay operators.

Speed of Answer: 90% of all Wyoming Relay calls are answered within ten seconds.

Typing Speed: Relay operators are required to type a minimum of 60 words per minute.

Caller ID and Other Advanced Services: Wyoming Relay uses SS7 technology to provide true Caller ID that transmits the 10-digit number of the calling party and to make a host of advanced features available.

Wireless Calls: Wyoming Relay Service is capable of processing relay calls that involve pagers, cellular, and personal communication services (PCS).

Consumer Complaints: Complaint resolution procedures incorporate multiple checks and balances to ensure that complaints are promptly and satisfactorily resolved for Wyoming Relay customers.

- **The Wyoming TRS Advisory Committee**

In 1991, W.S. § 16-9-202-204 created the seven member TRS Advisory Committee. The Committee provides advice and counsel concerning the administration of the Wyoming Relay Program, and annually determines the amount of the telephone surcharge per access line. Members are appointed by the Governor. No more than four members may be affiliated with the same political party.

The current members are: Patricia McCabe, District 1 (D) [Cheyenne]; Kenneth Coiteux, District 2 (D) [Laramie]; Lynette Nate, District 3 (R) [Cokeville]; John D. Cosner, District 4 (R) [Gillette]; Susan Nannenga, District 5 (R) [Cody]; Edward Scott, District 6 (R) [Moorcroft]; and Catherine Burns, District 7 (D) [Casper].

H. Telephone Assistance Program

Since 1991, the Telephone Assistance Program, (TAP) has provided a monthly discount of \$3.50 to low income telecommunications subscribers. Additionally, local telecommunications providers that are Eligible Telecommunications Carriers (ETCs) can offer additional federal “Lifeline” support that provides a matching discount of \$3.50 per month and a subscriber line discount up to \$6.50 for a total benefit of \$13.50 per month to the subscriber. W.S. 37-2-303 authorizes the Commission to allow imposition of a surcharge not to exceed \$0.20 per month per line to reimburse carriers for TAP discounts.

As of December 31, 2009, there were 14 telephone companies providing support to 3,492 customers. Only 7 companies have chosen to implement an assessment to fund the program. Others have elected to self-fund the monthly credit for qualifying subscribers. A total of \$104,048.15 in assessments was collected in 2009. Disbursements in the form of bill credits totaled \$142,325.99.

In May 2009, the Commission, together with Department of Family Services, began working with local telecommunications providers to increase customer awareness of the availability of low-income universal service support. Table 10, below, summarizes data concerning these low-income support programs.

Table 10
Lifeline and Telephone Assistance Program 2008 - 2009

Company	Number of Lifeline Customers, End of Year	Total Revenue Obtained from TAP Assessment	Annual TAP Subsidy to TAP Customers
2008 TOTALS	3,396	\$ 304,242.62	\$ 127,251.12
2009 TOTALS	3,492	\$ 104,048.15	\$ 142,325.99

Note: For 2008 and several years prior to, Qwest assessed its customers \$0.15 per month for TAP. The revenue produced exceeded the annual TAP subsidy provided to Qwest customers, resulting in an annual surplus, and the imbalance between assessments and subsidies shown for 2008 in Table 10. Qwest reduced its TAP assessment to zero and will not be authorized to impose a TAP assessment until the accumulated surplus is expended through TAP subsidy payments.

APPENDIX A

Wyoming Incumbent Local Exchange Carriers (ILECs) December 31, 2009

<p>1. <u>All West Communications</u> P. O. Box 588 Kamas, UT 84036-0588</p> <p>County Served: Lincoln Exchange: Cokeville</p>	<p>Access Lines 324 Revenues \$ 472,597 Gross Plant \$3,009,696</p>
<p>2. <u>Chugwater Telephone Company</u> P. O. Box 223 Chugwater, WY 82210-0223</p> <p>Counties Served: Laramie, Platte Exchange: Chugwater</p>	<p>Access Lines 175 Revenues \$ 579,703 Gross Plant \$1,176,476</p>
<p>3. <u>Dubois Telephone Exchange</u> P. O. Box 246 Dubois, WY 82513-0246</p> <p>Counties S erved: Fremont, S weetwater and Carbon Exchanges: Baggs, Crowheart and Dubois</p>	<p>Access Lines 2,366 Revenues \$ 5,553,515 Gross Plant \$24,094,730</p>
<p>4. <u>Golden West Telephone Cooperative</u> P. O. Box 411 Wall, SD 57790-0411</p> <p>Counties Served: Niobrara and Weston Exchange: Edgemont, SD</p>	<p>Access Lines 28 Revenues \$ 86,944 Gross Plant \$338,247</p>
<p>5. <u>Project Telephone Company</u> P. O. Box 600 Scobey, MT 59263-0600</p> <p>County Served: Park Exchange: Clark</p>	<p>Access Lines 313 Revenues \$ 128,036 Gross Plant \$2,099,609</p>

