



## COMMISSION DECLINES TO INVESTIGATE USF "OVERPAYMENTS"



Carriers of Last Resort ("COLRs") that receive disbursements from the S.C. Universal Service Fund ("State USF") file annual data reports with the S.C. Office of Regulatory Staff ("ORS") pursuant to orders issued by the S.C. Public Service Commission. ORS observed that the forms completed by certain COLRs "show that the monthly USF support amount exceeds their reported cost." As a result, on March 20, 2013, ORS as Administrator of the State USF, sought guidance from the Commission as to what actions, if any, should be taken. The Commission opened a "non-docketed" item on its public document management system.

The S.C. Telephone Coalition responded to the ORS request and submitted updated cost information using a surrogate cost method. The Coalition opined that subject to review by ORS and the Commission of the surrogate cost results, no other action was needed. The Commission issued Order No. 2013-243 in April requesting that "ORS provide more information, such as the amounts and dates of the overpayments, which companies were overpaid, and any other information that would assist the Commission." The Commission also requested that ORS provide potential remedies for the Commission to consider.

The SCCTA requested that the Commission open a regular docket to address the issues currently being considered in the non-docketed item contending that questions of what companies have been overpaid, the amounts of the overpayments and the appropriate remedy should be considered in an open proceeding in which interested parties are given the opportunity to participate. The SCCTA also contended that S.C. law requires new cost studies to be approved by the Commission. The SCCTA reminded the Commission that the COLRs have been drawing 100% of the subsidy amounts approved by the Commission. A portion of the subsidy is from the State USF and the remaining portion is from the continuation of the implicit subsidies flowing from rates. At all times explicit subsidies and implicit subsidies added together would equal 100% of the subsidy amount approved by the Commission. For this reason any "overpayments" identified by the ORS reflect carriers receiving more subsidies than authorized.

ORS then filed COLRs' annual data reports and surrogate cost information provided by the COLRs in early May 2013. ORS also submitted that no "overpayment" had been made as all disbursements are pursuant to the current and effective Commission orders and are consistent with the amounts disbursed by the Commission prior to ORS becoming the Fund Administrator." .....Continued on

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### From the Executive Director...

Greeting and I hope each of you are enjoying autumn.

As you are aware, 2014 is an election year in South Carolina, in which we elect a Governor, U.S. Senators and the state constitutional officers. Soon after the November election, both the South Carolina Senate and House will hold their organizational sessions in which leadership is decided followed by committee assignments. Before the end of this year, a number of Senate and House bills will be prefiled giving your association a good idea of early legislation filed that will either directly or indirectly affect the South Carolina cable industry.

The first session of the 121st General Assembly of South Carolina will commence the second Tuesday of January and we are already aware of a major focus on ethics reform. Our state has faced a number of ethics issues in the last few years resulting in the resignation of a South Carolina Lt. Governor and a long serving state senator. The plethora of ethics scandals has certainly given South Carolina a black eye nationally. Even though Governor Nikki Haley made ethics reform a major component of her administration, ethics reform did not pass this past session. Acting House Speaker Jay Lucas has pledged to push for major ethics reform in 2015. In fact the House Ethics and Freedom of Information (FOIA) Act Study Committee has been meeting already this fall as they prepare for next session. This study committee has been split into three Subcommittees: Campaign Finance, FOIA, and Investigation and Enforcement.

Another major issue to be addressed in 2015 is our state's infrastructure needs. Nearly one-third of South Carolina's interstate highways and primary roads and half of our secondary roads are rated in poor or mediocre conditions. South Carolina state highway funding per mile is the lowest in the nation. Governor Haley had pledged to veto tax increases to pay for infrastructure needs. A major component of this discussion next session will be the way in which we will pay for major infrastructure improvements.

Finance subcommittees will soon begin meeting preparing for the state's annual appropriations bill which continues to demand an inordinate amount of committee time and floor debate every session.

Between the annual budget bills, infrastructure debate and ethics reform, the 2015 session is already deemed to be quite busy. Your SCCTA team will continue to work hard with you to monitor and respond to any issues that may affect the South Carolina cable industry.

Thanksgiving is next month and as we ponder our blessings, I am quite thankful for your many contributions to this association as we continue to promote and protect our industry.

