

Filed Session of April 18, 2013  
Approved as Recommended  
and so Ordered  
By the Commission

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JEFFREY C. COHEN  
Acting Secretary

Issued and Effective April 24, 2013

Commissioner Gregg C. Sayre, recused

STATE OF NEW YORK  
DEPARTMENT OF PUBLIC SERVICE

April 2, 2013

TO: THE COMMISSION

FROM: Office of Telecommunications

SUBJECT: CASE 09-M-0527 - Proceeding to Examine Issues Related  
to a Universal Service Fund.

Ordinary tariff filings of Citizens Telecommunications Company of New York, Inc., Ogden Telephone Company, Frontier Communications of Sylvan Lake, Inc., Frontier Communications of Seneca-Gorham, Inc., Frontier Communications of Rochester, Inc., Frontier Communications of New York, Inc. and Frontier Communications of Ausable Valley, Inc. to add the New York State Universal Service Surcharge to their tariffs.

SUMMARY OF

RECOMMENDATION: Staff recommends that the Commission allow the tariff filings of Citizens Telecommunications Company of New York, Inc., Ogden Telephone Company, Frontier Communications of Sylvan Lake, Inc., Frontier Communications of Seneca-Gorham, Inc., Frontier Communications of Rochester, Inc., Frontier Communications of New York, Inc. and Frontier Communications of Ausable Valley, Inc., adding a State Universal Service Fund Surcharge, to remain in effect.

SUMMARY

On February 26, 2013, pursuant to the Commission's August 2012 Order establishing a State Universal Service Fund

(SUSF), Citizens Telecommunications Company of New York, Inc., Ogden Telephone Company, Frontier Communications of Sylvan Lake, Inc., Frontier Communications of Seneca-Gorham, Inc., Frontier Communications of Rochester, Inc., Frontier Communications of New York, Inc. and Frontier Communications of Ausable Valley, Inc. (collectively, the Frontier Companies) filed tariff revisions proposing to add a monthly SUSF surcharge to all residential and business access lines and trunks, excluding Lifeline customers, effective April 1, 2013. Staff has reviewed the companies' filings and recommends that the SUSF surcharges be allowed to remain in effect.

#### BACKGROUND

The Commission's August 18, 2012 Order in this proceeding established a State Universal Service Fund in New York.<sup>1</sup> The Order states that the SUSF will be administered by the New York State Intrastate Access Settlement Pool, Inc. (the Fund Administrator). Subject to the Commission's directives, the Fund Administrator has the authority to assess contributions to the SUSF, disburse money from the SUSF to eligible recipients, and to take such actions and incur such expenses as are reasonable and necessary to carry out those responsibilities. Additionally, the Order specifically allows contributors to recover SUSF assessments by flowing them through to end users:

"Contributors will be allowed, but not required, to recover their contributions to the SUSF through new or increased retail end-user charges or surcharges, and Contributors will have discretion, subject to Commission oversight through the tariff process under Public Service Law § 92, as to the structure of such charges or surcharges."

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<sup>1</sup> Case 09-M-0527, Order Adopting Phase II Joint Proposal (issued August 18, 2012) (SUSF Order).

TARIFF FILING

Pursuant to the Commission's SUSF Order, on February 26, 2013, the Frontier Companies filed revisions to their respective tariffs to add the following monthly SUSF surcharges, to be effective April 1, 2013:

**Proposed SUSF Surcharge Amounts**

Company	Per Access Line/Trunk Surcharge
Citizens Telecommunications Company of New York, Inc.	\$0.09
Ogden Telephone Company	\$0.07
Frontier Communications of Sylvan Lake, Inc.	\$0.08
Frontier Communications of Seneca-Gorham, Inc.	\$0.05
Frontier Telephone of Rochester, Inc.	\$0.12
Frontier Communications of New York, Inc.	\$0.10
Frontier Communications of Ausable Valley, Inc.	\$0.07

The surcharge is to be applied to each access line or trunk for both residential and business customers, excluding Lifeline customers. The respective company tariff language states that if they have collected their annually assessed SUSF contribution amount prior to the end of the calendar year, as determined by the Fund Administrator, they will suspend collection of the SUSF surcharge for the remainder of the year, subject to any subsequent adjustment necessitated by Commission Order.

