

**A-Engrossed**  
**Senate Bill 894**

Ordered by the Senate April 16  
Including Senate Amendments dated April 16

Sponsored by Senators DEVLIN, NELSON, Representative BUTLER; Representative ROSENBAUM

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Allows Public Utility Commission to adopt rules to conform universal service fund to federal law **and related rules** to extent that commission determines is appropriate.

**A BILL FOR AN ACT**

1  
2 Relating to the universal service fund; amending ORS 759.425.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 759.425 is amended to read:

5 759.425. (1) The Public Utility Commission shall establish and implement a competitively neutral  
6 and nondiscriminatory universal service fund to ensure basic telephone service is available at a  
7 reasonable and affordable rate. [*The universal service fund shall conform to section 254 of the federal*  
8 *Telecommunications Act of 1996 (Public Law 104-104).*] **The Public Utility Commission may adopt**  
9 **rules to conform the universal service fund to section 254 of the federal Telecommunications**  
10 **Act of 1996 (Public Law 104-104), and to related rules adopted by the Federal Communications**  
11 **Commission, to the extent that the Public Utility Commission determines is appropriate.** The  
12 commission may delay implementation for rural telecommunications carriers, as defined in the fed-  
13 eral Act, for up to six months after the date the Federal Communications Commission adopts a cost  
14 methodology for rural carriers.

15 (2)(a) The Public Utility Commission shall establish the price a telecommunications utility may  
16 charge its customers for basic telephone service. The commission in its discretion shall periodically  
17 review and evaluate the status of telecommunications services in the state and designate the ser-  
18 vices included in basic telephone service. The commission in its discretion shall periodically review  
19 and adjust as necessary the price a telecommunications utility may charge for basic telephone ser-  
20 vice.

21 (b) The provisions of this subsection do not apply to the basic telephone service provided by a  
22 telecommunications utility described in ORS 759.040.

23 (3)(a) The Public Utility Commission shall establish a benchmark for basic telephone service as  
24 necessary for the administration and distribution of the universal service fund. The universal service  
25 fund shall provide explicit support to an eligible telecommunications carrier that is equal to the  
26 difference between the cost of providing basic telephone service and the benchmark, less any ex-  
27 plicit compensation received by the carrier from federal sources specifically targeted to recovery  
28 of local loop costs and less any explicit support received by the carrier from a federal universal

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 service program.

2 (b) The commission in its discretion shall periodically review the benchmark and adjust it as  
3 necessary to reflect:

- 4 (A) Changes in competition in the telecommunications industry;
- 5 (B) Changes in federal universal service support; and
- 6 (C) Other relevant factors as determined by the commission.

7 (c) Except for a telecommunications utility described in ORS 759.040, the commission shall seek  
8 to limit the difference between the price a telecommunications utility may charge for basic tele-  
9 phone service and the benchmark.

10 (4) Except as provided in subsections (6) and (7) of this section, there is imposed on the sale of  
11 all retail telecommunications services sold in this state a universal service surcharge. **Unless oth-**  
12 **erwise provided by the Public Utility Commission by rule**, the surcharge shall be [*established*  
13 *by the commission as*] a uniform percentage of the sale of retail telecommunications services in an  
14 amount sufficient to support the purpose of the universal service fund. The surcharge may be shown  
15 as a separate line item by all telecommunications carriers using language prescribed by the com-  
16 mission. A telecommunications carrier shall deposit amounts collected into the universal service  
17 fund according to a schedule adopted by the commission.

18 (5) The **Public Utility** Commission is authorized to establish a universal service fund, separate  
19 and distinct from the General Fund. The fund shall consist of all universal service surcharge moneys  
20 collected by telecommunications carriers and paid into the fund. The fund shall be used only for the  
21 purpose described in this section, and for payment of expenses incurred by the commission or a third  
22 party appointed by the commission to administer this section. All moneys in the fund are contin-  
23 uously appropriated to the commission to carry out the provisions of this section. Interest on mon-  
24 eys deposited in the fund shall accrue to the fund.

25 (6) For purposes of this section, "retail telecommunications service" does not include radio  
26 communications service, radio paging service, commercial mobile radio service, personal communi-  
27 cations service or cellular communications service.

28 (7)(a) Notwithstanding subsection (6) of this section, a person who primarily provides radio  
29 communications service, radio paging service, commercial mobile radio service, personal communi-  
30 cations service or cellular communications service may request designation as an eligible telecom-  
31 munications carrier by the Public Utility Commission for purposes of participation in the universal  
32 service fund.

33 (b) In the event a person who primarily provides radio communications service, radio paging  
34 service, commercial mobile radio service, personal communications service or cellular communi-  
35 cations service seeks designation as an eligible telecommunications carrier for purposes of partic-  
36 ipation in the universal service fund, the person shall provide written notice to the Public Utility  
37 Commission requesting designation as an eligible telecommunications carrier within 60 days of the  
38 date the commission establishes the fund. Upon receiving notice, the commission may designate the  
39 person as an eligible telecommunications carrier for purposes of participation in the fund.

40 (c) A person who primarily provides radio communications service, radio paging service, com-  
41 mercial mobile radio service, personal communications service or cellular communications service  
42 who fails to request designation as an eligible telecommunications carrier within 60 days of the date  
43 the universal service fund is established by the Public Utility Commission may not be designated  
44 as an eligible telecommunications carrier unless the person has contributed to the fund for at least  
45 one year immediately prior to requesting designation.

1           (8) A pay telephone provider may apply to the Public Utility Commission, on a form developed  
2 by the commission, for a refund of the universal service surcharge imposed on the provider under  
3 subsection (4) of this section for the provision of pay telephone service.

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