

**BEFORE THE CORPORATION COMMISSION OF STATE OF OKLAHOMA**

APPLICATION OF BRANDY L. WREATH, )  
DIRECTOR OF THE PUBLIC UTILITY DIVISION, )  
OKLAHOMA CORPORATION COMMISSION, )  
SEEKING TO ESTABLISH AN ANNUAL )  
ASSESSMENT FACTOR FOR THE OKLAHOMA )  
UNIVERSAL SERVICE FUND FOR THE FISCAL )  
YEAR BEGINNING JULY 1, 2018 )

CAUSE NO. OSF 201800005

**FILED**  
MAR 07 2018

COURT CLERK'S OFFICE - OKC  
CORPORATION COMMISSION  
OF OKLAHOMA



**DIRECT TESTIMONY OF**  
**JAMES L. JONES**  
**FOR**  
**PUBLIC UTILITY DIVISION**  
**March 9, 2018**

**BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA**

**DIRECT TESTIMONY OF**

**James L. Jones**

**March 9, 2018**

**TABLE OF CONTENTS**

EXECUTIVE SUMMARY.....	3
INTRODUCTION .....	4
PURPOSE .....	5
BACKGROUND OF OUSF .....	6
FACTOR DEVELOPMENT PROCESS.....	7
COSTS INCLUDED IN FACTOR CALCULATION.....	9
OUSF DISTRIBUTION AMOUNTS INCLUDED IN CALCULATION .....	10
CALCULATED ASSESSMENT FACTOR.....	12
ADMINISTRATOR’S RECOMMENDATION.....	14
EXHIBIT JJ-1.....	15
EXHIBIT JJ-2.....	18
EXHIBIT JJ-3.....	19

## EXECUTIVE SUMMARY

1           The Oklahoma Universal Service Fund (“OUSF”) Administrator filed this Cause  
2           on January 12, 2018 seeking to establish an updated annual OUSF assessment factor for  
3           the fiscal year beginning July 1, 2018, which consists of the period from July 1, 2018  
4           through June 30, 2019, also known as Funding Year 2018 (“FY 2018”). Data requests  
5           were issued and historical documentation was utilized in the Administrator’s calculation  
6           of an updated assessment factor. The categories included in the calculation are as  
7           follows:

- 8           • Attorney General - \$250,000
- 9           • Oklahoma Lifeline - \$3,000
- 10          • Primary OUSF - \$5,460,000
- 11          • Special OUSF - Schools, Libraries, and Telemedicine - \$18,915,000
- 12          • Management Contract Fees - Fund Manager - \$225,000
- 13          • Internal Administrative, Oversight, and Accounting Expenses - \$1,500,000
- 14          • External Audits of Fund Manager and Administrator - \$100,000
- 15          • Accounting & Expert Witness Contracts - \$275,000
- 16          • Bank Fees - \$4,000

17          These estimated funding obligations resulted in a projected funding requirement  
18          for FY 2018 of \$26,732,000. The Administrator then took this projected funding  
19          requirement and deducted the estimated fund balance<sup>1</sup> as of June 30, 2018 and the  
20          estimated interest income<sup>2</sup> for FY 2018 and determined the net estimated funding  
21          requirement for FY 2018 to be \$11,201,246.

22          The net estimated funding requirement was then divided by the total projected  
23          intrastate assessable revenues for FY 2018, \$937,000,000, as outline in 17 O.S. § 139.107  
24          to calculate the proposed FY 2018 OUSF assessment factor of 1.20 percent.

---

<sup>1</sup> \$15,452,275

<sup>2</sup> \$78,300

## INTRODUCTION

1 **Q: Please state your name, by whom you are employed, in what capacity, and your**  
2 **business address.**

3 **A:** My name is James L. Jones. I am employed as an OUSF Manager in the Public  
4 Utility Division (“PUD”) of the Oklahoma Corporation Commission (“Commission” or  
5 “OCC”). My business address is the Jim Thorpe Office Building, Room 580, 2101 N.  
6 Lincoln Boulevard, Oklahoma City, Oklahoma 73105.