*Ray Sharpe*



## Member News...



### Comcast Foundation Announces Grant to Carolina Youth Development Center

On August 26, 2014, the Comcast Foundation awarded Big Brothers Big Sisters (BBBS) of Carolina Youth Development Center (CYDC) a \$15,000 grant in support of its school-based mentoring program. "BBBS depends on the support of generous community partners like Comcast to provide quality services to youth in the tri-county area," said Big Brothers Big Sisters of CYDC Program Director Mandy Scherer. "Youth who have the support of a BBBS mentor have higher aspirations, greater confidence, and better relationships, avoid risky behaviors, and are more likely to achieve educational success."

The Comcast Foundation was started in 1999 to provide charitable support to qualified nonprofit organizations. The Foundation primarily invests in programs intended to have a positive, sustainable impact on their communities. "It is imperative that we have quality programs, such as the Comcast Foundation's partnership with the Carolina Youth Development Center, to ensure that Charleston's youth are positively impacted through one-to-one mentoring relationships," said Shannon Dulin, senior manager, government and regulatory affairs, for the Comcast Big South Region.

The Comcast Foundation has three community investment priorities—promoting community service, expanding digital literacy and building tomorrow's leaders. Since its inception, the Comcast Foundation has donated more than \$145 million to organizations in the communities nationwide that Comcast serves. For more information about the Foundation and its programs visit [www.comcast.com/community](http://www.comcast.com/community).

Partnering with parents/guardians, schools, corporations and others in the community, Big Brothers Big Sisters carefully pairs children ("Littles") with screened volunteer mentors ("Bigs") and monitors and supports these one-to-one mentoring matches throughout their course. For 35 years, Big Brothers Big Sisters of Carolina Youth Development Center has been helping children in the Lowcountry realize their full potential and build their futures, matching adult volunteers and youth ages 6-16. Let's start something. For more information, visit <http://becomeabig.org>.



Dan Jones, VP Government Relations for Time Warner Cable, has been named Regional Trustee Liaison to the American Hospital Association (AHA) Regional Policy Board 4. Jones currently serves as a member of the South Carolina Hospital Association Board and the Lexington Medical Center Board of Directors.

The AHA is the national organization that represents and serves all types of hospitals, health care networks and their patients and communities. The AHA is formed by nearly 5,000 hospitals, health care systems, networks and other providers of care.

## PUBLIC SERVICE COMMISSION NEWS

### DUAL PARTY RELAY FUND UPDATE

The S.C. General Assembly established the S.C. Dual Party Relay Program to provide telephone access to persons who are hearing or speech-impaired in 1990. The S.C. Office of Regulatory Staff ("ORS") who administers the Program reported to the S.C. Public Service Commission last November that the program was operating at a deficit due to the decline in business and residential landline revenues. ORS worked with industry representatives including the SCCTA during the last legislative session on legislation to modify the Program so that un-certificated VoIP providers and wireless providers also contributed.

On July 30, 2014, ORS presented an update to the Commission. This year the administration of the equipment distribution program was transferred from the S.C. School for the Deaf and Blind to ORS. ORS has reduced staff, outreach and some real-time closed captioning costs.

Actual revenue figures for the past year for the Program were \$4.2 million and expenses were \$2.9 million. ORS forecasts further declines in revenues due to the decreasing wireline numbers. If traditional wireline carriers complete the IP transition and stop paying into the Program fund, ORS will have to recommend more aggressive reductions in programs to reduce expenses. The declining revenues could also be corrected by requiring VoIP and wireless carriers to contribute to the Fund. Wireless alone has 4 million customers. The legislation introduced during last year's

legislative session to require wireless and VoIP non-certificated carriers to contribute failed to pass. Both VoIP and wireless providers supported the proposed bill. However, during the legislative debate, the bill was characterized as a tax increase even though the fee would have been reduced from 25¢ to 6¢ per month. ORS hopes similar legislation will pass this upcoming legislative session. This session ORS intends to get the beneficiaries of the services more involved in the legislative process.

According to ORS, the agency was driven to cut costs last year. This year ORS intends to focus on program enhancements and next year on program growth.

### COMMISSIONER MITCHELL

Randy Mitchell, a former Commissioner for the S.C. Public Service Commission, passed away on October 5, 2014, from injuries incurred during an accident on his family farm in Saluda, South Carolina. He was Vice-Chairman of the Saluda County Council from 1981-1987, Saluda County Probate Judge from 1987-1998, and served on the Public Service Commission from July 1998 until his retirement in 2013. He served as Chairman of the Commission from 2004-2006 and was selected to the Universal Services Administrative Company Board of Directors and the Federal-State Joint Board on Universal Service.