APPENDIX A (continued)

6.	<u>Range Telephone Cooperative</u> P. O. Box 127 Forsyth, MT 59327-0127	Access Lines Revenues Gross Plant	2,216 \$ 3,473,256 \$19,868,152
	Counties S erved: Crook, W eston, C ampbell, Sheridan and Johnson Exchanges: Alzada, MT, Decker, MT, Arvada, Clearmont, Southeast Sheridan, and Sundance		
7.	<u>RT Communications</u> P. O. Box 506 Worland, WY 82401	Access Lines Revenues Gross Plant	14,094 \$ 18,236,534 \$115,314,282
	Counties S erved: Fremont, Natrona, Laramie, Weston, C rook, W ashakie, J ohnson, a nd H ot Springs Exchanges: Albin, B urns, C arpenter, P ine Bluffs, Gas Hills, Hulett, Jeffrey City, Kaycee, Midwest, M oorcroft, N ewcastle, S hoshoni, Thermopolis, Upton/Osage and Worland		
8.	<u>Silver Star Communications</u> 104101 Highway 89 Freedom, WY 83120	Access Lines Revenues Gross Plant	4,341 \$ 7,794,012 \$34,255,233
	County S erved: Lincoln Exchanges: Alpine and Freedom		
8a.	<u>Silver Star Communications</u> at Alta, d/b/a Teton Telecom	Access Lines Revenues Gross Plant	229 \$ 497,736 \$1,064,403
	County S erved: Teton Exchange: Driggs, ID		

APPENDIX A (continued)

<p>9. <u>CenturyTel of Wyoming</u> <u>formerly PTI Communications</u> 110 South Franklin Pinedale, WY 82941</p> <p>Counties S erved: Sublette, S weetwater, Carbon, and Albany Exchanges: Big Piney, Eden-Farson, Medicine Bow and Pinedale</p>	<p>Access Lines 5,888 Revenues \$ 4,983,013 Gross Plant \$24,371,472</p>
<p>10. <u>TCT West</u> P. O. Box 671 Basin, WY 82410</p> <p>Counties S erved: Big Horn, Park and Hot Springs Exchanges: Lovell, Meeteetse, Greybull, Frannie/Deaver and Basin</p>	<p>Access Lines 4,994 Revenues \$10,532,913 Gross Plant \$48,042,006</p>
<p>11. <u>Tri County Telephone Association</u> P. O. Box 310 Basin, WY 82410-0310</p> <p>Counties S erved: Washakie, Big Horn, Park, and Hot Springs Exchanges: Burlington, Hamilton Dome, Hyattville and Ten Sleep</p>	<p>Access Lines 1,048 Revenues \$ 2,703,103 Gross Plant \$18,273,041</p>
<p>12. <u>Union Telephone Company</u> P. O. Box 160 Mountain View, WY 82939-0160</p> <p>Counties S erved: Uinta, Sweetwater, Carbon, Albany, Lincoln, and Sublette Exchanges: Mountain View, Lyman, Hanna/Elk Mountain, Rock River, LaBarge, Shirley Basin, Saratoga and Encampment</p>	<p>Access Lines 5,466 Revenues \$ 49,604,835 Gross Plant \$225,255,213</p>

APPENDIX A (continued)

<p>13. <u>Embarq Communications d/b/a United Telephone Company of the West</u> P. O. Box 2128 Scottsbluff, NE 69363</p>	Access Lines Revenues Gross Plant	5,945 \$ 5,849,142 \$16,771,931
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Counties Served: Goshen and Platte
Exchanges: Guernsey, LaGrange, Lingle,
Torrington and Lyman, NE