7  
8 **Q: How long have you been employed by the OCC?**

9 **A:** I was employed by the Commission in the PUD from November 2007 until  
10 December 2010 working in the Energy group, and I rejoined the PUD in March of 2012  
11 as Regulatory Manager working primarily in the Telecommunications group.

12  
13 **Q: Please summarize your educational background and professional experience.**

14 **A:** I have a Bachelor of Science degree in business administration with a major in  
15 marketing from the University of Central Oklahoma in Edmond, Oklahoma. I was  
16 employed by SBC for more than 32 years. Most of those years were spent working in the  
17 regulatory, public affairs, and marketing departments. Please see the attached *curriculum*  
18 *vitae* for additional information attached hereto as **Exhibit JJ-1**.

19  
20 **Q: What are your present duties?**

21 **A:** As a member of the PUD’s OUSF Group, my duties include oversight of the daily  
22 activities of the OUSF Cause Processing Group, which includes reviewing requests for

1 funding from the OUSF, as well as research and analysis of telecommunications related  
2 matters. I am also responsible for administering the Commission's Chapter 59 rules  
3 related to the OUSF and preparation of determinations and testimony on behalf of PUD  
4 related to the OUSF.

5  
6 **Q: Have you previously testified before this Commission, and has this Commission**  
7 **accepted your qualifications?**

8 A: Yes, I have previously testified before this Commission, and my qualifications  
9 were accepted.

10 **PURPOSE**

11 **Q: What is the purpose of your testimony regarding the Application filed by Brandy L.**  
12 **Wreath, Director of the PUD, OCC, seeking to establish an annual assessment**  
13 **factor for the OUSF for FY 2018 as filed in Cause No. OSF 201800005?**

14 A: The purpose of my testimony is to explain how the factor being recommended in  
15 this Cause was developed by the Administrator, as well as presenting other issues, which  
16 may very well impact the FY 2018 OUSF assessment factor, but were not included in the  
17 factor being proposed. These additional issues are the reason the Administrator is  
18 requesting that the order approving the FY 2018 OUSF assessment factor should be an  
19 "interim order", thus allowing the factor to be timely adjusted if necessary.

20  
21 **Q: What is the purpose of the Application filed by PUD in Cause No. OSF 201800005?**

22 A: Oklahoma Administrative Code ("OAC") 165:59-3-13(a) states:

23 *"The Administrator shall file a cause with the Commission's Court*

1                    *Clerk to establish or adjust the OUSF Assessment, as necessary, or*  
2                    *on an annual basis, and assess the contributing providers required*  
3                    *to contribute to the fund under 17 O.S. § 139.107”.*  
4

5                    The Application was filed by the Director of the PUD, the OUSF Administrator, for the  
6                    purpose of establishing an appropriate OUSF assessment factor for FY 2018, thus  
7                    meeting the requirement of OAC165:59-3-13(a).

8                    **BACKGROUND OF OUSF**

9                    **Q:    Please provide background information as to how the OUSF was established.**

10                  A:                  The OUSF was created by the Oklahoma Telecommunications Act of 1997.  
11                  According to 17 O.S. § 139.106(B), “The OUSF shall be funded and administered to  
12                  promote and ensure the availability of Primary Universal Services, at rates that are  
13                  reasonable and affordable and Special Universal Services, and to provide for reasonably  
14                  comparable services at affordable rates in rural areas as in urban areas.” OAC 165:59-3-  
15                  10 states, that funds from the OUSF may be sought as necessary to maintain rates for  
16                  Primary Universal Services that are reasonable and affordable, and for Special Universal  
17                  Services. The Oklahoma Lifeline Program is separate from the OUSF and is supported  
18                  by the Oklahoma Lifeline Fund (“OLF”). The OUSF and the OLF are funded in a  
19                  competitively neutral manner via an assessment charged to all Contributing Providers  
20                  (“Contributors”), as defined in 17 O.S. § 139.102(8), providing intrastate, regulated and  
21                  unregulated, retail services in the state of Oklahoma.

