

**Alaska Universal Service
Administrative Company
BOARD OF DIRECTORS**

Meeting Agenda

November 1, 2022

Special Meeting – September Business

Tuesday 9:00 a.m.

Teleconference

**Teleconference: Call Number from Anchorage 907-561-6398
From Outside Anchorage Area 1-877-561-6398**

- I. Roll Call
- II. Approval of Agenda
- III. Public Comment (Limited to 5 Minutes)
- IV. Approval of Prior Minutes
 - A. August 25, 2022 – Monthly Meeting
 - B. September 26, 2022 – Monthly Meeting (Tabled)
 - C. October 27, 2022 – Monthly Meeting (R&D Only)
- V. AUSF Remittance and Distribution
 - A. Quarterly Report Filing – Period Ending September 30, 2022 (Information Only)
 - B. Quarterly Review Analysis - Period Ending September 30, 2022 (Information Only)
- VI. Agent Report
 - A. Financial Statements – September 2022
 - B. AECA Invoices – September 2022
- VII. New Business
 - A. 1) Board Nomination for Retiring Seat Replacement Bob Dunn, Other - Expiring Feb 2024
Special Membership Group Meeting set for November 7, 2022
 - 2) Board Nomination for Retiring Seat Replacement Larry Snipes, ILEC – Expiring Feb 2023
Kelly Williams nominated at Special Membership Group Meeting October 20, 2022
 - B. Officers Election –Vice President
- VIII. Unfinished Business
 - A. R-21-001 - AUSF Sunset Review – October 26, 2022 Proposed Regulations
 - B. TA39 AUSF Late Fee/Tariff Effective October 14, 2022 (Information Only)
 - C. TA40 AUSF 2023 Budget and Surcharge – Filed September 30, 2022 – Extension Approved to
November 17, 2022 TA Meeting
- IX. Next Meeting/Adjournment

**ALASKA UNIVERSAL SERVICE
ADMINISTRATIVE COMPANY**

DRAFT

**Board of Directors
Regular Meeting
August 25, 2022**

I. Roll Call

Board President Andilea Weaver called the meeting to order at approximately 1:46 p.m. Alaska time. She asked Keegan Bernier to call roll:

- Andilea Weaver, Board President – Wireless Telecom Provider
- Larry Snipes, Board Vice President – ILEC (teleconference)
- Bob Dunn – Other Telecom Provider (teleconference)
- Juliana Wayman, Secretary/Treasurer – CLEC (teleconference)
- Lisa Phillips – IXC (teleconference)
- Vacant - IXC w/Wholesale Tariff
- Steve Kramer – ILEC (teleconference)

Members present through proxy:

The members attending represented a quorum.

Members absent:

Others present:

- Keegan Bernier, AUSAC Agent
- Steven Long, Adak
- Lori Stuits, Adak
- David Collier, ATT (teleconference)

II. Approval of Agenda

Motion by Juliana Wayman, seconded by Lisa Phillips, that the Board approves the agenda.

Motion passed, unopposed.

III. Public Comments

There was no public comment.

IV. Approval of Prior Minutes

A. June 28, 2022 Monthly Meeting

Motion, by Steve Kramer, seconded by Bob Dunn, that the June 28, 2022 meeting minutes be approved.

Motion passed, unopposed.

B. July 27, 2022 Monthly Meeting

Motion, by Steve Kramer, seconded by Bob Dunn, that the July 27, 2022 meeting minutes be approved, as amended on page 4.

Motion passed, unopposed.

V. AUSF Remittance and Distribution Report

Board President Andilea Weaver asked Ms. Bernier to present the July 2022 AUSF Remittance and Distribution Report. She proceeded to lead a review of the current disbursements and the distribution percentages of each support element.

Ms. Phillips asked what was paid out for the 2021 support year. Ms. Bernier stated that she does not have a schedule showing a specific number but referred the Board to report page 16, Non-Pooling ENS - YTD ENS Support and report page 18, Pooling ENS – YTD ENS Support. The Total support paid for the 2021 year is the total of the Non-Pooling and Pooling ENS. Which equates to approximately \$13.5 million paid to the 2021 support year.

Ms. Bernier stated that she will need to review past filings to determine if anything was filed for the end of prior support years.

The support funds are scheduled to be distributed on August 30, 2022. A copy of the distribution report was included in the packet labeled V.

Motion, by Juliana Wayman, seconded by Larry Snipes, that the Board approves the July 2022 AUSF Remittance and Distribution Report and authorizes the distribution of funds on or about August 30, 2022 in the amount of \$1,070,112.89.

Motion passed, unopposed.

VI. Agent Report

Board President Andilea Weaver asked Ms. Bernier to present the monthly administrative report, along with the financial reports for July. Ms. Bernier provided a copy of the report and is included in these minutes. She proceeded with a review of the financials.

There was one item for the Board to consider, the invoice from AECA for July 2022 administrative services.

Ms. Phillips added that Ms. Bernier completed substantial work on the draft TA letter for the late fee charge update. She noted that it was a significant effort on the Agent's part to complete.

BOARD ACTION REQUEST #1:

Motion, by Lisa Phillips, seconded by Bob Dunn that the Board approves the payment for invoice number 326, from AECA, for July 2022 administrative services for a total of \$5,515.39.

Motion passed, unopposed.

VII. New Business

A. Board Nominations for Retiring Seat Replacement

Ms. Bernier presented that David Collier was nominated to complete the remainder of Shawn Uschmann's Board term.

VIII. Unfinished Business

A. R-21-001(5) - AUSF Sunset Review

Ms. Bernier presented that the RCA held a public meeting and directed David Parrish to complete a writeup for an extension of the sunset date and put the R-21-001 determination on hold until new regulations language is presented at the last public meeting being held in September. The sunset will be put on hold due to the unknowns around the new broadband funds coming into the state.

B. AUSF Late Fee/Tariff Update – TA39 Draft

Ms. Bernier provided a review of the draft TA39 filing. She noted that the remittances will be required to be paid electronically and reports submitted electronically. There will be a late fee charge of \$35 for the late submission of reports and a minimum penalty charge of \$35 for late remittance payments.

Motion by Juliana Wayman, seconded by Larry Snipes, that the Board approves the draft tariff filing which includes a \$35 minimum late payment fee and \$35 late report fee.

Motion passed, unopposed.

IX. Next Meeting/Adjournment

Board President Andilea Weaver adjourned the meeting at approximately 2:32 p.m. The next Board meeting was scheduled for September 26, 2022 at 9:30 a.m. This meeting will be held via teleconference. If you plan to call in to attend the meeting, the conference line is 1-877-561-6398 out of Anchorage area and 561-6398 in Anchorage.

ALASKA UNIVERSAL SERVICE
ADMINISTRATIVE COMPANY

DRAFT

Board of Directors

Regular Meeting

October 27, 2022

I. Roll Call

Board President Andilea Weaver called the meeting to order at approximately 8:00 a.m. Alaska time. She asked Keegan Bernier to call roll:

Andilea Weaver, Board President – Wireless Telecom Provider
(teleconference)

Larry Snipes, Board Vice President – ILEC (teleconference)

Vacant – Other Telecom Provider

Juliana Wayman, Secretary/Treasurer – CLEC (teleconference)

Lisa Phillips – IXC (teleconference)

David Collier - IXC w/Wholesale Tariff (teleconference)

Steve Kramer – ILEC (teleconference)

Members present through proxy:

The members attending represented a quorum.

Members absent:

Others present:

Keegan Bernier, AUSAC Agent

Claire Knudsen Latta, RCA (teleconference)

II. Approval of Agenda

Motion by David Collier, seconded by Larry Snipes, that the Board approves the agenda.

Motion passed, unopposed.

III. Public Comments

There was no public comment.

IV. AUSF Remittance and Distribution Report

Board President Andilea Weaver asked Ms. Bernier to present the September 2022 AUSF Remittance and Distribution Report. She proceeded to lead a review of the current disbursements and the distribution percentages of each support element.

Mr. Kramer noted that the wireless revenues are higher than they were in 2021.

Ms. Bernier notified the Board that page 4 of the report contains a typo on the YTD remittances and has been corrected in a revised version that will be available to the public. This typo did not impact the distribution.

The support funds are scheduled to be distributed on October 28, 2022. A copy of the distribution report was included in the packet labeled V.

Motion, by Juliana Wayman, seconded by Larry Snipes, that the Board approves the September 2022 AUSF Remittance and Distribution Report and authorizes the distribution of funds on or about October 28, 2022 in the amount of \$1,068,179.39.

Motion passed, unopposed.

V. Next Meeting/Adjournment

Board President Andilea Weaver adjourned the meeting at approximately 8:10 a.m. The next Board meeting was previously scheduled for November 1, 2022 at 9:00 a.m. This meeting will be a special meeting to cover the October AUSAC business and held via teleconference. If you plan to call in to attend the meeting, the conference line is 1-877-561-6398 out of Anchorage area and 561-6398 in Anchorage.

Alaska Universal Service Administrative Company
 Schedule I.A. Disbursement of Universal Service Funds
 Period Ending September 30, 2022

Quarterly Report	Total YTD 2022	1st Qtr 2022 10%	2nd Qtr 2022 10%	3rd Qtr 2022 10%
1 AUSAC ADMINISTRATION Distribution	66,993.53	13,496.33	37,429.13	16,068.07
2 ENS-Nonpooled Distribution	7,898,108.00	2,843,248.47	2,521,087.86	2,533,771.67
3 ENS-Pooled Distribution	2,142,243.90	771,105.84	683,848.77	687,289.29
4 TOTAL AUSF DISTRIBUTION	10,107,345.43	3,627,850.64	3,242,365.76	3,237,129.03

	YTD 2022
5 Distribution Shortage	\$ 12,307,594.25
6 Cash Working Capital Adjustment Factor	\$ 2,878,605.13
7 Total Estimated AUSF Support (Line 4+5+6)	\$ 25,293,544.81
8 Gross End User Revenues	\$97,036,340.90
9 Calculated AUSF Surcharge Factor (Line 8/9)	26.07%
10 2022 AUSF Surcharge Rate	10.00%
11 Variance	-16.07%

Alaska Universal Service Administrative Company
 Schedule I.B. Reported Intrastate End User Revenues
 Period Ending September 30, 2022

2022 Reported Revenues	Total Reported Revenues	Local Revenue	Wireless Revenue	Interexchange Revenue	Payphone Revenue	Other Revenue	Uncollectible Revenues	VoIP Revenues
Total Revenues 1/1/2022-9/30/2022	\$97,036,340.90	\$48,711,872.58	\$37,568,604.46	\$8,246,798.63	\$13,865.00	\$118,435.04	(\$336,054.04)	\$2,712,819.23

Alaska Universal Service Administrative Company
Schedule I.C. Distribution Shortage
Period Ending September 30, 2022

Support Shortage Detail								
Distribution Priority	Support Period		AUSAC Admin Fee	ENS Nonpooling Support	ENS Pooling Support	Adjustments	Totals	
Month 7 (Dropped from Shortage List)	November-21	Support Shortage		(666,462.92)	(180,779.04)	-	(847,241.96)	
		Shortage Paid		-	-	-	-	
		% Payment						
		Remaining Support Not Recoverable		(666,462.92)	(180,779.04)	-	(847,241.96)	
Month 6 (Oldest)	December-21	Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
		Shortage Paid		836,695.15	226,954.79	-	1,063,649.94	
		% Payment		55.68%	55.68%	55.68%	55.68%	
		Remaining Support Shortage		(665,873.02)	(180,619.03)	-	(846,492.05)	
Month 5	January-22	Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
		Shortage Paid		-	-	-	-	
		% Payment		0.00%	0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
Month 4	February-22	Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
		Shortage Paid		-	-	-	-	
		% Payment		0.00%	0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
Month 3	March-22	Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
		Shortage Paid		-	-	-	-	
		% Payment		0.00%	0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,573.82)	-	(1,910,141.99)	
Month 2	April-22	Support Shortage		(1,502,568.17)	(407,657.24)	-	(1,910,225.41)	
		Shortage Paid		-	-	-	-	
		% Payment		0.00%	0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	-	(1,910,225.41)	
Month 1 (Newest)	May-22	Support Shortage		(1,502,568.17)	(407,657.24)	-	(1,910,225.41)	
		Shortage Paid		-	-	-	-	
		% Payment		0.00%	0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	-	(1,910,225.41)	
Current Period	June-22	Current Support Due	(4,529.45)	(1,502,568.17)	(407,657.24)	-	(1,914,754.86)	
		Current Distribution Paid	4,529.45	-	-	-	4,529.45	
		% Payment	100.00%	0.00%	0.00%	0.00%	0.00%	
		Support Shortage	-	(1,502,568.17)	(407,657.24)	-	(1,910,225.41)	
Total Distribution			4,529.45	836,695.15	226,954.79	-	1,068,179.39	
Total Support Shortage			-	(9,681,282.04)	(2,626,312.21)	-	(12,307,594.25)	

Alaska Universal Service Administrative Company

Schedule I.D. Notes to Disbursement of Universal Service Funds (Schedule 1.A.)