<p>14. <u>Qwest Corporation</u> 6101 Yellowstone Road P. O. Box 428 Cheyenne, WY 82003-0428</p>	Access Lines Revenues Gross Plant	182,107 \$175,432,868 \$878,906,483
-----------------------------------------------------------------------------------------------------------------------	-----------------------------------------	-------------------------------------------

Counties Served: All Wyoming Counties
(Albany, Big Horn, Campbell, Carbon,
Converse, Crook, Fremont, Goshen, Hot
Springs, Johnson, Laramie, Lincoln, Natrona,
Niobrara, Park, Platte, Sheridan, Sublette,
Sweetwater, Teton, Uinta, Washakie and
Weston) and Yellowstone National Park.

Exchanges: Afton, Buffalo, Casper, Cheyenne,
Cody, Dayton/Ranchester, Douglas, Evanston,
Gillette, Glendo, Glenrock, Green River,
Jackson, Kemmerer, Lander, Laramie, Lusk,
Powell, Rawlins, Riverton, Rock Springs,
Sheridan, Story, Wheatland, Wright,
Yellowstone Park (Lake, Mammoth, Old
Faithful)

Sources: Annual reports filed with the Commission during 2009.

Appendix B
2009 Eligible Telecommunications Carrier Certification
Rural Telephone Companies



THE STATE OF WYOMING

DAVE FREUDENTHAL
GOVERNOR

Public Service Commission

HANSEN BUILDING, SUITE 300 2515 WARREN AVENUE CHEYENNE, WYOMING 82002
(307) 777-7427 FAX (307) 777-5700 TTY (307) 777-5723 <http://psc.state.wy.us>

COMMISSIONERS

ALAN B. MINIER, Chairman
STEVE OXLEY, Deputy Chairman
KATHLEEN "CINDY" LEWIS, Commissioner

CHRISTOPHER PETRIE
Secretary and Chief Counsel

September 18, 2009

The Honorable Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Ms. Karen Majcher
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

Re: Certification of Federal High Cost Support for Wyoming's Rural Local Exchange Carriers and Eligible Telecommunications Carriers (ETCs) Serving Lines in the Areas of Rural Local Exchange Carriers Pursuant to 47 C.F.R. § 54.314 (CC Docket No. 96-45)

Dear Secretary Dortch and Ms. Majcher:

The Wyoming Public Service Commission (WyPSC) hereby submits, pursuant to 47 C.F.R. § 54.314, its annual certification to the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC). 47 C.F.R. § 54.314 requires the appropriate state regulatory authority to annually certify those rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the areas of rural incumbent local exchange carriers within their jurisdiction for purposes of receiving federal universal service support.

For the 2009 annual certification process, the WyPSC applied the requirements and guidelines of WyPSC Rule Section 514 to the ETCs in Wyoming jurisdictional to it. The annual reporting requirements and guidelines of WyPSC Rule Section 514 are modeled after the FCC's *ETC Report and Order* adopted February 25, 2005, in CC Docket 96-45, FCC 05-46, and the WyPSC's own annual certification processes and rulemaking proceedings conducted during 2004, 2005 and 2006 for Wyoming's ETCs. The annual reporting requirements for previously designated ETCs in Wyoming became effective August 17, 2006.

Attached to this submission is a letter (PSC Letter Number 09-155) that staff of the WyPSC sent to each ETC subject to its jurisdiction. The letter and its attachments describe the requirements and

Appendix B (continued)

responsibilities placed upon the WyPSC in conducting the annual certification process for each previously designated ETC serving designated areas within Wyoming. Rule Section 514 gives each carrier the opportunity to verify that it continues to offer the nine supported services and functionalities required for designation as an ETC under the federal Telecommunications Act of 1996 and the Code of Federal Regulations, throughout its designated service areas within Wyoming. The WyPSC has also obtained from its jurisdictional rural incumbent local exchange carriers and ETCs serving lines in the areas of rural incumbent local exchange carriers their respective signed affidavits setting forth how federal universal service support funds have been used in the past and how they will be used during the applicable 12-month period for which support funds are being requested. Additionally, the data provided by each applicant was the subject of hearings before the WyPSC. The respective affidavits, additional documentation and detailed support from each ETC jurisdictional to the WyPSC will be made available to you upon request.