22                  Because the OUSF and the OLF are administered together, the assessment  
23                  charged to Contributors is typically referred to as a Contributor’s “OUSF contribution”.  
24                  A Contributor’s OUSF contribution is calculated by multiplying the OUSF contribution

1 factor by the Contributor's Oklahoma intrastate retail telecommunications revenues for  
2 both regulated and unregulated services. Contributors may choose to recover OUSF  
3 contributions from their customers through a line-item charge on customer bills.

#### 4 **FACTOR DEVELOPMENT PROCESS**

5 **Q: Please explain the process utilized by PUD to develop the proposed factor in this**  
6 **Cause.**

7 **A:** The Administrator opened this Cause on January 12, 2018. On January 16, 2018,  
8 the Administrator issued a data request to each eligible provider of Special Universal  
9 Services and local exchange telecommunication service providers ("Eligible Providers"),  
10 who receive OUSF or OLF support and to all Contributors to the OUSF. The data request  
11 asked Eligible Providers to identify any planned funding requests or changes that might  
12 increase or decrease OUSF expenditures in FY 2018 from the current level. The  
13 Administrator also requested both Eligible Providers and Contributors to the OUSF, to  
14 identify their total Oklahoma intrastate retail-billed telecommunications revenues for  
15 both regulated and unregulated services to which the OUSF assessment factor would  
16 apply.

17 Based on responses to this request, and current OUSF disbursement information  
18 the Administrator calculated the projected total funding requirement for FY 2018. This  
19 request also resulted in a projection of OUSF assessable intrastate billed revenues for FY  
20 2018 of \$937,000,000, with approximately forty-five (45) companies not responding.  
21 Most companies not responding were generally believed to have little or no assessable  
22 intrastate billed revenues, thus excluding these companies had little impact on the factor

1 development. Additionally, the Administrator filed enforcement actions against Eligible  
2 Providers and Contributors that failed to report pursuant to Commission rule.

3 **Q: Please explain how the Administrator calculates the recommended OUSF**  
4 **assessment factor.**

5 **A:** The recommended factor is derived from dividing the net estimated funding  
6 requirement, except pending and anticipated primary filings, by the total projected OUSF  
7 assessable revenues for FY 2018. This calculation results in a percentage factor that can  
8 be applied, going forward, to actual FY 2018 OUSF assessable revenues to ensure the  
9 OUSF is able to provide funding in accordance with Oklahoma rules and statutes.

10 **Q: How did the Administrator calculate the net estimated funding requirement for FY**  
11 **2018?**

12 **A:** The Administrator established the net estimated funding requirement for FY 2018  
13 based upon data request responses from Providers to PUD, a review of current and  
14 pending causes, recent Commission orders, and input from PUD management regarding  
15 oversight and audits costs. The net estimated funding requirement is \$11,201,426, which  
16 is calculated as the total estimated funding requirement for FY 2018 of \$26,732,000<sup>3</sup> less  
17 the estimated FY 2017 fund balance of \$15,542,275 and estimated FY interest revenue of  
18 \$78,300. The Administrator has not included any additional funding for OUSF Primary  
19 cases beyond those currently being paid. Additionally, the Administrator has not included  
20 any buffer for unexpected expenses that may arise as concerns have been raised by the  
21 Commission over increasing bank account balances. The Administrator will file for

---

<sup>3</sup> Exhibit JJ-2, Column "FY 2018 Estimated", Line 10



1 interim relief should the need arise, as discussed below.