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## SOUTH CAROLINA LEGISLATIVE UPDATE

The second session of the General Assembly adjourned this summer. Prefiling of bills for the upcoming terms will begin in late November / early December.



### ***Commission Declines to Investigate “Overpayments”..... (continued from p. 1)***

ORS contended that based on the present State USF orders of the Commission, the fact that **support exceeds the cost** from the original cost studies approved by the Commission does not impact the amount of disbursement. ORS recommended that the Commission issue an order with that finding.

The Coalition responded that each carrier is receiving the specific amount of funding that represents the removal of implicit support for rates approved by the Commission. Since the companies are not seeking additional State USF, new cost studies were not required. The Coalition companies provided the updated surrogate reported cost information to demonstrate to the ORS why the negative numbers were occurring on the reports.

There was no activity in the non-docketed item from May 2013 until recently. On September 4, 2015, the Commission’s Standing Hearing Officer issued a directive holding that ORS’ May letter was a withdrawal of its earlier request for guidance so the non-docketed item was closed. ORS responded to the directive indicating that its May response was not a withdrawal of the request, but a recommendation that the Commission issue an order finding the amount of disbursement is not impacted by the fact that **support exceeds costs** from the original cost studies.

On September 24, 2014, the Commission issued Order No. 2014-786 in which it noted that ORS requested and recommended that the Commission find that the amount of disbursement from the State USF is not impacted by the fact that **support exceeds the cost** from the original cost studies approved by the Commission. The Order indicated that ORS answered its own question and that no further action needed to be taken.

In a separate docket addressing whether distributions from the State USF should be decreased to offset increases in basic local exchange rates, the Commission held that adjustments in the amount of subsidy are not required. SCCTA appealed that Commission decision to the S.C. Supreme Court on September 17, 2014.

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## **FCC BRIEFS**

The following documents can be downloaded from the FCC’s website at <http://www.fcc.gov>

On September 30, 2014, the FCC repealed its sports blackout rules that prohibited cable and satellite operators from airing any sports event that had been blacked out on a local broadcast station. This removes the FCC’s protection of the NFL’s current private blackout policy. FCC 14-141.

On September 25, 2014, the Wireline Competition Bureau announced a February 24, 2015, deadline for recipients of support to identify certain location information for Connect American Phase 1, Round 2. DA 14-1392.

The Wireline Competition Bureau announced the application process to be used to award up to \$100 million for entities interested in participating in the rural broadband experiments on August 19, 2014. (DA 14-1203). The experiments were launched on July 11, 2014, and will be divided into the following groups: (1) \$75 million to test construction of networks offering service plans providing 25 Mbps downloads and 5 Mbps uploads, (2) \$15 million to test interest in delivering service at 10/1 speeds in high cost areas, and (3) \$10 million for 10/1 service in areas that are extremely costly to serve. (FCC 14-98).

On August 8, 2014, the FCC adopted rules to promote widespread text-to-911 availability. FCC 14-118.

On August 7, 2014, the FCC issued an order asking the Federal-State Joint Board on Universal Service to provide recommendations on how the FCC should modify the universal service contribution methodology. The Order asked the Joint Board to develop recommendations with a particular focus on how any modifications to the contributions system would impact achievement of the statutory principle that there be state as well as federal mechanisms to preserve and advance universal service. FCC 14-116.

On August 5, 2014, the FCC issued its 10<sup>th</sup> Broadband Progress Notice of Inquiry concerning deployment of advanced telecommunications capability to all Americans. FCC 14-113.

On July 11, 2014, the FCC took major steps to expand access to cutting-edge digital learning technologies by modernizing its E-rate program to widely support robust Wi-Fi networks in schools and libraries. FCC 14-99.

On July 11, 2014, the FCC approved new rules that will require closed captioning of video clips posted online. The new rules apply to video programming distributors that air programming on television and then post clips of that programming on their own website or via their own mobile app. The new rules do not include 3<sup>rd</sup> party websites or apps. FCC 14-97.

## STATE-ISSUED CERTIFICATES OF FRANCHISE AUTHORITY

In late September, AT&T filed a notice letter with the South Carolina Secretary of State regarding its amended certificate of franchise authority to provide video services in Pelzer and Burnetttown. The state statute requires that a provider deploy video services within one year of the date of issuance of the authority. AT&T did not deploy services within the one year deadline. As a result, its authorization for these two towns is null and void by operation of law.