As the state regulatory authority with jurisdiction to regulate, *inter alia*, the intrastate activities of telecommunications companies serving in Wyoming, the WyPSC hereby certifies the following rural incumbent local exchange carriers and ETCs serving lines in the service areas of rural incumbent local exchange carriers as being eligible to receive federal universal service support funds for the upcoming program year:

Carrier	Study Area Code
All West Communications	512290
CenturyTel of Wyoming	512299
Chugwater Telephone Company	512289
Dubois Telephone Exchange	512291
Range Telephone Cooperative (includes RT Communications)	512251
Silver Star Communications	512295
Tri County Telephone Association (includes TCT WEST)	512296
Union Telephone Company	512297
United Telephone Company of the West/Embarq	511595
Alltel Communications (formerly Western Wireless)	519002
Alltel Communications (formerly Western Wireless)	519007
Union Telephone Company d/b/a Union Cellular	519905
Gold Star Communications LLC	519005

The WyPSC finds these certifications to be in the public interest.

Appendix B (continued)

Based upon the representations in the affidavits submitted by these carriers and the WyPSC's review and examination of the additional documentation and support required by WyPSC Rule Section 514 to be filed by the carriers this year and the WyPSC staff analysis, the WyPSC certifies the above-identified carriers will use the federal universal service support funds only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with 47 U.S.C. § 214(e) and the requirements and mandates of 47 C.F.R. Part 54. This includes High Cost Loop support (HCL), Local Switching Support (LSS) and high cost support received pursuant to the purchase of exchanges.

Sincerely,

ALAN B. MINIER, Chairman

STEVE OXLEY, Deputy Chairman

KATHLEEN A. LEWIS, Commissioner

Appendix C
2009 Eligible Telecommunications Carrier Certification
Non- Rural Telephone Companies



THE STATE OF WYOMING

DAVE FREUDENTHAL
GOVERNOR

Public Service Commission

HANSEN BUILDING, SUITE 300 2515 WARREN AVENUE CHEYENNE, WYOMING 82002
(307) 777-7427 FAX (307) 777-5700 TTY (307) 777-5723 <http://psc.state.wy.us>

COMMISSIONERS

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CHRISTOPHER PETRIE
Secretary and Chief Counsel

September 18, 2009

The Honorable Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Ms. Karen Majcher
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

RE: Certification of Federal High Cost Support for Wyoming's Non-Rural Local Exchange Carriers and Eligible Telecommunications Carriers (ETCs) Serving Lines in the Areas of Non-Rural Local Exchange Carriers Pursuant to 47 C.F.R. § 54.313 (CC Docket No. 96-45)

Dear Secretary Dortch and Ms. Majcher:

The Wyoming Public Service Commission (WyPSC) hereby submits, pursuant to 47 C.F.R. § 54.313, its annual certification to the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC). 47 C.F.R. § 54.313 requires the appropriate state regulatory authority to annually certify those non-rural incumbent local exchange carriers and eligible telecommunications carriers serving lines in the areas of non-rural incumbent local exchange carriers within their jurisdiction for purposes of receiving federal universal service support.

For the 2009 annual certification process, the WyPSC applied the requirements and guidelines of WyPSC Rule Section 514 to the ETCs in Wyoming jurisdictional to it. The annual reporting requirements and guidelines contained in WyPSC Rule Section 514 were modeled after the FCC's *ETC Report and Order* adopted February 25, 2005, in CC Docket 96-45, FCC 05-46 and the WyPSC's own annual certification processes and rulemaking proceedings conducted during 2004, 2005 and 2006 for Wyoming's ETCs. The annual reporting requirements for previously designated ETCs in Wyoming became effective August 17, 2006.

Attached to this submission is a letter (PSC Letter Number 09-155) that staff of the WyPSC sent to each ETC subject to its jurisdiction. This letter and its attachments describe the requirements and responsibilities placed upon the WyPSC in conducting the annual certification process for each previously designated ETC serving designated areas within Wyoming. Rule Section 514 gives each carrier the

Appendix C (continued)

opportunity to verify that it continues to offer the nine supported services and functionalities required for designation as an ETC under the federal Telecommunications Act of 1996 and the Code of Federal Regulations, throughout its designated service areas within Wyoming. The WyPSC has also obtained from its jurisdictional non-rural incumbent local exchange carriers and ETCs serving lines in the areas of non-rural incumbent local exchange carriers their respective signed affidavits setting forth how federal universal service support funds have been used, and how they will be used during the applicable 12-month period for which support funds are being requested. Additionally, the data provided by each applicant was the subject of hearings before the WyPSC. The respective affidavits, additional documentation and detailed support from each ETC jurisdictional to the WyPSC will be made available to you upon request.