2 **COSTS INCLUDED IN FACTOR CALCULATION**

3 **Q: Does the Administrator’s calculation include any costs for the Oklahoma Attorney**  
4 **General?**

5 **A:** Yes. The Administrator included \$250,000 in accordance with 17 O.S. § 139.104  
6 (A)<sup>4</sup>. This is a statutory payment to the Oklahoma Attorney General. These funds go  
7 towards support for the telecommunications fraud prevention efforts.

8 **Q: Does the Administrator’s calculation include any costs for contract fees associated**  
9 **with the management of the OUSF?**

10 **A:** Yes. This category includes the annual contract amount paid to the fund manager,  
11 which is currently GVNW Consulting, Inc. The fund manager is responsible for tracking  
12 reported OUSF assessed revenues and calculating OUSF contributions, depositing  
13 receipts of contributions from Contributors, billing for any reported unpaid OUSF  
14 contributions, and making Automated Clearing House payments to eligible Providers and  
15 suppliers of OUSF eligible services. The fund manager collects the monthly data which  
16 is then transmitted to the PUD’s Monthly Payment Team for audit and final approval. The  
17 fund manager conducts banking transactions under the review and after approval from the  
18 Administrator. This contract, and all associated expenses, results from a robust  
19 competitive bid process. The contract is only awarded after a blind bid review performed

---

<sup>4</sup> 17 O.S. § 139.104 (A)states, “For the exercise of duties and performance of responsibilities relating to telecommunications fraud pursuant to the Oklahoma Consumer Protection Act, Section 751 et seq. of Title 15 of the Oklahoma Statutes, and for representation in telecommunications matters as established in Section 18b of Title 74 of the Oklahoma Statutes, the Attorney General shall receive Two Hundred Fifty Thousand Dollars (\$250,000.00) per fiscal year to be paid from the Oklahoma Universal Service Fund established in Section 6 of this act. For the 1998 fiscal year, the total amount of the monies shall be paid to the Attorney General in one payment. For each fiscal year thereafter, the monies shall be paid to the Attorney General in equal monthly payments. All monies shall be deposited in the Attorney General's Revolving Fund created pursuant to Section 20 of Title 74 of the Oklahoma Statutes.”

1 by a contract review committee. Please see the testimony of Kristi Prouty for additional  
2 information regarding the monthly disbursement process.

3 The Administrator included \$225,000<sup>5</sup> in the calculation for fees associated with  
4 the management of the OUSF.

5 **Q: Were any other costs included in the Administrators factor calculation?**

6 **A:** Yes. The following costs were included in the development of the OUSF factor  
7 for FY 2018.

- 8 • Internal Administrative, Oversight, and Accounting Expenses - \$1,500,000
- 9 • External Audits of Fund Manager and the Administrator - \$100,000
- 10 • Accounting & Expert Witness Contracts - \$275,000
- 11 • Bank Fees - \$4,000

12 **OUSF DISTRIBUTION AMOUNTS INCLUDED IN CALCULATION**

13 **Q: Please explain the Primary OUSF calculation in your exhibit.**

14 **A:** Primary OUSF is for local exchange telecommunication service providers and  
15 serves to cover changes certain expenses related to federal support and loss of revenues  
16 or increased expenses due to federal or state actions. Primary OUSF is also available to  
17 local exchange telecommunications service providers who demonstrate that their  
18 revenues are insufficient to allow them to provide Primary Universal Services at rates that  
19 are reasonable and affordable. The estimated amount of funding for Primary Universal  
20 Services for FY 2018 is \$5,460,000.<sup>6</sup>

21 The proposed OUSF factor, as shown on Exhibit JJ-2, was developed by only  
22 including current payments related to Primary Universal Services that reoccur in the

---

<sup>5</sup> Exhibit JJ-2, Column "FY 2018 Estimated", Line 5

<sup>6</sup> Exhibit JJ-2, Column "FY 2018 Estimated", Line 3

1 monthly payment process, as well as any pending requests in which the OUSF is already  
2 paying interim funding; however, it does not include any new projected requests based on  
3 responses from Eligible Providers to the Administrator's data request for FY 2018.

