

STATE OF NEW YORK

Public Service Commission

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12062/09-M-0527

STATE UNIVERSAL SERVICE FUND ESTABLISHED

- \$17 Million Available to Ensure Continued Availability of Local Service in Rural Areas -

Albany, NY—08/16/12—The New York State Public Service Commission (Commission) today adopted the terms of a Joint Proposal establishing a State Universal Service Fund (SUSF). The Joint Proposal, (supported by Staff of the Department of Public Service, the Utility Intervention Unit of the Department of State, Verizon and New York’s small telephone companies, cable telecommunication companies, and wireless companies), provides continued funding of up to \$17 million over a four-year period, to ensure continued availability of basic residential local telephone service in high-cost rural areas of New York.

“While the telecommunications environment has become more diverse, competitive, and continues to evolve, the Commission remains dedicated to ensuring the availability of affordable basic residential telephone service throughout New York State,” said Commission Chairman Garry Brown.

The SUSF, to be administered by the Targeted Accessibility Fund (TAF) Administrator, provides for a total of up to \$17 million over the next four years, with \$5 million available in 2013, and \$4 million in years 2014-2016. Thirty-one smaller local exchange companies will be eligible for funding if they can demonstrate the need for such funding via a rate case.

The Commission’s State Universal Service Proceeding (Case 09-M-0527) was instituted in August 2009 to examine universal service issues when it appeared that the current mechanism

for such support (the “Transition Fund”) might be exhausted in early 2011. The proceeding has been structured into three phases. Earlier in Phase I of this proceeding, the Commission temporarily extended the funding, pending a decision on whether to establish a longer-term successor fund. The adoption of the Joint Proposal and the establishment of a State Universal Service Fund (in Phase II of this proceeding) provides stability for both customers and companies in terms of universal service and will help ease upward pressure on local telephone service rates for the next four years. Under the terms of the Joint Proposal, in three years (2016) the Commission will commence a review to determine whether another successor fund should be established, and if so, its nature and features. The SUSF will continue until that review is completed. Finally, the Joint Proposal also provides for the scheduling of consideration of Phase III issues (intrastate access charges and the New York Targeted Accessibility Fund (“TAF”)), and discussions on these issues will commence within 30 days.

The Commission’s decision today, when issued, may be obtained by going to the Commission Documents section of the Commission’s Web site at www.dps.ny.gov and entering Case Number 09-M-0527 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).