As of October 3, 2014, the South Carolina Secretary of State has issued the following certificates of franchise authority. Changes from the last newsletter are highlighted in red:

ATLANTIC BROADBAND.....	Aiken, Aiken County, Allendale, Allendale County, Bamberg, Bamberg County, Barnwell, Barnwell County, Blackville, Burnetttown, Denmark, Elko, Fairfax, Jackson, New Ellenton, Snelling, Williston
BALDWIN COUNTY INTERNET/ DSSI SERVICE, LLC	Beaufort County, Charleston County, Greenville, Greenville County
BELLSOUTH TELECOMMUNICATIONS, INC. d/b/a AT&T SOUTH CAROLINA	Aiken, Anderson, Anderson County, Arcadia Lakes, Bamberg County, Belton, Berkeley County, Blythewood, <b>Burnetttown</b> , Calhoun County, Camden, Cayce, Central, Chapin, Charleston, Charleston County, Cheraw, Cherokee County, Chesterfield County, Clemson, Clover, Colleton County, Columbia, Cordova, Dorchester County, Duncan, Easley, Edgefield County, Edisto Beach, Elgin, Fairfield County, Folly Beach, Forest Acres, Fountain Inn, Gaffney, Gaston, Goose Creek, Greenville, Greenville County, Greer, Hanahan, Hollywood, Irmo, Isle of Palms, James Island, Kiawah Island, Kershaw County, Laurens County, Lexington County, Liberty, Lincolnville, Little Mountain, Lyman, <b>Marlboro County</b> , Mauldin, McConnells, Mount Pleasant, Newberry County, North Augusta, North Charleston, Oconee County, Orangeburg, Orangeburg County, <b>Pelzer</b> , Pickens, Pickens County, Pine Ridge, Ravenel, Reidville, Richland County, Rockville, Seabrook Island, Seneca, Six Mile, South Congaree, Spartanburg, Spartanburg County, Springdale, Sullivan's Island, Summerville, Travelers Rest, Union, Union County, Walhalla, West Columbia, West Pelzer, Westminster, Williamston, York, York County
BERKELEY CABLE TV, INC.....	Berkeley County, Bonneau, Charleston, Goose Creek, Harleyville, Jamestown, Moncks Corner, North Charleston, St. Stephens, Summerville
BROADBAND EXPERIENCE d/b/a FAMILY VIEW CABLEVISION ...	Central, Clemson, Pickens County
CAMDEN CORPORATE INVESTMENTS LLC, d/b/a TRUVISTA.....	City of Camden
CAROLINA TELECOM SERVICES.....	Hickory Grove, Sharon
CATAWBA SERVICES, LLC .....	Rock Hill
CHARTER COMMUNICATIONS, LLC.....	Abbeville, Anderson County, Belton, Campobello, Central Pacolet, Cherokee County, Chesnee, Clinton, Cowpens, Duncan, Easley, Greer, Greenville, Greenville County, Honea Path, Inman, Iva, Jonesville, Landrum, Laurens, Laurens County, Mauldin, Newberry County, Oconee County, Pelzer, Pickens County, Reidville, Salem, Simpsonville, Six Mile, Spartanburg, Spartanburg County, Starr, Travelers Rest, Union, Union County, Wellford, West Pelzer, Whitmire, Williamston, Woodruff
CHESNEE COMMUNICATIONS.....	Cherokee County, Chesnee, Spartanburg County
CHESTER COMMUNICATIONS, LLC d/b/a TRUVISTA.....	Chester, Richburg
COMCAST OF CAROLINA.....	Berkeley County, Charleston, Dorchester County, Edisto Beach, Goose Creek, Hampton County, Hanahan, Isle of Palms, James Island, Mount Pleasant, Sullivan's Island, Summerville
COMCAST OF GEORGIA/SC II.....	Beaufort County, Charleston, Edisto Beach, Hampton County, Hollywood, Meggett, Mount Pleasant, Town of Seabrook Island
COMCAST OF GEORGIA/SC INC.....	Aiken County, Burnetttown, Hampton County, North Augusta
COMCAST OF THE SOUTH.....	Calhoun Falls, Prosperity
ELK COMMUNICATIONS, LLC.....	Gaston, Lexington County, Swansea