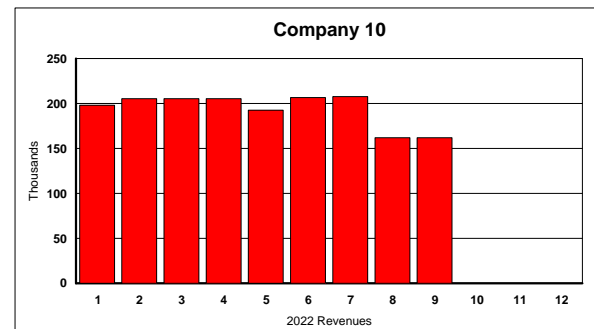
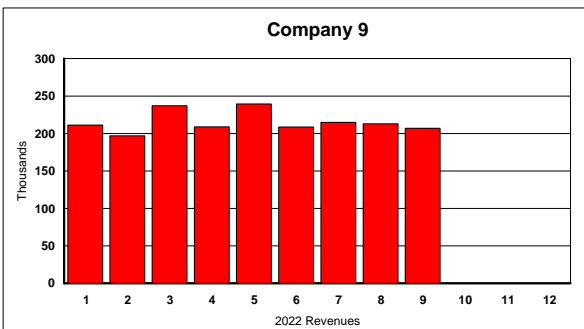
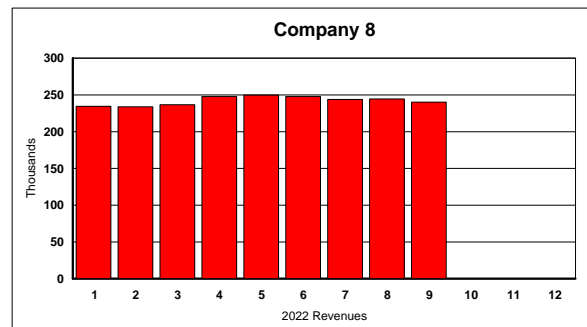
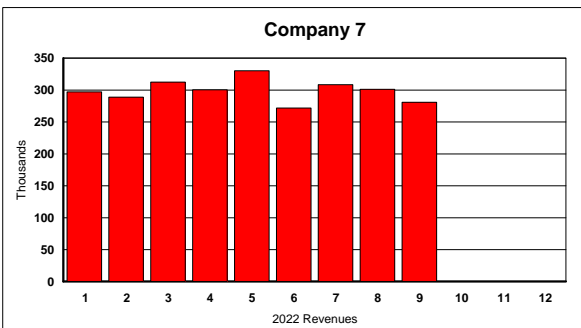
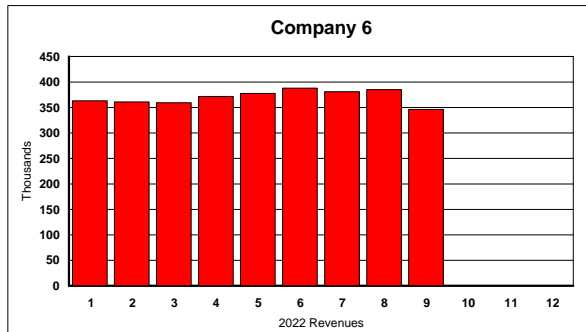
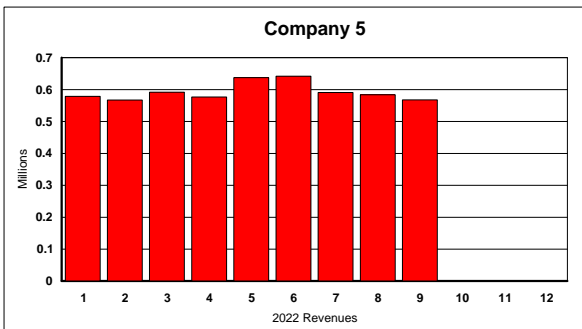
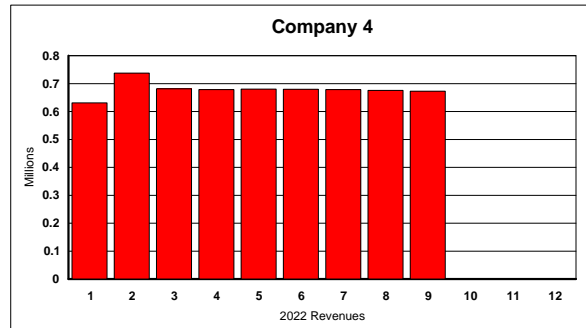
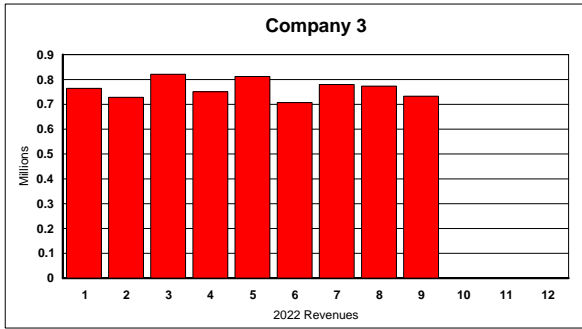
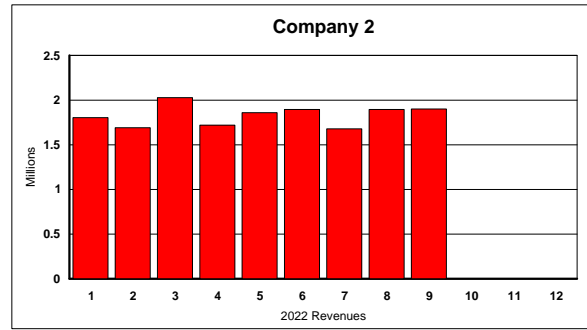
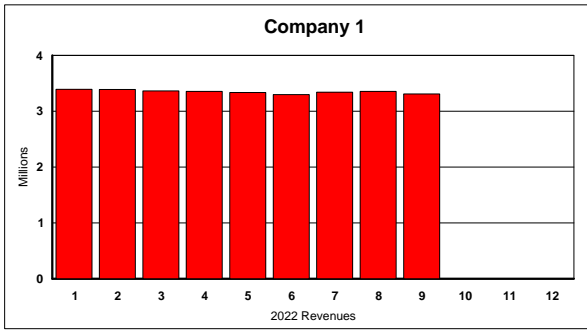
Period Ending September 30, 2022

General Notes

Schedule 1.A. Disbursement of Universal Service Funds shows the disbursements by quarter and by surcharge rate. The effective surcharge rate is 10% for 2022.

Row numbers have been added to the left of Schedule 1.A. for presentation purposes and are explained in the section below.

Row Number	Column	Explanation
4	Total YTD 2022	Actual funds distributed as of the period ending September 30, 2022. First and second quarter disbursements reflect payments of support for the 2021 support period shortages and the first and second quarter 2022 AUSAC administration distribution. The first and second quarter 2022 support for ENS is currently 100% short, 2022 ENS support disbursement began in third quarter 2022.
5	YTD 2022	Distribution shortage of the fund as of the period ending September 30, 2022. See Schedule 1.C.
6	YTD 2022	Working Capital Allowance is from RCA Staff Recommendation, TA2-998, November 18,1999, Page 5,1.5 times AUSAC monthly expenses. This calculation is 1.5 times the estimated AUSAC monthly distribution, for the 12 months of the 2022 year. $1.5 * (\text{approved annual ENS support and actual YTD AUSAC administration} / 12)$
7	YTD 2022	Lines 5+6 from the YTD 2022 column + line 4 from the Total YTD 2022 column.
8	YTD 2022	Gross End User Revenues for the January through September 2022 periods
9	YTD 2022	Calculated AUSF Surcharge Factor based on actual end user revenues, actual disbursements in the January through September 2022 periods, and the AUSF cash balance. This calculation looks back and assumes the calculated surcharge factor and AUSF cash balance would be applied to the January through September 2022 periods resulting in enough funds to cover the first through third quarter 2022 disbursements, the 2021 shortage and working capital.
10	YTD 2022	Surcharge rate effective 1/1/2020 (10%), TA28-998. No change to the surcharge rate in 2022.
11	YTD 2022	The approved 2022 surcharge rate for the January through September 2022 periods was 16.07% below the calculated surcharge required to meet the 2022 disbursement needs, 2021 support shortage and the working capital allowance.



ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

AGENT'S REPORT BOARD OF DIRECTORS MEETING

November 1, 2022

Since our last regular meeting, AUSAC Staff has filed tariff changes, filed the 2023 budget and surcharge, worked with Erickson & Brooks on the annual compliance review, and presented the AUSAC annual training during the AECA Annual CABS workshop. Additionally, staff has provided support to the companies that report to the AUSF.

A copy of the September 2022 financial report is included this month, labelled VI.A. This month the Board has one item to consider, the approval of the invoice for administrative services from AECA for the month of September.

The annual compliance review is near completion, two companies have not provided the necessary documentation. AUSAC has followed up with the two outstanding companies twice and is in contact with Erickson & Brooks.

AUSAC is continuing to work with First National Bank of Alaska to update signers on the accounts. Ms. Bernier met with First National to review account options and bank fees and will review accounts balances and potentially shift to a repurchase account with more favorable interest rates.

BOARD ACTION REQUEST #1:

Recommend the Board approve the payment for invoice number 328 from AECA, for September 2022 administrative services for a total of \$4,283.93.

All bills received by AUSAC have been paid. This concludes the Agent's report.

10/28/2022

Variance: Actual Higher
 (Lower) than Budget

AUSAC FINANCIAL STATEMENT
 CASH BASIS

ACCOUNT	September-22						10/28/2022 Proj. Exp. & Cash Draw
	Current Month			YTD			
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	
EXPENDITURES							
GEN/ADM:							
Administration Support	\$ 3,927	\$ 4,917	\$ (990)	\$ 37,740	\$ 44,253	\$ (6,513)	\$ 4,284
Administration Support: 2021 Pd in 2022	-	-	-	2,631	-	2,631	-
Miscellaneous	5	61	(56)	70	549	(479)	5
Misc. Exp. 2021 Pd in 2022	-	-	-	-	-	-	-
Postage & Courier	-	10	(10)	19	86	(67)	-
Insurance	975	996	(21)	10,958	11,674	(716)	-
Legal	-	1,000	(1,000)	388	9,522	(9,135)	-
Legal Exp. 2021 Pd in 2022	-	-	-	-	-	-	-
Database Project	-	-	-	-	-	-	-
Audit	-	-	-	10,500	10,500	-	-
Audit Exp. 2021 Pd in 2022	-	-	-	-	-	-	-
Agreed Upon Procedures/Compliance Review	-	-	-	-	-	-	-
Comp. Rev. Exp.2021 Paid in 2022	-	-	-	-	-	-	-
Bank Fees	311	281	30	2,360	2,529	(169)	218
Notices/Adv	61	187	(126)	610	1,683	(1,073)	23
Notices/Adv. Exp. 2021 Pd in 2022	-	-	-	45	-	45	-
SUBTOTAL	\$ 5,279	\$ 7,452	\$ (2,173)	\$ 65,321	\$ 80,796	\$ (15,475)	\$ 4,529
OTHER							
Directors Expense	-	-	-	-	666	(666)	-
SUBTOTAL	-	-	-	-	666	(666)	-
TOTAL EXPENDITURES	\$ 5,279	\$ 7,452	\$ (2,173)	\$ 65,321	\$ 81,462	\$ (16,141)	\$ 4,529
Total Expenditures for 2021 Paid in 2022	-	-	-	2,676	-	-	-
INCOME:							
Tariff Remittance Funds	5,617	-	5,617	60,629	-	60,629	4,529
Interest	-	-	-	-	-	-	-
Interest from CD Investments	-	-	-	-	-	-	-
Other (late fees)	-	-	-	-	-	-	\$ -
Reimbursements	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Deposit In Transit (Sweep)	-	-	-	-	-	-	-
TOTAL INCOME	\$ 5,617	\$ -	\$ 5,617	\$ 60,629	\$ -	\$ 60,629	\$ 4,529
NET VARIANCE	\$ 338	\$ (7,452)	\$ 7,790	\$ (4,692)	\$ (81,462)	\$ 76,770	\$ -
CASH							
Beginning Cash	\$0			\$0			\$0
Cash On Hand				\$0			

AUSAC Financial Statement

Notes to Financial Statement

October 28, 2022

1. Cash Balance at September 30, 2022 is \$0 in the general operating account. This account sweeps to the Sweep account at FNBA as the checks clear.
2. \$5,279 was posted to the statement for services and bank fees.
3. Administrative support expense of \$3,927 applicable to August 2022 was posted to this report.
4. Miscellaneous expense of \$5 was paid for website hosting.
5. Insurance expense was \$975 for miscellaneous professional liability.
6. Bank fee expense was \$311 in September.
7. Notices fee expense was \$61 in September.
8. The cash sweep in September was \$5,617. The estimated sweep for expenditures in October 2022 is \$4,529.