4 **Q: Please explain the Special OUSF portion of your exhibit.**

5 **A:** The Special OUSF portion covers Internet access for public schools, public  
6 libraries, and broadband services for the provision of telemedicine service for eligible  
7 healthcare beneficiaries. OUSF support is applicable only after the application of any  
8 alternative funding received or funding that should have been received, but was not  
9 requested. This includes current payments that reoccur in the monthly payment process  
10 as well as projected payments and filings anticipated by Providers as identified in the  
11 Administrator's data request in this Cause. Additionally, this calculation includes a  
12 portion of the Special OUSF cases currently pending before the Commission. If a  
13 determination has been filed, the determined amounts were used for the pending Special  
14 OUSF cases. The estimated amount for FY 2018 is \$18,915,000.<sup>7</sup>

15  
16 **Q: What happens if amounts collected by the OUSF are not expended during the**  
17 **budget period?**

18 **A:** As part of the factor calculation process, the fund balance is projected to the end  
19 of the funding year and any projected balance is used to develop the net estimated  
20 funding required for the following fund year.

21  

---

<sup>7</sup> Exhibit JJ-2, Column "FY 2018 Estimated", Line 4

**CALCULATED ASSESSMENT FACTOR**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

**Q: Please explain how PUD calculated the proposed OUSF contribution factor.**

**A:** The factor is derived from dividing the net estimated funding requirement, as shown on Exhibit JJ-2, by the total estimated intrastate billed assessable revenues for FY 2018. The proposed contribution factor for FY 2018 is 1.20 percent<sup>8</sup> based upon the responses to data requests, statutory requirements, historical information, recent Commission orders, and all other costs included in the calculation.

**Q: Please explain why the OUSF Administrator is requesting an “interim order” in this Cause.**

**A:** The principal reason for requesting an “interim order” in this Cause is associated with the uncertainty related to the potential number of primary requests for OUSF funding that may result from the abolishment of the Oklahoma High Cost Fund (“HCF”), as well as the impending funding obligation that may result from twenty-two (22) primary funding requests awaiting orders and the potential impact on the fund from FY 2018 forecasted primary funding requests. All together this could increase funding for FY 2018 by more than \$20,000,000. This is the difference in the factor recommended as shown on Exhibit JJ-2 and the Administrator’s determined factor shown on Exhibit JJ-3.

On February 8, 2018, Order No. 673325 in Cause No. PUD 201200040 was approved by the Commission to abolish the HCF beginning with the first twenty-five percent (25%) phase down on February 28, 2019, prior to the end of FY 2018. Thereafter, on February 28<sup>th</sup> of each subsequent year, payments to each rural local exchange carrier, from the HCF, will be phased down an additional twenty-five percent (25%) until

---

<sup>8</sup> Exhibit JJ-2, Column “FY 2018 Estimated”, Line 18

1 payments cease in total as of February 28, 2022.

2 The OUSF Administrator believes many rural local exchange companies may file  
3 for their lost HCF revenues in FY 2018. The HCF provided funding to thirty-six (36)  
4 rural local exchange companies, which totaled approximately \$37,000,000. If all eligible  
5 companies file during FY 2018 it will be necessary to quickly adjust the factor in order to  
6 continue the solvency of the fund for all recipients of OUSF funding.

7 Exhibit JJ-3 illustrates the impact upon the factor if the eligible providers were to  
8 request the initial twenty-five percent (25%) phase down of the HCF (\$9,276,253) in FY  
9 2018. Depending upon how many eligible providers file for the initial phase down, the  
10 timing of their filings, and the type of filings being made, it may be necessary for the  
11 Administrator to contract with outside consultants to assist with the processing of these  
12 requests. The Administrator's Determination of funding for these requests would be  
13 required with the statutory ninety (90) day requirement. This additional expense would be  
14 paid by the OUSF; thus, placing an additional unknown burden on the fund.