**State-Issued Certificates of Franchise Authority *continued...***

## FAIRVIEW COMMUNICATIONS

d/b/a TRUVISTA.....Blythewood, Richland County, Ridgeway

## FARMERS TELEPHONE.....

## COOPERATIVE

Andrews, Clarendon County, Coward, Florence County, Georgetown County, Greeleyville, Lane, Lee County, Lynchburg, Mayesville, Paxville, Pinewood, Scranton, Sumter, Sumter County, Turbeville, Williamsburg County

## FTC DIVERSIFIED SERVICES, LLC.....

Bishopville, Clarendon County, Florence County, Georgetown County, Hemingway, Kingstree, Lake City, Lee County, Manning, Olanta, Summerton, Sumter, Sumter County, Williamsburg County

## GREAT FALLS CABLEVISION, INC.....

Town of Great Falls  
d/b/a TRUVISTA

## HARGRAY CATV CO., INC.....

Bluffton, Estill, Hampton, Hardeeville, Hilton Head Island, Jasper County, Ridgeland

## HARGRAY, INC.....

Beaufort, Beaufort County, Port Royal

## HORRY TELEPHONE COOPERATIVE...

Conway, Horry County, Georgetown County, Surfside Beach

## HPI ACQUISITION CO., LLC.....

Anderson, Anderson County, Donalds, Due West

## KNOLOGY OF CHARLESTON, INC.....

City of Charleston, Charleston County, Dorchester County, Hanahan, James Island, Lincolnville, Mount Pleasant, North Charleston, Summerville

## MANAGED SERVICES INC.....

Berkeley County, Horry County, Jasper County, Richland County

## METROCAST COMMUNICATIONS.....

Marlboro County, McColl  
OF MISSISSIPPI, LLC

## NORTHLAND CABLE TELEVISION.....

Abbeville County, **Central**, Clemson, Edgefield, Johnston, Laurens County, **Ninety Six**, Norris, Oconee County, Pendleton, **Pickens**, Pickens County, Saluda, Saluda County, Seneca, Six Mile, Walhalla, **Ware Shoals**, West Union, Westminster

## PALMETTO CABLE TV, LLC.....

Fort Mill, Lancaster County, Tega Cay

## PALMETTO RURAL TELEPHONE.....

## COOPERATIVE, INC.

Bamberg County, Colleton County, Cottageville, Lodge, Smoaks, Walterboro, Williams

## PASSPORT COMMUNICATIONS.....

Fort Mill

## PINE TREE CABLEVISION.....

Aiken County, Bamberg County, Barnwell County, Bethune, Cottageville, Gaston, Jefferson, Kershaw County, Lamar, McBee, Orangeburg County, Perry, Salley, Wagener

## PBT COMMUNICATIONS.....

Gilbert, Lexington, Lexington County, Monetta, Pelion, Ridge Springs, Saluda County, Summit, Wagener

## RST COMMUNICATIONS, INC.....

Gaffney

## SANDHILL TELEPHONE COOPERATIVE..

Bethune, Chesterfield County, Jefferson, Kershaw County, McBee, Mount Croghan, Pageland, Patrick

## SOUTHERN CABLE COMMUNICATIONS...

**Georgetown**, Georgetown County

## TECHCORE CONSULTANTS II.....

Bowman, Dorchester County, Earhardt, Eutawville, Holly Hill, Orangeburg County

## TIME WARNER CABLE, .....

## SOUTHEAST, LLC

Andrews, Batesburg-Leesville, Beaufort County, Bishopville, Bluffton, Calhoun County, Cayce, Charleston County, Cheraw Clover, Chesterfield County, Columbia, Conway, Cordova, Darlington County, Dillon, Dillon County, Florence, Florence County, Forest Acres, Fort Mill, Georgetown, Georgetown County, Goose Creek, Hardeeville, Hemingway, Hilton Head, Horry County, Irmo, Jasper County, Kingstree, Lakeview, Lane, Latta, Lee County, Lexington, Lexington County, Manning, Marion County, McBee, Moncks Corner, Myrtle Beach, Nichols, Orangeburg, Orangeburg County, Pamplico, Pawleys Island, Pine Ridge, Quinby, Richland County, Saluda County, South Congaree, Springdale, St. Matthews, Surfside Beach, Summerville, Sumter, Sumter County, West Columbia, Williamsburg County, York County

## VIDEO VISION, INC.....

Fort Lawn, Heath Springs, Kershaw, Lancaster, Lancaster County

## YRT2, INC.....

Berkeley County, Columbia, Dorchester County, Greenville, Greenville County, Horry County, Myrtle Beach, Summerville