Alaska Universal Service Administrative Company
 AUSF Cash Balances in Banks
 October 28, 2022

Bank	Type	Next Mature Date	Avg Rate	10/25/2022
Edward Jones CD		Closed		\$0.00
	Interest Earned		0.00%	\$0.00
	Fees			\$0.00
	<u>Total</u>			\$0.00
Funds transferred to FNBA				\$0.00
Remaining Balance				\$0.00
First National Bank Alaska	R&D Acct/RP	Daily	Varies	\$1,266,189.90
FNBA	<u>Total</u>			\$1,266,189.90
Total AUSF Cash Balances in Banks				\$1,266,189.90
Out of Period Adjustments				(\$197,010.51)
Total Available Balance				\$1,069,179.39

Alaska Exchange Carriers Association

Invoice

810 N Street, Suite 204
Anchorage, AK 99501

Date	Invoice #
9/30/2022	328

Bill To
AUSAC 810 N Street 204 Anchorage, AK 99501

Quantity	Item Code	Description	Price Each	Amount
6.5	R&D Report Prep	(610-70) Prepare Remittance & Distribution Report	47.88	311.22
0.5	Tariff	(630-10) Prepare Tariff and Forms	47.88	23.94
0.5	Gen. Admin.	(625-05) Administrative work on AUSAC contract RCA Mtg	47.88	23.94
0.5	Dist. of Funds	(610-25) Distribution of Funds	47.88	23.94
5	R&D Report Prep	(610-70) Prepare Remittance & Distribution Report	47.88	239.40
0.25	Dist. of Funds	(610-25) Distribution of Funds	87.97	21.99
0.5	Dist. of Funds	(610-25) Distribution of Funds	87.97	43.99
1.5	Gen. Admin.	(625-05) Administrative work on AUSAC contract financials, budget	87.97	131.96
1	Board Meeting	(605-05) Prepare for and attend Board of Directors meetings.	87.97	87.97
2.5	Tariff	(630-10) Prepare Tariff and Forms TA39 supplemental, TA cleanup	87.97	219.93
0.25	Tariff	(630-10) Prepare Tariff and Forms TA39 supplemental, TA cleanup	87.97	21.99
1	Tariff	(630-10) Prepare Tariff and Forms TA39 supplemental, TA cleanup	87.97	87.97
0.5	Gen. Admin.	(625-05) Administrative work on AUSAC contract RCA meeting, banking	87.97	43.99
0.25	Nomination work	(625-12) Work associated with the AUSAC Board nominations.	87.97	21.99
0.25	Dist. of Funds	(610-25) Distribution of Funds	87.97	21.99
0.5	Gen. Admin.	(625-05) Administrative work on AUSAC contract RCA meeting, banking	87.97	43.99
0.25	Board Meeting	(605-05) Prepare for and attend Board of Directors meetings.	87.97	21.99
1.25	Board Meeting	(605-05) Prepare for and attend Board of Directors meetings.	87.97	109.96
2.5	Tariff	(630-10) Prepare Tariff and Forms rate dev	87.97	219.93
0.5	R&D Report Prep	(610-70) Prepare Remittance & Distribution Report	87.97	43.99
2.25	Gen. Admin.	(625-05) Administrative work on AUSAC contract financials, budget	87.97	197.93
0.5	Late Fee Invoice	(610-52) Preparation and Issuance of Late Fee Invoice	87.97	43.99
0.25	Late Fee Analysis	(610-51) Preparation and Review of monthly Late Fee Analysis	87.97	21.99
0.75	R&D Report Prep	(610-70) Prepare Remittance & Distribution Report	87.97	65.98
3	Gen. Admin.	(625-05) Administrative work on AUSAC contract financials, budget	87.97	263.91
0.75	Gen. Admin.	(625-05) Administrative work on AUSAC contract financials, budget	87.97	65.98
0.25	Follow up on Late ...	(610-53) Follow up on outstanding Late Fee Invoices	87.97	21.99
0.25	Tariff	(630-10) Prepare Tariff and Forms	87.97	21.99
			Total	

Alaska Exchange Carriers Association

810 N Street, Suite 204
Anchorage, AK 99501

Invoice

Date	Invoice #
9/30/2022	328

Bill To
AUSAC 810 N Street 204 Anchorage, AK 99501

Quantity	Item Code	Description	Price Each	Amount
0.25	Compliance Audit	(625-60) Compliance Audit per U-98-168.	87.97	21.99
0.75	Tariff	(630-10) Prepare Tariff and Forms	87.97	65.98
0.5	Nomination work	(625-12) Work associated with the AUSAC Board nominations.	87.97	43.99
0.5	Dist. of Funds	(610-25) Distribution of Funds	40.74	20.37
0.5	Membr Mtgs	(605-05) Prepare for & attend membership group & annual meetings	40.74	20.37
2	Tariff	(630-10) Prepare Tariff and Forms	40.74	81.48
0.5	Gen. Admin.	(625-05) Administrative work on AUSAC contract	40.74	20.37
0.5	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	20.37
2	Agenda_Notice	(625-70) Prepare agenda, Notice meetings, Call attendees	40.74	81.48
0.5	Agenda_Notice	(625-70) Prepare agenda, Notice meetings, Call attendees	40.74	20.37
0.5	Membr Mtgs	(605-05) Prepare for & attend membership group & annual meetings	40.74	20.37
0.5	Tariff	(630-10) Prepare Tariff and Forms	40.74	20.37
1	Late Fee Invoice	(610-52) Preparation and Issuance of Late Fee Invoice	40.74	40.74
0.5	Dist. of Funds	(610-25) Distribution of Funds	40.74	20.37
1	Collections	(610-50) Collection and compliance issues. Company notices.	40.74	40.74
1	Follow up on Late ...	(610-53) Follow up on outstanding Late Fee Invoices	40.74	40.74
0.5	Membr Mtgs	(605-05) Prepare for & attend membership group & annual meetings	40.74	20.37
0.5	Bill & Coll.	(610-10) Reconcile Bank report to remittances, to data entry, audit reports and analyze reports .	40.74	20.37
0.5	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	20.37
0.5	Mail	(610-26) Open mail, download and print files.	40.74	20.37
2.5	Post Remit.	(610-40) Post remittance forms and prepare monthly reports.	40.74	101.85
1	Dist. of Funds	(610-25) Distribution of Funds	40.74	40.74
1.5	Bill & Coll.	(610-10) Reconcile Bank report to remittances, to data entry, audit reports and analyze reports .	40.74	61.11
0.5	Membr Mtgs	(605-05) Prepare for & attend membership group & annual meetings	40.74	20.37
0.5	Compliance Audit	(625-60) Compliance Audit per U-98-168.	40.74	20.37
1	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	40.74
0.5	Mail	(610-26) Open mail, download and print files.	40.74	20.37
0.5	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	20.37
0.5	Membr Mtgs	(605-05) Prepare for & attend membership group & annual meetings	40.74	20.37
0.5	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	20.37
0.5	Mail	(610-26) Open mail, download and print files.	40.74	20.37
			Total	

Alaska Exchange Carriers Association

810 N Street, Suite 204
Anchorage, AK 99501

Invoice

Date	Invoice #
9/30/2022	328

Bill To
AUSAC 810 N Street 204 Anchorage, AK 99501

Quantity	Item Code	Description	Price Each	Amount
2	Collections	(610-50) Collection and compliance issues. Company notices.	40.74	81.48
1.5	Rev Val	(625-65) Rev Val Prep and Issuance	40.74	61.11
1	Collections	(610-50) Collection and compliance issues. Company notices.	40.74	40.74
2	Collections	(610-50) Collection and compliance issues. Company notices.	40.74	81.48
0.5	Mail	(610-26) Open mail, download and print files.	40.74	20.37
0.5	Bank Dep.	(610-56) Prepare and made deposits at the bank.	40.74	20.37
1	Mail	(610-26) Open mail, download and print files.	40.74	40.74
2.5	Compliance Audit	(625-60) Compliance Audit per U-98-168.	40.74	101.85
0.5	Nomination work	(625-12) Work associated with the AUSAC Board nominations.	40.74	20.37
1.5	Tariff	(630-10) Prepare Tariff and Forms	40.74	61.11
0.5	Compliance Audit	(625-60) Compliance Audit per U-98-168.	40.74	20.37
0.5	Bill & Coll.	(610-10) Reconcile Bank report to remittances, to data entry, audit reports and analyze reports .	40.74	20.37
1	Agenda_Notice	(625-70) Prepare agenda, Notice meetings, Call attendees	40.74	40.74
0.5	Mail	(610-26) Open mail, download and print files.	40.74	20.37
2	Nomination work	(625-12) Work associated with the AUSAC Board nominations.	40.74	81.48
1	Compliance Audit Reimb Group	(625-60) Compliance Audit per U-98-168.	40.74	40.74
		rackspace AUSAC 8/25	5.90	5.90
		rackspace AUSAC 9/25	5.90	5.90
		Total Reimbursable Expenses		11.80
			Total	\$4,283.93

3 AAC 53.300(b) is amended to read:

(b) The purpose of 3 AAC 53.300 - 3 AAC 53.399 is

(1) to

[(A) PROMOTE THE EFFICIENCY, AVAILABILITY, AND AFFORDABILITY OF UNIVERSAL TELEPHONE SERVICE IN THIS STATE THROUGH THE ESTABLISHMENT OF] **establish** the Alaska Universal Service Fund (AUSF);

[(B) RECALCULATE THE RATES AND CHARGES OF INTRASTATE TELECOMMUNICATIONS UTILITIES SO AS TO MAKE EXPLICIT ANY SUBSIDIES THAT HAVE PREVIOUSLY BEEN IMPLICIT; AND

(C) IMPLEMENT STATE PARTICIPATION IN FEDERAL PROGRAMS FOR THE SUPPORT OF UNIVERSAL SERVICE UNDER 47 U.S.C. 254 OF THE FEDERAL COMMUNICATIONS ACT, AS AMENDED BY THE TELECOMMUNICATIONS ACT OF 1996 (P.L. 104-104);] and

(2) not to raise revenue for the maintenance of government service offered to the general public.

3 AAC 53.300(c) is amended to read:

(c) For good cause shown, the commission **may** [WILL, IN ITS DISCRETION,] waive the application of all or any portion of 3 AAC 53.300 - 3 AAC 53.399 to a public utility providing intrastate telecommunications service. [IF A WAIVER IS GRANTED UNDER THIS SUBSECTION, THE COMMISSION WILL ESTABLISH, BY ORDER, APPROPRIATE CRITERIA ON A CASE-BY-CASE BASIS FOR THE PUBLIC UTILITY THAT RECEIVED THE WAIVER.]

3 AAC 53.300(d) is amended to read:

(d) The provisions of 3 AAC 53.300 - 3 AAC 53.399 do not apply after June 30, **2025**. [2023. THE COMMISSION WILL COMMENCE A COMPREHENSIVE REVIEW OF THE AUSF NOT LATER THAN JUNE 30, 2021.] (Eff. 6/21/98, Register 146; am 4/24/2004, Register 170; am 8/27/2004, Register 171; am 9/16/2005, Register 175; am 7/31/2011, Register 199; am 10/6/2013, Register 208; am __/__/__, Register __)

Authority: [AS 42.05.141] [AS 42.05.431] [AS 42.05.800]
[AS 42.05.145] [AS 42.05.711] AS 42.05.840
[AS 42.05.151]

3 AAC 53.346 is repealed and readopted to read:

3 AAC 53.346. Essential network support for local exchange carriers. Local exchange carriers that previously received carrier common line support shall receive, on a monthly basis, essential network support in an amount equal to one-twelfth the amount of carrier common line support received for the year ended December 31, 2016. Essential network support is frozen at that level and the amount payable is subject to 3 AAC 53.350(c). (Eff. 7/31/2011, Register 199; am 10/27/2017, Register 224; am 12/20/2018, Register 228; am 10/6/2013, Register 208; am __/__/__, Register __)

Authority: [AS 42.05.141] [AS 42.05.431] [AS 42.05.800]
[AS 42.05.145] [AS 42.05.711] AS 42.05.840
[AS 42.05.151]

3 AAC 53.350 is repealed and readopted to read:

3 AAC 53.350. Disbursements from the AUSF (a) Monthly, subject to the availability of funds, the administrator shall disburse from the AUSF its approved administrative costs and essential network support.