15 The Administrator's Determined projected funding for Primary OUSF of  
16 \$26,202,000<sup>9</sup>, includes all primary causes currently receiving funding and/or interim  
17 funding, all Primary OUSF funding requests currently pending before the Commission  
18 and the Oklahoma Supreme Court as well as all of the forecast primary causes for FY  
19 2018. Considering all potential impacts on the fund would result in a factor of 3.41%.

---

<sup>9</sup> Exhibit JJ-3, Column "FY 2018 Estimated", Line 3

ADMINISTRATOR'S RECOMMENDATION

1  
2  
3  
4  
5  
6  
7  
8

**Q: What is PUD's recommendation to the Commission concerning the establishment of an annual OUSF assessment factor for the fiscal year beginning July 1, 2018?**

**A:** The Administrator recommends an OUSF contribution factor for FY 2018 of 1.20% of this amount .0003202% is directly related to the OLF and should be considered the OLF factor. The Administrator also recommends the issuance of an interim order due to the uncertainties outlined above. Should the need arise; the Commission could adjust the contribution factor without having to initiate a new cause.

I state, under penalty of perjury under the laws of Oklahoma, that the foregoing is true and correct to the best of my knowledge and belief.

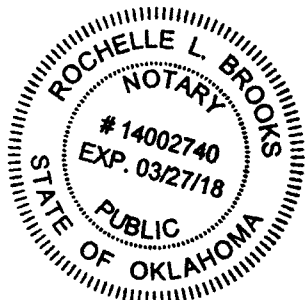


James L. Jones

State of Oklahoma

County of Oklahoma

Subscribed and sworn to before me this 7th day of March, 2018.



NOTARY PUBLIC \_\_\_\_\_

**Curriculum Vitae  
Of  
James L. Jones**

Mr. Jones is a Regulatory Manager with the Oklahoma Corporation Commission. He has over thirty years of utility regulatory experience. Additionally, he has organizational development skills and technical communication experience.

**James L. Jones**

Regulatory Manager

Oklahoma Corporation Commission

Jim Thorpe Office Building, Room 508,

2101 North Lincoln Boulevard, Oklahoma City, Oklahoma 73152-2000

Tel: 405-521-6737

Fax: 405-521-3336

[j.jones@occcemail.com](mailto:j.jones@occcemail.com)

**EDUCATION**

B.S., Marketing, College of Business Administration, University of Central Oklahoma

**PROFESSIONAL TRAINING**

New Mexico State University, Utility Rate School

Electric Utility Accounting

**PROFESSIONAL EXPERIENCE**

**SBC – District Manager Rates**

- ❖ Developed and managed SBC's interstate and intrastate Switched Access Tariffs.
- ❖ Represented SBC's Switched Access Tariffs before the Federal Communications Commission and state regulatory agencies.
- ❖ Coordinated the preparation and filing of SBC's Annual Interstate Access Tariff Filing

**SBC – Director Access Product Management**

- ❖ Responsible for SBC's interstate and intrastate Switched Access rates and revenues.

Direct Testimony – James L. Jones

Cause No. OSF 201800005

Page 15 of 19

- ❖ Responsible for SBC's switched unbundled network elements.
- ❖ Restructured SBC's Switched Access common and dedicated transport services.
- ❖ Lead SBC's wireless interconnection negotiation team.

**SBC – Executive Director – External Affairs**

- ❖ Responsible for the administration of SBC-Oklahoma's intrastate rates and tariffs.
- ❖ Responsible for representing SBC-Oklahoma before the Oklahoma Corporation Commission.

