

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSION ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: GRACE SEAMAN

DATE: MAY 27, 2016

RE: CAMBRIDGE TELEPHONE COMPANY'S MAY 19, 2016 TARIFF
ADVICE TO RAISE THE LOCAL MEASURED SERVICE RATE
TO THE FCC MINIMUM RESIDENTIAL BENCHMARK OF
\$18.00

On May 19, 2016, Cambridge Telephone Company ("Cambridge" or "Company") filed a Tariff Advice in compliance with the Federal Communication Commission's (FCC) *2011 USF/ICC Transformation Order*, released on November 18, 2011. With this filing, Cambridge increases the local residential measured service by \$2.00 to the FCC benchmark rate of \$18.00. The Company requests an effective date of June 1, 2016.

STAFF DISCUSSION AND RECOMMENDATION

The FCC states that establishing the benchmarked urban rate floor is "necessary to maintain fairness in the [federal] universal service support mechanism." *See FCC Report and Order 14-54* at 31, para. 86. The *Report and Order* outlines the four-year phase in support reduction schedule for rate-of-return carriers to provide time for incumbent carriers to make any necessary adjustments to its residential rates. Cambridge, a rate-of-return carrier, must implement the FCC's \$18.00 rate floor between January 2, 2015 and June 30, 2016, to avoid a reduction in the federal universal service support it receives. *Id.* at 4, para. 7. If a rate-of-return carrier's local rate in 2016 is less than \$18.00, that carrier's federal high-cost support will be reduced on a dollar-for-dollar basis. *See FCC DA 10-362*, released on April 5, 2016.

Staff has reviewed the Tariff Advice and believes it complies with the FCC's requirements for the minimum residential benchmark and that it is in the public interest for the Company to raise the measured service rate to avoid a reduction in the federal universal service support. For these reasons, Staff recommends Commission approval with an effective date of June 1, 2016.

COMMISSION DECISION

Does the Commission wish to approve Cambridge Telephone Company's Tariff Advice to increase the Local Measured Service rate to the FCC residential benchmark of \$18.00 with an effective date of June 1, 2016?



Grace Seaman

Udmemos/ctc-rate floor incr. dec memo