(b) The administrator shall disburse funds from the AUSF in the following order of priority:

(1) approved administrative costs;

(2) essential network support, oldest claims first, pro-rated among claimants

within a monthly accounting period based on the total unpaid claims for that period.

(c) The administrator may not pay any claim for essential network support that remains unpaid more than six months after accrual. (Eff. 1/10/99, Register 149; am 1/11/2001, Register 157; am 7/31/2011, Register 199; am 3/17/2018, Register 225; am 12/20/2018, Register 228; am ___/___/___, Register ___)

Authority: AS 42.05.840

3 AAC 53.399(3) is repealed.

3 AAC 53.399(5) is repealed.

3 AAC 53.399(6) is repealed.

3 AAC 53.399(11) is repealed.

Register ____, _____, 20__

COMMERCE, COMMUNITY, AND ECON. DEV.

3 AAC 53.399(13) is repealed. (Eff. 1/10/99, Register 149; am 1/28/2005, Register 173; am 7/31/2011, Register 199; am 3/1/2017, Register 221; am 12/20/2018, Register 228, Register 228; am __/__/__, Register __)

Authority: [AS 42.05.141] [AS 42.05.431] [AS 42.05.800]
[AS 42.05.145] [AS 42.05.711] AS 42.05.840
[AS 42.05.151]



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Mike Dunleavy, Governor
Julie Sande, Commissioner
Keith Kurber II, Chairman

Regulatory Commission of Alaska

October 12, 2022

In reply refer to: Tariff Section
File: TA39-998
LO#: L2200345

Keegan Bernier
Agent
Alaska Universal Service Administrative Company
810 N Street, Suite 204
Anchorage, AK 99501

Dear Ms. Bernier:

Alaska Universal Service Administrative Company (AUSAC) filed TA39-998 on August 30, 2022, seeking to revise its AUSF Monthly Carrier Remittance Worksheet Instructions to update the submittal process for the Monthly Carrier Remittance Worksheets.

On October 6, 2022, the Regulatory Commission of Alaska approved Tariff Sheet Nos. 3, 19, and 29, filed August 30, 2022, and Tariff Sheet Nos. 20, 21, the Monthly Carrier Remittance Worksheet Instructions, and the Monthly Carrier Remittance Worksheet, filed September 26, 2022, by AUSAC in TA39-998. The effective date of the worksheet, worksheet instructions, and tariff sheets is October 14, 2022.

Enclosed are validated copies of the approved tariff sheets, worksheet, and worksheet instructions. Please note that the margin notations have been updated in accordance with 3 AAC 48.360(i).

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA



David Parrish (Oct 12, 2022 11:03 AKDT)

David Parrish
Common Carrier Section Manager

Enclosures

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ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

TABLE OF CONTENTS

Sheet

Table of Contents3

Location of Tariff5

Concurring Carriers6

Explanation of Symbols7

Explanation of Abbreviations8

Definition of Terms9

PART I - GENERAL RULES AND REGULATIONS

 A. Applications and Authority..... 11

 B. Purpose of Alaska Universal Service Fund 12

 C. Duty, Limitation, and Liability 13

PART II - ALASKA UNIVERSAL SERVICE FUND SURCHARGE

 A. General 14

 B. Carriers Subject to Payment of Surcharge 15

 C. Exemptions from Payment of Surcharge 16

 D. Approval by Commission 16

 E. Calculation and Approval of Annual Surcharge..... 17

 F. Periodic Updates to Surcharge Rate 18

PART III - PAYMENTS TO THE ALASKA UNIVERSAL SERVICE FUND

 A. Who Must Pay Into the AUSF 19

 B. Notification of Surcharge..... 19

 C. Calculations of Payments to AUSF..... 19

 D. When and Where to File 20

 E. Interest and Damages 20

 F. Filing Revisions..... 21

 G. Payment Disputes..... 21

 H. Compliance Issues..... 21

 I. Disputes and Complaints..... 22

 J. Payment Required Regardless of Collections 22

T
|
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Tariff Advice No. _TA39-998Effective: October 14, 2022

Date Issued:

Issued By: **ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

By: _____

Andilea Weaver

Title: President

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PAYMENTS TO THE ALASKA UNIVERSAL SERVICE FUND

A. Who Must Pay into the AUSF

The AUSF is funded by Intrastate Telecommunications Carriers that provide the telecommunications services within the State of Alaska listed on Tariff Sheet No. 15. Such Intrastate Telecommunications Carriers whose payments would exceed \$100 per year and/or who have received AUSF support during the calendar year shall make monthly payments to the AUSF at the approved surcharge rate. An Intrastate Telecommunications Carrier may recover the amount of its payment to the AUSF from its intrastate retail telecommunications service customers.

B. Notification of Surcharge

AUSAC will notify carriers subject to payment of the surcharge of the amount and effective date of the initial surcharge, and all subsequent adjustments of the surcharge, by mail, by email or facsimile delivery to each subject company's principal place of business in Alaska as identified in the records of the Commission.

C. Calculation of Payments to AUSF

All carriers subject to payment of the surcharge shall make monthly payments to the AUSF, calculated by applying the approved amount of the surcharge to the gross amount of End User Revenues for which bills were rendered in the preceding calendar month. The calculation shall be shown on a form prescribed by the Alaska Universal Service Administrative Company and approved by the Commission, known as the "Carrier Remittance Worksheet" and signed by a responsible agent of the company submitting the payments.

(L) Text relocated to Sheet 20

(L)

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(L)

Date Issued:

Issued By: **ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

By: _____
Andilea Weaver

Title: President

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AUG 30 2022

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

APPENDIX I

This Appendix contains samples of current Forms and Reports for the administration of the AUSF that have been approved by the Commission. The Forms and Reports are not numbered as tariff sheets. Forms and Reports included in Appendix I are:

<u>Name of Form</u>	<u>Effective Date</u>	<u>No. of Pages</u>	
Monthly Carrier Remittance Worksheet	January 1, 2019	1	
Monthly Carrier Remittance Worksheet Instructions	October 14, 2022	11	(T)

Tariff Advice No. 39-998 _____ Effective: October 14, 2022

Date Issued:
Issued By: ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

By: _____
Andilea Weaver

Title: President

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PAYMENTS TO THE ALASKA UNIVERSAL SERVICE FUND

D. When and Where to File (T)(L)

- 1. Monthly Carrier Remittance Worksheets and remittances for the previous calendar month must be received by AUSAC on the 20th calendar day of each month. Monthly Carrier Remittance Worksheets shall be delinquent after the 20th calendar day. Payment shall be delinquent after the 20th calendar day. (T) (L)
- 2. Monthly Carrier Remittance Worksheets shall be emailed to AUSAC on or before the 20th calendar day of each month.
- 3. Payments due shall be made by wire transfer or Electronic Fund Transfer (EFT) directly to AUSAC's AUSF bank account on or before the 20th calendar day of each month. If this due date is a local bank holiday, funds shall be wire transferred or EFT on the prior workday. AUSF Monthly Carrier Remittance Worksheets and payments are due on or before the 20th calendar day of each month. (D)
- 4. In cases where technical issues with online banking prevent a carrier from making EFT payments, carriers must contact AUSAC prior to sending any non-EFT remittance payments. Exceptions or waivers may be made on a case-by-case basis. (N)

E. Interest and Damages

- 1. Late Submission of Monthly Carrier Remittance Worksheet (N)
 - If the Monthly Carrier Remittance Worksheet is not received by the due date, a one-time penalty charge of \$35.00 will be charged. (N)(L1)
- 2. If payment is not received in immediately available funds by the due date, interest at the rate of .000287 per day, calculated on the total amount due, will be charged until the date paid. In addition to interest, if payment is not received in immediately available funds within two working (2) days of the due date, a one-time liquidated damages sum equal to the greater of one percent (1%) of the total amount due, or \$35.00 will be charged. (N) (L1)

(L) Text relocated from Sheet 19

(L1) Text relocated to Sheet 21

Tariff Advice No. 39-998

Effective: October 14, 2022

Date Issued:

Issued By: **ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

By: _____
Andilea Weaver

Title: President

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

PAYMENTS TO THE ALASKA UNIVERSAL SERVICE FUND

E. Interest and Damages (Continued) (L1)

3. Carriers Subject to Penalty and Interest Charges (N)
Intrastate Telecommunications Carriers with remittance payments that would exceed \$100 per year and/or who have received AUSF support during the calendar year are subject to penalty and interest charges (L1)

F. Filing Revisions

Revisions may be made to the Carrier Remittance Worksheet to correct revenue amounts or payment amounts previously reported. When filing a revision, actual revised revenue amounts, not differences must be provided. If any additional payment is due, payment should be submitted when the revision is filed with AUSAC.

G. Payment Disputes

In the event that a dispute occurs concerning surcharge payments by, or billing of late payment fees and/or collection charges to, a Subject Carrier, the Subject Carrier is required to pay both the disputed and the undisputed amounts by the due date. If the dispute is resolved in favor of the Subject Carrier, the AUSAC will refund the disputed amount in question plus interest at the rate of .000287 per day within ten (10) calendar days of resolution of the dispute.

H. Compliance Issues

In the event of a failure to comply with the terms or conditions of this tariff, AUSAC may, in its discretion, bring any legal action necessary or appropriate to enforce the terms or conditions of this tariff, including, without limitation, a legal action before the RCA or a court of competent jurisdiction to collect sums owing under this tariff or to enforce compliance with the terms and conditions of this tariff. In the event of a failure to comply with the terms or conditions of this tariff, AUSAC shall be entitled to recover from the defaulting party AUSAC's actual, reasonable attorneys' fees and costs associated with its enforcement efforts and actions.

(L1) Text relocated from Sheet 20

Tariff Advice No. 39-998

Effective: October 14, 2022

Date Issued: _____

Issued By: **ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

By: _____
Andilea Weaver

Title: President

ALASKA UNIVERSAL SERVICE FUND

Monthly Carrier Remittance Worksheet Instructions

I. Filing Requirements and General Instruction

A. Introduction

On December 30, 1998, the Regulatory Commission of Alaska (RCA) (formerly known as the Alaska Public Utilities Commission or APUC) issued Order R-97-6(8) to create the Alaska Universal Service Fund (AUSF) and designating the Alaska Universal Service Administrative Company (AUSAC) to administer the collection and distribution of the monies for the Alaska Universal Service Fund (AUSF). The Alaska Universal Service Fund (AUSF) is established to promote the efficiency, availability and affordability of universal telephone service in Alaska. These instructions explain how to complete the Monthly Carrier Remittance Worksheet, which is used to calculate and provide underlying support for monthly payments by intrastate telecommunications carriers to the Alaska Universal Service Fund (AUSF). The monthly payments due are computed as a specified percentage of revenues billed to end-users.

B. Who Must File

With certain exceptions, the AUSF is to be funded by all intrastate telecommunications carriers that operate or provide telecommunications services within the State of Alaska. An intrastate telecommunications transmission is one that originates and terminates in Alaska, irrespective of actual routing.

C. When and Where to File

Monthly Carrier Remittance Worksheets and remittances must be received by AUSAC on or before the 20th calendar day of each month. Payment shall be delinquent on the 21st calendar day.

Monthly Carrier Remittance Worksheet Instructions

Payments due shall be made by wire transfer or Electronic Fund Transfer (EFT) directly to AUSAC's AUSF bank account on or before the 20th calendar day of each month. If this due date is a local bank holiday, funds shall be wire transferred or EFT on the prior workday.

Email completed worksheet to:	info@ausac.org
-------------------------------	----------------

In cases where technical issues with online banking prevent a carrier from making EFT payments, carriers must contact AUSAC prior to sending any non-EFT remittance payments. Exceptions or waivers may be made on a case-by-case basis.

D. Interest and Damages on Late Payments

Late Payment

If payment is not received in immediately available funds by the due date, interest at the rate of .000287 per day, calculated on the total amount due, will be charged until the date paid. In addition to interest, if payment is not received in immediately available funds within two (2) working days of the due date, a one-time liquidated damages sum equal to the greater of one percent (1%) of the total amount due or \$35.00 will be charged.

Late submission of AUSF Monthly Carrier Remittance Worksheet

AUSF Monthly Carrier Remittance Worksheets are due on or before the 20th calendar of each month.

If the AUSF Monthly Carrier Remittance Worksheet is not received by the due date, a one-time penalty charge of \$35.00 will be charged.