**Beacon Telecommunications Advisors – Manager Regulatory**

- ❖ Represented independent local exchange carriers on telecommunications regulatory issues in industry forums and before the Missouri Public Service Commission

**OCC – Public Utility Regulatory Analyst**

- ❖ Responsible for issues in assigned causes concerning energy related matters associated with electric and gas utilities.
- ❖ Responsible for the development and support of expert witness testimony involving assigned areas of responsibility.
- ❖ Lead the research and analysis of the Oklahoma Corporation Commission's inquiry into undergrounding electric facilities in the state of Oklahoma.

**OCC – Coordinator – Economic Analysis & Research**

- ❖ Responsible for analyzing, reviewing and the preparation of recommendations involving the operations of electric and gas utilities.
- ❖ Responsible for the development and support of expert witness testimony involving assigned areas of responsibility.

**OCC – Regulatory Manager**



- ❖ Responsible for analyzing, reviewing and the preparation of recommendations involving telecommunications service in the state of Oklahoma.
- ❖ Responsible for the development and support of expert witness testimony involving assigned areas of responsibility.

### **PROFESSIONAL HISTORY**

- ❖ SBC–District Manager Rates
- ❖ SBC– Director Access Product Management
- ❖ SBC – Executive Director–External Affairs
- ❖ Beacon Telecom Advisors–Manager Regulatory
- ❖ OCC– Public Utility Regulatory Analyst
- ❖ OCC – Coordinator Economic Analysis & Research
- ❖ OCC – Regulatory Manager

Oklahoma Universal Service Fund						
Calculation of the Assessment Factor for FY 2018 (July 1, 2018 - June 30, 2019)						
Cause No. OSF 201800005						
Line No.	Factor Calculation Inputs	FY 2016 Actual	FY 2017 Actual through 12/31/17	FY 2017 Estimated 1/1/18 - 6/30/18	FY 2017 Estimated Total	FY 2018 Estimated 7/1/18 - 6/30/19
1	Attorney General <sup>1</sup>	\$ 250,000	\$ 125,000	\$ 125,000	\$ 250,000	\$ 250,000
2	Oklahoma Lifeline <sup>2</sup>	\$ 6,394	\$ 1,412	\$ 1,588	\$ 3,000	\$ 3,000
3	Primary OUSF <sup>2</sup>	\$ 5,061,092	\$ 3,409,040	\$ 1,250,960	\$ 4,660,000	\$ 5,460,000
4	Special OUSF - Schools, Libraries, and Telemedicine <sup>2</sup>	\$ 15,245,385	\$ 4,808,244	\$ 7,534,756	\$ 12,343,000	\$ 18,915,000
5	Management Contract Fees - Fund Manager	\$ 196,000	\$ 140,143	\$ 109,857	\$ 250,000	\$ 225,000
6	Internal Admin, Oversight, & Accounting Exp	\$ 308,274	\$ 8,562	\$ 1,491,438	\$ 1,500,000	\$ 1,500,000
7	External Audits of Fund Manager and Administrator	\$ 114,456	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
8	Accounting & Expert Witness Contracts	\$ -	\$ 111,269	\$ 128,731	\$ 240,000	\$ 275,000
9	Bank Fees	\$ 3,503	\$ 2,021	\$ 1,979	\$ 4,000	\$ 4,000
<b>10</b>	<b>Total Estimated Funding Requirement for FY 2018</b>	<b>\$ 21,185,102</b>	<b>\$ 8,605,690</b>	<b>\$ 10,744,309</b>	<b>\$ 19,350,000</b>	<b>\$ 26,732,000</b>
11	Fund Balance as of Prior Period	\$ 11,396,793	\$ 12,537,275	\$ 15,059,558	\$ 12,537,275	\$ 15,452,275
12	Factor Collection	22,277,291	11,062,205	\$ 11,062,795	\$ 22,125,000	see line 16
13	Estimated Interest Income	48,293	65,768	\$ 74,231	\$ 140,000	78,300
14	Actual / Estimated Disbursements from Line 10	21,185,102	8,605,690	10,744,309	19,350,000	26,732,000
<b>15</b>	<b>Net Estimated Funding Required</b>	<b>\$ 12,537,275</b>	<b>\$ 15,059,558</b>	<b>\$ 15,452,275</b>	<b>\$ 15,452,275</b>	<b>\$ 11,201,426</b>
16	Total Projected Intrastate Retail Revenues					\$ 937,000,000
17	Calculated Contribution Factor					1.19546%
<b>18</b>	<b>FY 2018 Contribution Factor</b>					<b>1.20%</b>
19	OLF Contribution Factor					0.0003202%
	<sup>1</sup> 17 O.S. § 139.104					