As the state regulatory authority with jurisdiction to regulate, *inter alia*, the intrastate activities of telecommunications companies serving in Wyoming, the WyPSC hereby certifies the following non-rural incumbent local exchange carriers and ETCs serving lines in the service areas of non-rural incumbent local exchange carriers as being eligible to receive federal universal service support funds for the upcoming program year:

Carrier	Study Area Code
Advanced Communications Technology	519004
Qwest Corporation	515108
Silver Star Communications	519001
Union Telephone Company d/b/a Union Cellular	519905
Gold Star Communications LLC	519005
Alltel Communications (formerly Western Wireless)	519002
Alltel Communications (formerly Western Wireless)	519007

The WyPSC finds these certifications to be in the public interest.

Based upon the representations in the affidavits submitted by these carriers, the review and examination of the additional documentation and support required by WyPSC Rule Section 514 to be filed by carriers and the WyPSC staff analysis, the WyPSC certifies that the above-identified carriers will use the federal universal service support funds only for the provision, maintenance, and upgrading of facilities and services for which the support is intended, consistent with 47 U.S.C. § 214(e) and the requirements and mandates of 47 C.F.R. Part 54. This includes all elements and components of High Cost Model (HCM) support.

Sincerely,

ALAN B. MINIER, Chairman

STEVE OXLEY, Deputy Chairman

KATHLEEN A. LEWIS, Commissioner

Appendix D
2009 Certification of Non-rural Residential Rates



THE STATE OF WYOMING

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COMMISSIONERS

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CHRISTOPHER PETRIE
Secretary and Chief Counsel

September 18, 2009

The Honorable, Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Ms. Karen Majcher – Vice President
Universal Service Administrative Company
2000 L Street, NW, Suite 200
Washington, DC 20036

RE: Residential Rate Comparability Certification for Wyoming's Non-Rural Incumbent Local Exchange Carrier Serving in Rural Areas within Wyoming Pursuant to 47 C.F.R. § 54.316 (CC Docket No. 96-45)

Dear Secretary Dortch and Ms. Majcher:

The Wyoming Public Service Commission (WyPSC) hereby submits, pursuant to 47 C.F.R. § 54.316, its residential rate comparability certification to the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC). 47 C.F.R. § 54.316, *Rate comparability review and certification for areas served by non-rural carriers*, requires state commissions to annually review the comparability of residential rates in rural areas of the state served by non-rural incumbent local exchange carriers to urban rates nationwide. Qwest Corporation (Study Area Code 515108) is the only non-rural incumbent local exchange carrier in Wyoming; and Qwest also serves in the rural areas of the state. 47 C.F.R. § 54.316 further requires the WyPSC to certify to the FCC and the USAC whether rates are reasonably comparable pursuant to the universal service principles contained in section 254(b)(3) of the federal Telecommunications Act of 1996.

This residential rate review and certification is pursuant to the FCC's expanded certification process contained in its *Order on Remand, Further Notice of Proposed Rulemaking, and Memorandum Opinion and Order*, CC Docket No. 96-45, FCC 03-249 released October 27, 2003 (commonly referred to as the *Remand Order*). The nationwide urban rate benchmark equals the most recent average urban rate plus two weighted average standard deviations. The average urban rate and standard deviation are found in the most recent (August 8, 2008) *Reference Book of Rates, Price Indices, and Expenditures for Telephone Service* (the *Reference Book*) published by the Wireline Competition Bureau of the FCC. For this certification, the nationwide urban rate benchmark of \$37.36 per month appears on page I-4 of the *Reference Book*.