II. Line-by-Line Instructions for Completion of the Monthly Carrier Remittance Worksheet

All information provided must be legible and printed in black ink, typed, or electronically reproduced.

Monthly Carrier Remittance Worksheet Instructions

Filing Identification Information

The following blocks are located in the top margin of the Monthly Carrier Remittance Worksheet. Fill in the information as follows:

Block A - Company Code

The company code, supplied by AUSAC, starts with AK followed by four digits. For existing companies, this code is located in the top right corner of the packet cover letter. If this is the first filing for this company, and you have not been assigned a code, indicate NEW in this block.

Block B - Submission Date

The Submission Date is the date the Monthly Carrier Remittance Worksheet is being forwarded to AUSAC. AUSAC should receive the worksheet by the 20th day of each month.

Block C - Revenue Data Month and Year

The Revenue Data Month and Year indicates the month and year that corresponds to the revenue data being reported.

Block D - Original or Revision

Carriers should indicate if this is the initial (original) submission of a revenue data month or if the Monthly Carrier Remittance Worksheet contains a revenue data month revision. Revisions should be indicated only when filing a correction or adjustment to a previously filed data month.

Filing Revisions

Revisions may be used for correction of revenues previously reported. Revision period is the most recent 6 months. When filing a revision, follow these same instructions, making certain that the correct Revenue Data Month has been entered in Block C and revision is indicated in Block D. Attach a copy of the original filing for the Revenue Data Month being revised. Provide actual revised revenue amounts, not differences.

Monthly Carrier Remittance Worksheet Instructions

Section 1: Carrier Identification

Line 1 - Company Name

Enter the carrier name that identifies the filing entity and/or any doing business as (d/b/a) names if applicable.

Line 1a - Mailing Address

Enter the complete mailing address of the corporate headquarters of the carrier including street address, city, state, zip, suite numbers, floor, etc.

Line 1b - Telephone

Enter telephone number for the company headquarters.

Line 1c – Email Address

Enter email address for the company headquarters.

Monthly Carrier Remittance Worksheet Instructions

Section 2 - Monthly Intrastate End User Revenue Data

Enter numbers to the nearest whole dollar; for example, enter \$1,258.67 as \$1,259; enter \$1,258.34 as \$1,258.

Revenues entered here should be for the revenue data month indicated in Block C of this form. These revenues should correspond to the official accounting records of the company except if using estimated numbers to be reconciled to actuals at the end of the filing company's accounting period.

End-User Revenues: General Instructions

As a general rule, the AUSF surcharge is charged to a company as a percentage of end-user revenues billed for intrastate telecommunications services. Intrastate telecommunications carriers may recover the surcharge from end-users through a line item charge on their bills, identified as "Alaska Universal Service Fund Surcharge."

End-user revenues are revenues billed to end-users. An end-user is any customer of an intrastate telecommunications service who is not a telecommunications carrier, (hereinafter referred to as a "carrier") except that a carrier shall be deemed to be an "end-user" to the extent that such carrier uses a telecommunication service for administrative purposes, without making such services available to others, directly or indirectly. Telecommunications carriers offer telecommunications services for a fee directly to the public or to such classes of users as to be effectively available to the public. Telecommunications carriers subject to the AUSF surcharge are those carriers offering one or more of the following services:

Monthly Carrier Remittance Worksheet Instructions

Section 2 - Monthly Intrastate End User Revenue Data (Continued)

1. Cellular telephone and paging services;
2. Mobile radio services;
3. Operator services;
4. Personal communications services (PCS);
5. Local exchange service;
6. Special access service;
7. WATS;
8. Toll-free service;
9. 900 service;
10. Message telephone service (MTS);
11. Private line service;
12. Telex;
13. Telegraph;
14. Video services;
15. Satellite service;
16. Resale of intrastate services; and
17. Pay phone services.
18. Network Access Fee
19. Interconnected Voice over Internet Protocol (VoIP)

In order to ensure that the surcharge is charged equitably and fairly on end-user revenues once but not twice, when a carrier receives revenues from sale of telecommunications service to another carrier, most generally as a wholesale transaction, the selling carrier's revenues are exempt from the AUSF surcharge. In such cases the purchasing carrier is charged the AUSF surcharge when it converts the purchased service into a service sold to the public or to an end-user. However, if the carrier purchasing the service uses the service for its own administrative purposes, then that revenue is considered an end-user revenue and is treated for surcharge purposes like any other end user revenue. For example, if a long distance company purchases from another long distance company, whether retail or wholesale, to the extent that it resells the service to end-users, the purchasing company is responsible for paying the AUSF surcharge. To the extent that the purchasing company uses the service for its own administrative purposes, and does not resell it, then the company selling the service should pay the AUSF surcharge. Specific examples and illustrations are given later in these instructions.

Monthly Carrier Remittance Worksheet Instructions

Section 2 - Monthly Intrastate End User Revenue Data (Continued)

Exemptions

There are several categories of exemptions from the AUSF surcharge. They are described below with illustrative examples. The examples are meant as illustrations and do not necessarily limit the possible exemptions.

1. Wholesale transactions between carriers, including access charges, interconnection charges, and billing and collection charges are exempt from the AUSF surcharge because they are not end-user revenues. The exception is when the purchasing company uses the service for its own administrative means. For example, carriers purchasing interexchange service from a facilities based carrier's wholesale tariff are normally exempt from the AUSF surcharge. In addition, if a reselling company purchases from the retail tariff of an interexchange carrier with the intent of reselling the service, the AUSF surcharge is not charged to the selling carrier. As another example, if an interexchange carrier purchases an intrastate special access or private line link from a local exchange carrier and repackages it to an end-user, the interexchange carrier who receives the end-user revenues directly should pay the AUSF surcharge.
2. All interstate revenues and international revenues are exempt from the AUSF surcharge by definition. If carriers are not able to directly segregate intrastate revenues from interstate and international revenues, they may use accepted, rational and systematic methods to allocate such revenues. Such allocation methods are subject to verification and audit.
3. Services offered by telecommunications carriers but which are not considered telecommunications services are also exempt from the AUSF surcharge. Examples of such services are sales and rentals of telephone equipment, inside wire and maintenance services sold to customers, and yellow pages ("directory") advertising. Also exempt are other surcharges imposed by the RCA; for example the regulatory cost surcharge, E911 surcharges, and the TRS surcharge. Late payment fees are also exempted.
4. Also exempted are state, local and federal taxes, federal USF payments, and support payments from the AUSF. These are not end-user revenues.
5. Other exemptions include cable TV services, open video systems, cable leased access, and direct broadcast satellite services. These are exempted by the RCA's order establishing the AUSF. Refer to RCA Tariff 998, Part II.C. for Exemptions from Payment of Surcharge.

Effective: October 14, 2022

Monthly Carrier Remittance Worksheet Instructions

Section 2 - Monthly Intrastate End User Revenue Data (Continued)

In summary, a company purchasing a service for resale to an end-user will assess the AUSF assessment on revenues collected from its end-users. The wholesale company will not include service that it sells to resellers in its retail revenues. Services purchased for internal use and not resold to end-users will be considered end user revenues to the wholesale company, which should calculate and make AUSF payments on such revenues. They will not be included in the reseller's retail revenues.

Line 2 - Local Service Revenues

Includes basic monthly charges, customer charges, installation fees, service order charges, vertical features, extended area service charges, location charges for mileage bands, and all other local exchange service revenues, such as would be found in the Company's tariff. (Do not include the federal subscriber line charge.) Also includes revenues from providing local services that involve dedicated circuits, private switching arrangements and/or predefined transmission paths.

Line 3 - Wireless/PCS/Mobile/Paging Revenues

Includes intrastate charges such as basic wireless monthly charges, usage charges, activation fees, service restoration, service order processing charges, end user prepaid wireless charges, administration fees, and all other wireless telecommunications revenues. Also includes airtime charges and roaming usage in Alaska. Airtime should include revenues billed to wireless customers for actual airtime usage.

Line 4 - Interexchange Switched Toll and Private Line Revenues

Includes intrastate toll message revenues including operator services, cellular intrastate long distance revenues and intrastate 800 revenues. For purposes of determining intrastate 800 revenues, carriers may use the Percent Interstate Usage (PIU) factor used for reporting interstate access minutes to allocate revenues between interstate and intrastate. Also includes revenues from providing dedicated circuits, private switching arrangements and/or predefined transmission paths that extend beyond the basic service area.

Line 5 - Pay Telephone Revenues

Includes intrastate revenues derived from public and semi-public telephone services.

Monthly Carrier Remittance Worksheet Instructions

Section 2 - Monthly Intrastate End User Revenue Data (Continued)

Line 6 - VoIP Revenues

Includes interconnected Voice over Internet Protocol (VoIP) intrastate end user revenues.

Line 7 - Other Revenues

Includes miscellaneous intrastate end user revenues that would not reasonably be included with one of the other service categories.

Line 7 a. Less Uncollectible Revenue

Intrastate uncollectible Revenue is required to be listed here.

Report intrastate uncollectible revenues to the period the uncollectible revenue is recognized (written off). Represented by a negative amount in Line 7a.

Report recovered intrastate uncollectible revenue (uncollectible revenue that was previously reported) to the period the uncollectible revenue is received. Represented by a positive amount in Line 7a.

Line 8 - Total Intrastate End-User Revenues

Total the figures for Line 2 through Line 7 a. and enter this amount on Line 8. This represents the total monthly intrastate retail revenues.

Section 3 - Remittance Calculation

Line 9 - AUSF Rate

The current AUSF effective date and percentage rate appears on this line.

Line 10 - AUSF Amount Due

Multiply the amount on Line 8 by Line 9 as indicated on the worksheet and enter the result on Line 10.

Section 4 - Change in Company Status

Line 11 - Date

If there is a carrier name change, enter the effective date.

Effective: October 14, 2022

Monthly Carrier Remittance Worksheet Instructions

Line 12 - Business Status Change

If business status has changed in Alaska, enter the date that the business was sold, merged, or discontinued.

Line 12 a. - Survivor Company Name

If business has been sold or merged, provide the survivor company name. If the business has recently started in Alaska, enter the date the business began.

Section 5 - Certification**Line 13 - Signature Information**

Enter date, name, signature, and title of the person signing the report. The signature attests to the accuracy of all information on this remittance worksheet.

Line 14 - Contact Information

Provide name, title, and telephone number of a person to contact if there are questions regarding this report. If contact person is same as authorized signature, indicate "same as line 14." Mailings will be sent to the contact person address unless other arrangements are made with AUSAC.

Line 15 - Signer's Mailing Address

Enter the complete mailing address of the person signing the report.

Line 16 - Signer's Email Address

Enter the complete Email address of the person signing the report.

Monthly Carrier Remittance Worksheet Instructions

Worksheet Submission and Payment Method

Email the completed AUSF Monthly Carrier Remittance Worksheet to info@ausac.org.

Contact AUSAC for EFT payment account information.

Worksheet Record and Retention Period

Contributors to the AUSF shall maintain records and documentation to justify information reported in the Monthly Carrier Remittance Worksheet Instructions including the methodology used to determine projections, for five years and shall provide such records and documentation to the Commission or AUSAC upon request.



State of Alaska
 Universal Service Fund
 Monthly Carrier Remittance
 Worksheet

Please read instructions before completing.

A. Company Code:	STATE OF ALASKA
B. Submission Date:	REGULATORY COMMISSION OF ALASKA
C. Revenue Data MM/YY:	
D. Original	Revision

STATE OF ALASKA
 REGULATORY COMMISSION OF ALASKA

SECTION 1 - CARRIER IDENTIFICATION

1. Company Name: _____
 1.a. Complete Mailing Address: _____

 1.b. Telephone: _____
 1.c. Email Address: _____

SECTION 2 - MONTHLY INTRASTATE END USER REVENUE DATA

2. Local Service Revenues	2. _____
3. Wireless/PCS/Mobile/Paging Revenues	3. _____
4. Interexchange Switched Toll and Private Line Revenues	4. _____
5. Pay Telephone Revenues	5. _____
6. VoIP Revenues	6. _____
7. Other Revenues	7. _____
7.a. Less Uncollectible Revenue	7.a. _____
8. Total Instate End User Revenues (sum of lines 2 through 7.a.)	8. <input type="text"/>

SECTION 3 - REMITTANCE CALCULATION

9. AUSF Rate (effective 01/01/2019)	9. <u>10.00%</u>
10. AUSF Amount Due (line 8 X line 9)	10. _____

Monthly worksheets and remittances must be received by AUSAC by the 20th calendar day of each month. If payment is not received in immediately available funds by the due date, interest at the rate of .000287, calculated on the total amount due, will be charged until the date paid. In addition to interest, if payment is not received in immediately available funds within two (2) days of the due date, a one-time liquidated damages sum equal to one percent (1%) of the total amount due will be charged.