DISCUSSION

The Frontier Companies have proposed to assess a monthly SUSF surcharge to all residential and business trunks and access lines, excluding Lifeline customers, pursuant to the Commission's SUSF Order. Staff has reviewed the companies' calculations of the proposed monthly surcharges and we determine that the surcharge amounts are reasonable. Staff also finds

acceptable the proposed language stipulating that the companies will suspend collection of these surcharges for the remainder of the year, if they have collected their annually assessed SUSF amount prior to the end of the calendar year, as mentioned above. Staff has received explicit assurances from Frontier management that Frontier will manage its billing system so as to not collect more money from the surcharge than the individual companies' SUSF assessments. Staff plans on following up and working closely with the company to ensure that there is no instance of over collection.

CONCLUSION

Staff concludes that the Frontier Companies' proposed SUSF surcharges are reasonable. Therefore, staff recommends that the Commission allow the tariff pages listed in Attachment A to remain in effect. Since the companies have already directly informed their customers of the surcharge, it is also recommended that the requirement for newspaper notification regarding these rate changes be waived.

RECOMMENDATION

It is recommended that:

1. The Commission allow the revised tariff pages of Citizens Telecommunications Company of New York, Inc., Ogden Telephone Company, Frontier Communications of Sylvan Lake, Inc., Frontier Communications of Seneca-Gorham, Inc., Frontier Communications of Rochester, Inc., Frontier Communications of New York, Inc. and Frontier Communications of Ausable Valley, Inc., listed in Appendix A, to remain in effect as of April 1, 2013 and that this case be continued.

Respectfully submitted:

DAVID W. CRAMER  
Utility Analyst II (Telecom)  
Office of Telecommunications

Reviewed by:

MAUREEN McCAULEY  
Assistant Counsel  
Office of General Counsel

Approved By:

GREGORY C. PATTENAUDE  
Chief, Carrier Operations  
Office of Telecommunications

ADMINISTRATIVE DETAILS

Filing by: Citizens Telecommunications Company of New York, Inc.  
Revisions to: P.S.C. No. 2- General Customer Services Tariff

Section 3  
1<sup>st</sup> Revised Sheet No. 16

Issued: February 26, 2013                      Effective: April 1, 2013

Filing by: Ogden Telephone Company  
Revisions to: P.S.C. No. 1 - Telephone

Section 1  
Original Leaf No. 5.1

Issued: February 26, 2013                      Effective: April 1, 2013

Filing by: Frontier Communications of Sylvan Lake, Inc.  
Revisions to: P.S.C. No. 11 - Telephone

Section 1  
1<sup>st</sup> Revised Page 7  
1<sup>st</sup> Revised Page 8

Issued: February 26, 2013                      Effective: April 1, 2013

Filing by: Frontier Communications of Seneca-Gorham, Inc.  
Revisions to: P.S.C. No. 15 - Telephone

Section 1  
1<sup>st</sup> Revised Page 7  
1<sup>st</sup> Revised page 8

Issued: February 26, 2013                      Effective: April 1, 2013

CASE 09-M-0527

Filing by: Frontier Telephone of Rochester, Inc.  
Revisions to: P.S.C. No. 1 - Telephone

Section 20  
1<sup>st</sup> Revised Page 3A

Issued: February 26, 2013

Effective: April 1, 2013

Filing by: Frontier Communications of New York, Inc.  
Revisions to: P.S.C. NY No. 38 - Telephone

Section 1  
1<sup>st</sup> Revised Page 7  
1<sup>st</sup> Revised Page 8

Issued: February 26, 2013

Effective: April 1, 2013

Filing by: Frontier Communications of Ausable Valley, Inc.  
Revisions to: P.S.C. NY No. 12 - Telephone

Section 1  
1<sup>st</sup> Revised Page 7  
1<sup>st</sup> Revised Page 8

Issued: February 26, 2013

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