Exhibit 1 to this certification letter is a presentation of the Basic Service Rate Template for Wyoming as more fully described in the Joint Board's Recommended Decision, in ¶ 86 of the FCC's *Remand Order* and

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as contained in Appendix F to the *Remand Order*. This Exhibit presents, in detail, the residential rate data for the most rural areas (Rural Zone 3) in Wyoming as required by the *Remand Order* and 47 C.F.R. § 54.316. This Exhibit shows these rural residential customers served by the Wyoming non-rural incumbent local exchange carrier pay a monthly rate of \$46.37, or 124 percent (124%) of the nationwide urban rate benchmark. Because of the manner in which federal and state support is targeted, residential customers located in Rural Zone 1 and Rural Zone 2 pay \$46.06 and \$46.16 respectively. One hundred percent (100%) of the federal high cost support received by Qwest in Wyoming is reflected as an explicit and direct bill credit to its rural customers. Based on these facts, the methods in which the average urban rate was calculated and the rate comparison requirements of the *Remand Order*, the Wyoming Commission concludes that its rural residential rates are not reasonably comparable to the nationwide urban rate benchmark. Another factor influencing the rate comparison is the continued presence of substantial amounts of implicit subsidies in local rates constituting the average urban rate and the nationwide urban rate benchmark.

There are several reasons why the rates are not reasonably comparable, with the main factor being that Wyoming has cost-based rates for its rural areas and no other state does (a fact recognized several times by the FCC in the *Remand Order*). The WyPSC has fully implemented the pro-competitive statutory mandates of the Wyoming Telecommunications Act of 1995 (W.S. §§ 37-15-101, *et seq.*). In the 1995 Wyoming Act, W.S. § 37-15-402 required cost-based pricing for all retail telecommunications services in Wyoming; W.S. § 37-15-403 prohibited cross subsidies and eliminated implicit subsidies; and W.S. § 37-15-501 established the Wyoming Universal Service Fund. Qwest now has in place de-averaged cost-based residential rates with all implicit subsidies removed from residential rates and the WyPSC has fully implemented the explicit subsidy support program – the Wyoming Universal Service Fund. The residential rate shown on Exhibit 1 to this certification reflects the truly high cost, rural nature of much of Wyoming.

Wyoming's telecommunications statutes were significantly amended in 2007 and are now referred to as the Wyoming Telecommunications Act. The cost-based pricing requirements (W.S. § 37-15-402), and the cross subsidization prohibitions (W.S. § 37-15-403) were repealed, largely to allow companies more pricing freedom to respond to competition. Other safeguards were put into place, and Qwest's pricing plan has not been changed. Its rates are without implicit subsidies, remain de-averaged and are still cost-based. Our conclusions therefore remain correct and the disparity described above remains accurate.

The WyPSC looks forward to working with the FCC, the USAC and all other interested parties in maintaining the universal service goals and principles of Section 254 of the federal Telecommunications Act of 1996 and in achieving residential rate comparability in Wyoming.

Sincerely,

ALAN B. MINIER, Chairman

STEVE OXLEY, Deputy Chairman

KATHLEEN A. LEWIS, Commissioner

Appendix D (continued)

Exhibit 1

**Wyoming Public Service Commission
Rate Comparability Analysis
Residential Rate Data
Pursuant to 47 C.F.R. § 54.316**

Residential Customers in Rural Areas of Wyoming Served by the
Non-Rural Incumbent Local Exchange Carrier (Qwest Corp.)

Rate, Surcharges, Credits and Taxes as of July 2008:

Basic Residential Access Line Rate	\$69.35
Federal Universal Service Fund Credit	(\$31.92)
Wyoming Universal Service Fund Credit	<u>(\$4.86)</u>
Net Residential Rate Subject to Mandatory Surcharges and Taxes	\$32.57
Federal Subscriber Line Charge	\$6.50
Federal Universal Service Fund Surcharge	\$3.51
Wyoming Universal Service Fund Surcharge	\$0.69
Telecommunications Relay System Surcharge	\$0.06
Wyoming Lifeline Program Surcharge	\$0.00
E911 Emergency Calling System Tax	\$0.75
Federal Excise Tax	\$1.05
Wyoming State Sales Tax	<u>\$1.68</u>
Total Basic Residential Service Rate to Customer	<u>\$46.37</u>

Appendix E

Appendix E consists of 72 pages of technical information about central offices. It is available at <http://psc.state.wy.us/htdocs/telco/telco10/appendixe2010.pdf>. Printed copies are available on request.