Oklahoma Universal Service Fund						
Calculation of the Assessment Factor for FY 2018 (July 1, 2018 - June 30, 2019)						
Cause No. OSF 201800005						
Line No.	Factor Calculation Inputs	FY 2016 Actual	FY 2017 Actual through 12/31/17	FY 2017 Estimated 1/1/18 - 6/30/18	FY 2017 Estimated Total	FY 2018 Estimated 7/1/18 - 6/30/19
1	Attorney General <sup>1</sup>	\$ 250,000	\$ 125,000	\$ 125,000	\$ 250,000	\$ 250,000
2	Oklahoma Lifeline <sup>2</sup>	\$ 6,394	\$ 1,412	\$ 1,588	\$ 3,000	\$ 3,000
3	Primary OUSF <sup>2</sup>	\$ 5,061,092	\$ 3,409,040	\$ 1,250,960	\$ 4,660,000	\$ 26,202,000
4	Special OUSF - Schools, Libraries, and Telemedicine <sup>2</sup>	\$ 15,245,385	\$ 4,808,244	\$ 7,534,756	\$ 12,343,000	\$ 18,915,000
5	Management Contract Fees - Fund Manager	\$ 196,000	\$ 140,143	\$ 109,857	\$ 250,000	\$ 225,000
6	Internal Admin, Oversight, & Accounting Exp	\$ 308,274	\$ 8,562	\$ 1,491,438	\$ 1,500,000	\$ 1,500,000
7	External Audits of Fund Manager and Administrator	\$ 114,456	\$ -	\$ 100,000	\$ 100,000	\$ 100,000
8	Accounting & Expert Witness Contracts	\$ -	\$ 111,269	\$ 128,731	\$ 240,000	\$ 275,000
9	Bank Fees	\$ 3,503	\$ 2,021	\$ 1,979	\$ 4,000	\$ 4,000
10	<b>Total Estimated Funding Requirement for FY 2018</b>	<b>\$ 21,185,102</b>	<b>\$ 8,605,690</b>	<b>\$ 10,744,309</b>	<b>\$ 19,350,000</b>	<b>\$ 47,474,000</b>
11	Fund Balance as of Prior Period	\$ 11,396,793	\$ 12,537,275	\$ 15,059,558	\$ 12,537,275	\$ 15,452,275
12	Factor Collection	22,277,291	11,062,205	\$ 11,062,795	\$ 22,125,000	see line 16
13	Estimated Interest Income	48,293	65,768	\$ 74,231	\$ 140,000	61,300
14	Actual / Estimated Disbursements from Line 10	21,185,102	8,605,690	10,744,309	19,350,000	47,474,000
15	<b>Net Estimated Funding Required</b>	<b>\$ 12,537,275</b>	<b>\$ 15,059,558</b>	<b>\$ 15,452,275</b>	<b>\$ 15,452,275</b>	<b>\$ 31,960,426</b>
16	Total Projected Intrastate Retail Revenues					\$ 937,000,000
17	Calculated Contribution Factor					3.41093%
18	<b>FY 2018 Contribution Factor</b>					<b>3.41%</b>
19	OLF Contribution Factor					0.0003202%
	<sup>1</sup> 17 O.S. § 139.104					

Direct Testimony – James L. Jones

Cause No. OSF 201800005

Page 19 of 19