SECTION 4 - CHANGE IN COMPANY STATUS

11. Date: _____
 12. If business has been discontinued in Alaska:
 _____ Business Sold _____ Business Merged _____ Business Discontinued
 (date) (date) (date)
 12.a. Company sold to or merged with: _____
 If business has recently started in Alaska, _____ business began.
 (date)

SECTION 5 - CERTIFICATION

Under penalties as provided by law, I certify that I have examined this report and to the best of my knowledge and belief it is true, correct, and complete. I further acknowledge AUSAC's authority to request additional supporting information as may be necessary.

13.	_____	_____	_____	_____
	Date	Name	Authorized Signature	Title
14.	_____	_____	_____	_____
	Contact Name	Contact Title	Phone Number	
15.	Signer's Mailing Address: _____			
16.	Signer's Email Address: _____			

Send worksheet and payment to:

Alaska Universal Service Administrative Company
 Email: info@ausac.org
 Phone: (907) 561-6300



Alaska Universal Service Administrative Company

810 N Street

Suite 204

Anchorage, Alaska 99501

RECEIVED

By the Regulatory Commission of Alaska on Sep 30, 2022

September 30, 2022

Regulatory Commission of Alaska
701 W. 8th Avenue, Suite 300
Anchorage, AK 99501

Re: Tariff Advice Letter 40-998, Alaska Universal Service Fund 2023 Surcharge Factor and Administrative Costs

Dear Commissioners:

Alaska Universal Service Administrative Company submits this tariff filing in compliance with the Regulatory Commission of Alaska Act and 3 AAC 48.200 – 3 AAC 48.430; 3 AAC 53.320 (a) and (b); AAC 53.340 (c) and (d). The purpose of this filing is to submit the Alaska Universal Service Fund (AUSF) 2023 Surcharge Factor and Administrative costs.

The 2023 Surcharge Factor of 30.8% has been calculated in compliance with 3 AAC 53.340 (d). The calculated 2023 Surcharge Factor is above the surcharge cap of 10%, therefore, AUSAC is not requesting a surcharge change from the currently approved 10% surcharge factor¹. The 2023 calculation is enclosed as Attachment A - AUSF Calculation of Annual Surcharge. The surcharge is calculated to allow sufficient funding for Essential Network Support, estimated 2022 shortfall, working cash allowance, and AUSAC’s estimated operating budget for 2023.

The AUSF Calculation of Annual Surcharge contains eight (8) schedules showing the derivation of the individual elements in the surcharge calculation.

The 2022 distributions are currently experiencing a shortage. Due to the expected shortage, the Adjustment Factor (Schedule 6) includes an estimated distribution shortage. Details of the shortage calculation can be found on Schedule 8, of Attachment A.

¹ 3 AAC 53.340(d), Order R-18-001(5) that was adopted by the Regulatory Commission of Alaska on October 24, 2018 and signed by the Lieutenant Governor on November 20, 2018, with an effective date of January 1, 2019 “The universal service surcharge factor is capped at and may not exceed 10 percent.”

Phone (907) 561-6300

Fax (907) 561-6303

info@ausac.org

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Lisa Phillips

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Facility-based IXC with
Wholesale Tariff
David.collier@att.com

The Administrative cost proposed in the 2023 Operating Budget equals \$119,888, and was approved by AUSAC's Board of Directors on September 26, 2022. The detail for each line item is reflected in the worksheets enclosed as Attachment B. As required by TA16-998, Letter Order L1300528, AUSAC's compensation paid for 2021 is enclosed as Attachment C.

The administrative support expense in the proposed 2023 Operating Budget is \$62,000, which is \$3,000 higher than the 2022 approved budget. This is attributed to an increase in salaries and an increase in labor hours for expected development work on the AUSAC remittance database.

To assist the Commission in its review, supporting documentation for AUSAC's 2021 Audited Financial Statement, AECA's 2021 Audited Financial Statement are included as Attachment D.

Effective Date

There are no tariff sheets being filed in this tariff filing as the calculated 2023 Surcharge Factor is above the surcharge cap of 10%.

AUSAC requests the Surcharge Factor remain at 10%, per the surcharge cap, and the AUSAC 2023 Operating Budget be approved with an effective date of January 1, 2023.

If there are any questions regarding the tariff or its content, please contact me at 907-561-6300 or Andilea Weaver at 907-222-0844

Sincerely,



Keegan Bernier
Agent

Attachments

Phone (907) 561-6300

Fax (907) 561-6303

info@ausac.org

www.ausac.org

TA40-998

Attachment A

AUSF Calculation of Annual Surcharge

September 30, 2022

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate
9/23/2022

Surcharge Calculation per RCA Tariff 998, Sheet 17:

$$\frac{(ENS+DEM + O + B + A)}{GR} = \frac{\$38,201,319}{\$124,211,165} = \boxed{30.8\%} \quad 30.7551\% \quad 30.3\%$$

			TA37-998 2022 calculated at 30.3%	Variance between TA37-998 and 2023
(Schedule 2)	COLR			
Carrier of Last Resort Support Annual Revenue Requirement Estimate Based on the support paid for the year ended December 31, 2016 LESS non-remote support		\$7,460,305	\$ 7,460,305	\$ -
ENS CCL Support for NonPooling Companies (Schedule 3) Annual Revenue Requirement Estimate Based on the support paid for the year ended December 31, 2016	CCL	\$10,570,513	\$ 10,570,513	\$ -
CCL Support for Pooling Companies (Schedule 4) Annual Revenue Requirement Estimate Based on the support paid for the year ended December 31, 2016		\$4,899,830	\$ 4,890,886	\$ 8,944
O - Other AUSF Authorized Distributions		\$0	\$ -	\$ -
B - AUSAC Budget (Schedule 5) Estimated 2023 Operating Budget		\$119,888	\$ 115,137	\$ 4,751
A - Adjustment Factor (Schedule 6)*		\$15,150,783	\$ 15,117,485	\$ 33,299
Total Estimated Support		\$38,201,319	\$38,154,325	\$ 46,994
GR - Gross Annual End User Revenues (Schedule 7)				
Total Estimated Intrastate End-User Revenue		\$ 124,211,165	Denominator	\$ 125,747,305 \$ (1,536,141)

* AUSF balance excess is deducted and the deficiency is added.

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate

Carrier of Last Resort Support

9/23/2022

Companies	Total COLR Annual Support	LESS: Non-Remote Area COLR*	COLR Support Paid for 2016**
ACS-Fairbanks	1,157,881	(786,177)	1,944,058
ACS- Greatland (FTW)	184,638		184,638
ACS-Juneau	-	(616,793)	616,793
ACS-GST	2,113,195		2,113,195
ACS-Sitka	179,148		179,148
ASTAC	261,766		261,766
CTC	89,418		89,418
CVTC	545,167		545,167
Interior-TelAlaska	463,740		463,740
KPU	325,566		325,566
MTA	1,982,117	(474,342)	2,456,459
Mukluk-TelAlaska	157,669		157,669
Total	\$ 7,460,305	\$ (1,877,312)	\$ 9,337,617
Estimated Monthly Distribution	\$ 621,692		

* Per 3 AAC 53.346(3) (Effective December 20, 2018) Carriers that provide service in a study area that has both remote and non-remote areas that previously received COLR support will now receive, as a portion of Essential Network Support (ENS), an amount equal to the amount of COLR support received for the year ended December 31, 2016. The amount of COLR support for remote areas will be determined based on the percentage of access lines in the remote area, using the average of January 2016 and December 2016 line counts. Line counts and the percentage of access lines were provided by the company.

** Per 3 AAC 53.346(2) (Effective December 20, 2018) Carriers that provide service in a study area that has remote areas that previously received COLR support will now receive, as a portion of Essential Network Support (ENS), an amount equal to the amount of COLR support received for the year ended December 31, 2016.

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate

Carrier Common Line Support for NonPooling Companies

9/23/2022

CCL-NonPooling Companies Support	Estimated CCL-NPC Annual Support*	CCL-NPC Support Paid for 2016**
ACS-Anchorage	\$ -	\$ -
ACS-Fairbanks	216,509	216,509
ACS-FTW	14,789	14,789
ACS-Juneau	77,802	77,802
ACS-GST	732,691	732,691
ACS-Sitka	21,681	21,681
ASTAC	449,183	449,183
CTC	431,723	431,723
CVTC	1,787,484	1,787,484
GCI	2,028,447	2,028,447
Interior-TelAlaska	668,644	668,644
KPU	630,188	630,188
MTA	3,320,926	3,320,926
Mukluk-TelAlaska	190,446	190,446
Total	\$ 10,570,513	\$ 10,570,513
Estimated Monthly Distribution	880876.08	

* Per 3 AAC 53.346(2) and (3) (Effective December 20, 2018) Carriers that previously received CCL support and COLR support will now receive Essential Network Support (ENS) in an amount equal to the amount of carrier common line support received for the year ended December 31, 2016 and COLR support received for the year ended December 31, 2016.

**CCL support paid for 2016 amount from the Notice of ENS CCL Adjustments, filed by AUSAC on July 24, 2019.

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate

Carrier Common Line Support for Pooling Companies

9/23/2022

CCL Pooling Companies	Total Estimated Annual CCL Support for Pooling Companies*	CCL Support Paid for 2016
<u>Cost Companies</u>		
Adak Eagle Enterprises	\$ 508,254	\$ 508,254
ATC	\$ 785,988	\$ 785,988
BBTC	\$ 303,625	\$ 303,625
Bettles	\$ 3,745	\$ 3,745
Bush-Tell	\$ 233,799	\$ 233,799
Nushagak	\$ 382,933	\$ 382,933
OTZ	\$ 540,283	\$ 540,283
Summit	\$ 224,898	\$ 224,898
United KUC	\$ 222,897	\$ 222,897
United Utilities	\$ 1,360,482	\$ 1,360,482
Yukon	\$ 61,701	\$ 61,701
Subtotal	\$ 4,628,605	\$ 4,628,605
<u>Average Schedule Companies</u>		
Circle Telephone Co.	\$ 25,057	\$ 25,057
North Country Telephone	\$ 66,677	\$ 66,677
Subtotal	\$ 91,734	\$ 91,734
Total	\$ 4,720,339	\$ 4,720,339
AECA CCL Revenue Requirement**	\$ 179,491	\$ -
Total CCL Revenue Requirement	\$ 4,899,830	\$ 4,720,339
Estimated Monthly Distribution	408,319.17	

* Per 3 AAC 53.346(1) (Effective December 20, 2018) Carriers that previously received CCL support will now receive Essential Network Support (ENS) in an amount equal to the amount of carrier common line support received for the year ended December 31, 2016.

**Per estimated 2023 AECA annual budget and associated calculations.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2023 OPERATING BUDGET
Pursuant to 3 AAC 53.320 *** September 30, 2022

SCHEDULE I - TOTAL 2023 Operating Budget

DESCRIPTION	BUDGET 2023	BUDGET 2022	(OVER)UNDER	EXPLANATION OF ESTIMATE
Administrative Support Expense	\$62,000	\$59,000	(\$3,000)	Labor has been estimated at approximately \$5,166 per month. Indirect cost remained level while salaries increased. Increased hours for database update.
Miscellaneous Expenses	794	734	(60)	Assumes one membership group, one annual meeting, and internet service/website hosting.
Postage and Courier Expense	57	116	59	Mailing of checks, compliance review and validation schedules are electronic.
Insurance Expense	11,948	11,674	(274)	Actual D&O Policy cost for 2022 with a 5% inflation factor and MPL allocated cost.
Legal Expense	11,470	11,522	52	Legal services for filing for Board appointments, collections, one hearing and tariff support.
Audit Expense	22,073	22,478	406	Actual cost of preparation of the audited financial report. One annual agreed upon procedures revenue review for up to 5 companies based on 20221 rates plus \$1,500 for additional addendum procedures, includes a 2% inflation factor. RFPs issues in 2022,
Database Development Expense	4,000	3,000	(1,000)	Maintenance of database and backup copy.
Bank Fee Expense	4,320	3,370	(950)	Bank Fees reflects fees from current rates and usage plus a 2% inflation factor. Increase due to increase in bank fees.
Notices and Advertisement Expense	2,227	2,243	16	Legal notice for 19 meetings , 1 tariff filing with a 2% inflation factor. There is one Board member estimated to be out of town in 2023, expenses accommodate 1 meeting, general attendance will be via teleconference.
Director and Committee Expense	1,000	1,000	-	
G/A Subtotal	\$119,888	\$115,137	(\$4,751)	
Subtotal	\$119,888	\$115,137	(\$4,751)	
Adjustment for Estimated Interest Income	0	0	0	Projected Interest Income on AUSF Cash Balance at 0.0%. AUSAC does not have an interest bearing account, instead is using an earnings credit to offset bank fees.
TOTAL BUDGET	\$119,888	\$115,137	(\$4,751)	
% INCREASE (DECREASE)	4.13%			

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate
 Adjustment Factor/Projected AUSF Balance
 9/23/2022

AUSF History	(A)=(B)-(C)	(B)	(C)=(D)+(E)	
	Balance	Remittance	Interest Income/Late Fees	Total Distribution
Subtotal 1999 AUSF	286,071.09	3,738,651.25	0.00	3,452,580.16
Subtotal 2000 AUSF	391,714.75	4,009,706.32	0.00	3,617,991.57
Subtotal 2001 AUSF	(341,527.65)	1,234,183.32	27,963.38	1,603,674.35
Subtotal 2002 AUSF	(99,223.12)	1,768,702.77	7,454.15	1,875,380.04
Subtotal 2003 AUSF	(5,655.00)	2,170,950.12	2,504.32	2,179,109.44
Subtotal 2004 AUSF	55,383.76	3,075,113.32	1,654.81	3,021,384.37
Subtotal 2005 AUSF	32,434.40	3,361,183.54	7,512.14	3,336,261.28
Subtotal 2006 AUSF	475,993.97	4,288,029.01	24,212.01	3,836,247.05
Subtotal 2007 AUSF	956,193.52	4,719,544.95	43,790.66	3,807,142.09
Subtotal 2008 AUSF	(1,095,207.89)	3,040,932.59	23,530.75	4,159,671.23
Subtotal 2009 AUSF	(434,340.88)	3,923,388.25	8,761.29	4,366,490.42
Subtotal 2010 AUSF	472,419.01	5,037,854.71	1,494.26	4,566,929.96
Subtotal 2011 AUSF	1,448,846.05	16,584,300.28	2,079.79	15,137,534.02
Subtotal 2012 AUSF	415,458.70	30,631,836.49	4,800.55	30,221,178.34
Subtotal 2013 AUSF	274,031.14	29,505,235.91	5,480.99	29,236,685.76
Subtotal 2014 AUSF	(1,300,851.43)	27,053,757.73	4,810.31	28,359,419.47
Subtotal 2015 AUSF	(925,825.50)	26,689,956.54	3,918.53	27,619,700.57
Subtotal 2016 AUSF	(600,027.42)	26,898,008.03	1,318.29	27,499,353.74
Subtotal 2017 AUSF	(4,887.50)	27,788,850.61	3,532.67	27,797,270.78
Subtotal 2018 AUSF	6,847,260.61	36,178,403.61	119,501.14	29,450,644.14
Subtotal 2019 AUSF	(6,847,260.61)	15,858,521.14	95,582.97	22,801,364.72
Subtotal 2020 AUSF	0.00	14,424,848.97	4,362.87	14,429,211.84
Subtotal 2021 AUSF	0.00	13,522,151.30	4,090.65	13,526,241.95
2022				
January	0.00	1,333,022.85	0.00	1,333,022.85
February	0.00	1,049,865.95	47,187.75	1,097,053.70
March	0.00	1,122,640.00	75,134.09	1,197,774.09
April	0.00	1,052,282.60	0.00	1,052,282.60
May	0.00	1,126,196.49	0.00	1,126,196.49
June	0.00	1,063,886.67	0.00	1,063,886.67
July	0.00	1,069,892.08	220.81	1,070,112.89
August	0.00	1,098,781.45	55.30	1,098,836.75
<i>PROJECTED</i>				
September	0.00	1,109,504.72	0.00	1,109,504.72
October	0.00	1,109,504.72	0.00	1,109,504.72
November	0.00	1,109,504.72	0.00	1,109,504.72
December	0.00	1,109,504.72	0.00	1,109,504.72
Subtotal 2022 AUSF	0.00	13,354,586.96	122,597.95	13,477,184.91
Cumulative Total at Year End 2022 AUSF	1,000.00	318,858,697.72	520,954.48	319,378,652.20
2022 Estimated Distribution Shortage	(12,271,584.48)			
Adjustment Factor - excess (deficiency)	<u>(15,150,783.44)</u>			

Notes:

Projected balance at 12/31/2022: The projected remittance is based on the average of the remittances for January through August, which were based off the 10% AUSF rate. The interest income of \$0 is based on the lowest interest for the 2022 year, as the fund is currently experiencing a shortage. Due to the shortage the projected distribution is the lesser of the projected remittance or the monthly estimated ENS and AUSAC admin fee.

2022 Distribution Shortage is projected based on the actual shortage as of August 2022 and the projected shortage for September through December 2022. See Schedule 8 for the 2022 Distribution Shortage Estimate.

Adjustment Factor is based on the combination of the Cumulative Total at Year End 2022, 2022 Distribution Shortage and the Working Capital Allowance. The Working Capital Allowance is from RCA Staff Recommendation, TA2-998, November 18, 1999, Page 5, 1.5 times AUSAC monthly distribution. The monthly distribution is based on 1/12 of the expected approved 2023 support for ENS and AUSAC (\$1,920,133).

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate

Reported Intrastate End User Revenues

9/23/2022

Total Reported Revenues		Total	Local Revenue	Wireless Revenue	Interexchange Revenue	Payphone Revenue	Other Revenue	Uncollectible Revenue	VoIP
Total Reported Revenues 9/1/2021 - 8/31/2022	a	\$ 130,364,362.63	\$ 65,899,738.39	\$ 49,916,268.26	\$ 11,404,465.61	\$ 18,621.00	\$ 160,861.21	\$ (470,243.16)	\$ 3,434,651.32
Total Reported Revenues 9/1/2020 - 8/31/2021 ¹	b	\$ 136,823,961.44	\$ 70,299,371.95	\$ 51,440,748.09	\$ 12,227,344.31	\$ 30,804.28	\$ 138,981.08	\$ (725,448.51)	\$ 3,412,160.24
Percent change between years	c = a/b	-4.72%	-6.26%	-2.96%	-6.73%	-39.55%	15.74%	-35.18%	0.66%
Estimated Decrease in Reported Revenues	d = a*c	\$ (6,153,197.92)							
Estimated Total Reported Revenues	e=a+d	\$ 124,211,164.71							

¹Includes an adjustment to wireless and Uncollectible revenues for the September 2020 period to reflect adjustments that were reported outside the 6 month adjustment window.

Alaska Universal Service Administrative Company

2023 AUSF Calculation of Surcharge Rate

AUSF Support Shortage Detail as of August 2022

9/23/2022

2022 Distribution Shortage Estimate							
Distribution Priority	Support Period		Projected AUSAC Admin Fee	Projected ENS Nonpooling Support	Projected ENS Pooling Support	Projected Total	
Month 7 (Dropped from Shortage List)	May-22	Support Shortage		(637,349.92)	(172,882.10)	(810,232.02)	
		Shortage Paid		-	-	-	
		% Payment					
		Remaining Support Not Recoverable		(637,349.92)	(172,882.10)	(810,232.02)	
Month 6 (Oldest)	June-22	Support Shortage		(1,502,568.17)	(407,573.82)	(1,910,141.99)	
		Shortage Paid in Dec 2022 period		865,218.25	234,691.72	1,099,909.97	
		% Payment		57.58%	57.58%	57.58%	
		Remaining Support Shortage		(637,349.92)	(172,882.10)	(810,232.02)	
Month 5	July-22	Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
		Shortage Paid		-	-	-	
		% Payment		0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Month 4	August-22	Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
		Shortage Paid		-	-	-	
		% Payment		0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Month 3	September-22	Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
		Shortage Paid		-	-	-	
		% Payment		0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Month 2	October-22	Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
		Shortage Paid		-	-	-	
		% Payment		0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Month 1 (Newest)	November-22	Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
		Shortage Paid		-	-	-	
		% Payment		0.00%	0.00%	0.00%	
		Remaining Support Shortage		(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Current Period	December-22	Current Support Due	(9,594.75)	(1,502,568.17)	(407,657.24)	(1,919,820.16)	
		Current Distribution Paid in Dec 2022 period	9,594.75	-	-	9,594.75	
		% Payment	100.00%	0.00%	0.00%	0.00%	
		Support Shortage	-	(1,502,568.17)	(407,657.24)	(1,910,225.41)	
Total Estimated Distribution Paid in December 2022 Period			9,594.75	865,218.25	234,691.72	1,109,504.72	
Total Support Shortage Estimate			-	(9,652,758.94)	(2,618,825.54)	(12,271,584.48)	

The Projected Distribution is based on the projected monthly remittance from Schedule 6.

The 2022 monthly support was calculated based on 1/12 of the annual support for ENS and the AUSAC budget.

Approximately 42% of the estimated support for the periods of March 2022 through May 2022 will not be paid due to 2 AAC 53.350(e.) (9), where support claims that remain unpaid for more than six months after accrual may not be paid by the administrator. During the December 2022 support disbursement, the full support for the periods of June 2022 through December 2022 are within the six months claims window and are eligible for payment.

TA40-998

Attachment B

AUSF 2023 Operating Budget

September 30, 2022

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
2023 OPERATING BUDGET
Pursuant to 3 AAC 53.320 *** September 30, 2022

SCHEDULE I - TOTAL 2023 Operating Budget

DESCRIPTION	BUDGET 2023	BUDGET 2022	(OVER)UNDER	EXPLANATION OF ESTIMATE
Administrative Support Expense	\$62,000	\$59,000	(\$3,000)	Labor has been estimated at approximately \$5,166 per month. Indirect cost remained level while salaries increased. Increased hours for database update.
Miscellaneous Expenses	794	734	(60)	Assumes one membership group, one annual meeting, and internet service/website hosting.
Postage and Courier Expense	57	116	59	Mailing of checks, compliance review and validation schedules are electronic.
Insurance Expense	11,948	11,674	(274)	Actual D&O Policy cost for 2022 with a 5% inflation factor and MPL allocated cost.
Legal Expense	11,470	11,522	52	Legal services for filing for Board appointments, collections, one hearing and tariff support.
Audit Expense	22,073	22,478	406	Actual cost of preparation of the audited financial report. One annual agreed upon procedures revenue review for up to 5 companies based on 20221 rates plus \$1,500 for additional addendum procedures, includes a 2% inflation factor. RFPs issues in 2022,
Database Development Expense	4,000	3,000	(1,000)	Maintenance of database and backup copy.
Bank Fee Expense	4,320	3,370	(950)	Bank Fees reflects fees from current rates and usage plus a 2% inflation factor. Increase due to increase in bank fees.
Notices and Advertisement Expense	2,227	2,243	16	Legal notice for 19 meetings ,1 tariff filing with a 2% inflation factor. There is one Board member estimated to be out of town in 2023, expenses accommodate 1 meeting, general attendance will be via teleconference.
Director and Committee Expense	1,000	1,000	-	
G/A Subtotal	\$119,888	\$115,137	(\$4,751)	
Subtotal	\$119,888	\$115,137	(\$4,751)	
Adjustment for Estimated Interest Income	0	0	0	Projected Interest Income on AUSF Cash Balance at 0.0%. AUSAC does not have an interest bearing account, instead is using an earnings credit to offset bank fees.
TOTAL BUDGET	\$119,888	\$115,137	(\$4,751)	
% INCREASE (DECREASE)	4.13%			

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 2023 OPERATING BUDGET
 Pursuant to 3 AAC 53.320 *** September 30, 2022

ATTACHMENT A - Administrative Support Expense

Description						Total
Labor						
	Monthly Hours a	Labor Rate Includes Bfts & Tx b	Overhead From Indirect Lab. Sch. c d=(b*c)		Hourly Rate e=b+c	Labor Expense f =(e*a)
Director	269	\$79.83	13.00%	\$10.38	\$90.20	\$24,263.80
Financial Analyst	320	\$46.92	13.00%	\$6.10	\$53.01	\$16,963.20
Administrative Assistant	443	\$41.97	13.00%	\$5.46	\$47.42	\$21,007.06
	1,032					\$62,234.06
				Subtotal Rounded		\$62,000

5166.66667

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Administrative Support Expense: Indirect Cost

AECA Overhead	AECA Budget	Overhead Rate
Rent	\$33,633.00	Per AECA's Lease at N Street & Publix Storage.
Office Supplies	\$747.00	From AECA's 2021 Fin. Stmt
Telephone	\$5,239.00	From AECA's 2021 Fin. Stmt
Equip Maint	\$1,109.00	From AECA's 2021 Fin. Stmt
Furniture & Equipment	\$2,709.67	From AECA's 2021 Fin. Stmt, Assumed a 3 yr. life.
Total	<u><u>\$43,437.67</u></u>	
Total Salaries, Taxes & Benefits	<u><u>\$350,935.02</u></u>	13.00%
Total Indirect Cost Budget/Total Salary		
All other costs will be assigned directly to AUSAC.		

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

2023 OPERATING BUDGET

Pursuant to 3 AAC 53.320 *** September 30, 2022

ATTACHMENT A - Administrative Support Expense: Detail By Service

Description	Total Estimated	Total Hours	Total Est. Hours	Total Annualized	Total	Jan-Aug 2022
Executive Director						
Annual Meeting/Membership Group Meetings	\$180.40	2	0	2	1	1
Process Remittance (Billing and Collection)	\$6,223.80	69	(27)	96	56	56
Board of Directors Meeting	\$4,870.80	54	0	54	32	32
Distribution of Funds	\$902.00	10	0	10	6	6
BOD Support/Fin.Rprts/Audit/Rate Dev./Nomination Process and other projects.	\$8,659.20	96	(10)	106	62	62
Computer/Database*	\$1,443.20	16	14	2	1	1
Handling Disputes	\$180.40	2	2	0	0	0
Monitoring Report	\$180.40	2	(10)	12	7	7
Tariff Preparation, Filing and Support	\$360.80	4	(60)	64	38	38
Sp Project/Workshop	\$451.00	5	5	0	0	0
Compliance Audit	\$811.80	9	0	9	5	5
TOTAL	\$24,263.80	269	(86)	356	208	208

*Includes anticipated work database for late fee update

Financial Analyst

Annual Meeting/Membership Group Meetings	\$106.02	2	0	2	1	1
Process Remittance (Billing and Collection)	\$8,746.65	165	0	165	96	96
Board of Directors Meeting	\$0.00	0	0	0	0	0
Distribution of Funds	\$477.09	9	2	7	4	4
BOD Support/Fin.Rprts/Audit/Rate Dev./Nomination Process and other projects.	\$5,301.00	100	(10)	110	64	64
Computer/Database*	\$1,590.30	30	30	0	0	0
Handling Disputes	\$0.00	0	0	0	0	0
Monitoring Report	\$424.08	8	3	5	3	3
Tariff Preparation, Filing and Support	\$53.01	1	1	0	0	0
Sp Project/Workshop	\$265.05	5	5	0	0	0
Compliance Audit	\$0.00	0	0	0	0	0
TOTAL	\$16,963.20	320	31	288	168	168

*Includes anticipated work database for late fee update

Administrative Assistant

Annual Meeting/Membership Group Meetings	\$806.14	17	0	17	10	10
Process Remittance (Billing and Collection)	\$12,850.82	271	0	271	158	158
Board of Directors Meeting	\$1,849.38	39	0	39	23	23
Distribution of Funds	\$711.30	15	0	15	9	9
BOD Support/Fin.Rprts/Audit/Rate Dev./Nomination Process and other projects.	\$3,177.14	67	0	67	39	39
Computer/Database	\$94.84	2	0	2	1	1
Handling Disputes	\$0.00	0	0	0	0	0
Monitoring Report	\$331.94	7	0	7	4	4
Tariff Preparation, Filing and Support	\$711.30	15	0	15	9	9
Sp Project/Workshop	\$0.00	0	0	0	0	0
Compliance Audit	\$474.20	10	(2)	12	7	7
TOTAL	\$21,007.06	443	(2)	445	260	260

\$62,234.06	1,032	(57)	1,089	635	635
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Rounded 62,000

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Miscellaneous Expenses	
	Total Budget
Annual meeting	380
Internet Service/Website hosting	214
Other	200
Total	\$794

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Postage and Courier Expenses	
	Total Budget
Postage and Courier Services	\$ 57
Total	<u>\$57</u>

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Insurance Expense	
	Total Budget
Directors and Officers Liability, with 5% increase	\$10,482
MPL Professional Services Insurance, with 5% increase	\$1,466
Total	\$11,948

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 2023 OPERATING BUDGET
 Pursuant to 3 AAC 53.320 *** September 30, 2022

ATTACHMENT A - Audit Expense

AUDIT
 Preparation of Financial Reports
 Compliance Review from Order U98-168 (8)
 Total

Total Budget
\$10,500
11,573
\$22,073

3 AAC 53.330 REPORTS AUDITS AND SEPARATION OF FUNDS
 (B) The administrator shall be subject to a yearly audit by an independent accounting firm and may be subject to an additional audit by the commission, if so ordered. The administrator shall be subject to a close-out audit at the end of its term.

Order U98-168(8): AUSAC as AUSF Administrator
 AUSAC is to conduct periodic random audits of three to five companies along with periodic audits of public interest pay phone financial reporting.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 2023 OPERATING BUDGET
 Pursuant to 3 AAC 53.320 *** September 30, 2022

ATTACHMENT A - Database Development Expense

DATABASE PURCHASE/DEVELOPMENT
 Contract for the maintenance of the database

Total

Total Budget
\$4,000
\$4,000

AUSAC implemented the new database in 2017. The 2023 budget includes estimated maintenance fees and preparation for remote working transition.

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Legal Expense	
	Total Budget
Legal Services	11,470
TOTAL	\$11,470

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Bank Fee Expense	
	Total Budget
Bank Fees	\$4,320
	\$4,320

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Notice and Advertisement Expense	
	Total Budget
Meeting Notices for 19 meetings	\$965
One Major Tariff Filing	1,262
Total	\$2,227

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Interest Income	
	Total Budget
Interest Income	\$0
	\$0

Interest Income on AUSF Balance	Estimated AUSF Balance	Estimated Percentage	Number of Days	Total
JAN 23	\$359,586.00	0.00%	12	\$0
FEB 23	\$359,586.00		12	\$0
MAR 23	\$359,586.00		12	\$0
APR 23	\$359,586.00		12	\$0
MAY 23	\$359,586.00		12	\$0
JUN - DEC 23	\$359,586.00		84	\$0
Total				<u><u>\$0</u></u>

- 1) Assumes AUSAC will have a minimal cash balance during 2023 and the R-18-001 surcharge cap of 10% will be in place.
- 2) AUSAC does not have an interest bearing account. The interest is being offset by the bank fees in the analysis.
- 3) The cash balance was based on monthly balance in the analysis earnings credit.

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY 2023 OPERATING BUDGET Pursuant to 3 AAC 53.320 *** September 30, 2022</p>
--

ATTACHMENT A - Director and Committee Expense	Total Budget
Director Expense	1,000
Committee Expense	0
Total	\$1,000

BOARD EXPENSES DETAIL- 2022 \$ -

TRAVEL EXPENSE REFLECTS TRAVEL FOR OUT OF TOWN BOARD MEMBERS.
 Travel for attendance in person for board meetings once a quarter and one special meeting.

TA40-998

Attachment C

AUSF Compensation Paid in 2021

September 30, 2022

<p style="text-align: center;">ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY Amount of Compensation Paid in 2021 Pursuant to Letter Order L1300528</p>
--

AUSAC	<u>Date</u>	<u>Invoice Number</u>	<u>Amount Billed</u>	<u>Paid In 2021</u>	<u>Paid In 2022</u>
Payment	1/29/2021			\$ 3,157.67	
Invoice	1/31/2021	308	\$ 4,739.39		
Invoice	2/28/2021	309	\$ 4,069.51		
Payment	3/2/2021			\$ 4,739.39	
Invoice	3/31/2021	310	\$ 4,044.81		
Payment	4/2/2021			\$ 4,069.51	
Invoice	4/30/2021	311	\$ 7,320.24		
Payment	5/3/2021			\$ 4,044.81	
Invoice	5/31/2021	312	\$ 4,560.53		
Payment	6/4/2021			\$ 7,320.24	
Invoice	6/30/2021	313	\$ 4,833.07		
Payment	7/1/2021			\$ 4,560.53	
Payment	7/28/2021			\$ 4,833.07	
Invoice	7/31/2021	314	\$ 3,478.31		
Invoice	8/31/2021	315	\$ 4,719.35		
Payment	9/13/2021			\$ 3,478.31	
Payment	9/30/2021			\$ 4,719.35	
Invoice	9/30/2021	316	\$ 3,726.34		
Payment	10/29/2021			\$ 3,726.34	
Invoice	10/31/2021	317	\$ 3,363.66		
Invoice	11/30/2021	318	\$ 2,587.35		
Payment	12/1/2021			\$ 3,363.66	
Invoice	12/31/2021	319	\$ 2,630.70		
Payment	1/3/2022			\$ 2,587.35	
Payment	2/1/2022			\$ 2,630.70	
Total			\$ 50,073.26	\$ 48,012.88	\$ 5,218.05

TA40-998

Attachment D

AUSF

Support Documentation

- A. AUSAC 2021 Audited Financial Report
- B. AECA 2021 Financial Report

September 30, 2022

**ALASKA UNIVERSAL SERVICE
ADMINISTRATIVE COMPANY**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 10
Supplemental Information:	
Alaska Universal Service Fund Distribution Account	
Cash Receipts and Disbursements Schedule	11 - 12



Business and Financial Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alaska Universal Service Administrative Company
Anchorage, Alaska

Opinion

We have audited the accompanying financial statements of Alaska Universal Service Administrative Company (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alaska Universal Service Administrative Company as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alaska Universal Service Administrative Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Universal Service Administrative Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material

INDEPENDENT AUDITOR'S REPORT, continued

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alaska Universal Service Administrative Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Universal Service Administrative Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Alaska Universal Service Fund Distribution Account Cash Receipts and Disbursements Schedule on pages eleven and twelve is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Alban & Company

Alban & Company, P.C.
Anchorage, Alaska
June 16, 2022

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 Statements of Financial Position
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 94,620	\$ 39,543
Accounts receivable	314	232
Prepaid insurance	4,045	3,842
Intangible asset, net of amortization of \$55,059 and \$55,059 for 2021 and 2020, respectively	<u> -</u>	<u> -</u>
TOTAL ASSETS	<u>\$ 98,979</u>	<u>\$ 43,617</u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 2,636	\$ 3,257
Pool distribution liability	<u>94,620</u>	<u>39,943</u>
TOTAL LIABILITIES	<u>97,256</u>	<u>43,200</u>
NET ASSETS		
Net Assets without member restrictions	<u>1,723</u>	<u>417</u>
TOTAL NET ASSETS	<u>1,723</u>	<u>417</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 98,979</u>	<u>\$ 43,617</u>

See independent auditor's report and notes to the financial statements.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Statements of Activities

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
UNRESTRICTED:		
Revenues:		
Fund support fees, net of distributions	\$ 80,492	\$ 465,479
Interest income	-	836
Late fees	<u>4,172</u>	<u>386</u>
Total Revenues	<u>84,664</u>	<u>466,701</u>
Expenses:		
Administrative services	52,661	50,705
Insurance	10,500	10,428
Legal	522	783
Amortization	-	9,176
Audit	<u>19,675</u>	<u>21,450</u>
Total Expenses	<u>83,358</u>	<u>92,542</u>
Change In Net Assets	1,306	374,159
Net Assets Without Member Restrictions, Beginning of Year	<u>417</u>	<u>(373,742)</u>
Net Assets Without Member Restrictions, End of Year	\$ <u><u>1,723</u></u>	\$ <u><u>417</u></u>

See independent auditor's report and notes to the financial statements.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 1,306	\$ 374,159
Adjustments to reconcile change in net assets to cash provided by activities:		
Amortization	-	9,177
(Increase) decrease in:		
Prepaid insurance	(203)	-
Accounts receivable	(81)	58,943
Increase (decrease) in:		
Accounts payable	(622)	701
Distribution shortage	-	(384,205)
Pool distribution liability	<u>54,677</u>	<u>(71,092)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>55,077</u>	<u>(12,317)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,077	(12,317)
BEGINNING CASH AND CASH EQUIVALENTS	<u>39,543</u>	<u>51,860</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 94,620</u>	<u>\$ 39,543</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ <u> -</u>	\$ <u> -</u>
Interest	\$ <u> -</u>	\$ <u> -</u>

See independent auditor's report and notes to the financial statements.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Notes to the Financial Statements
For the years ended December 31, 2021 and 2020

Note 1 - Organizational and Significant Accounting Policies

Organization

The Alaska Universal Service Administrative Company (AUSAC), a nonprofit corporation, was organized on December 3, 1998 under the Alaska Nonprofit Corporation Act. AUSAC is a nonstock corporation whose membership consists of 61 members of 113 participating intrastate telecommunications carriers (ITCs) operating within the state of Alaska. All ITCs are subject to the surcharge and are identified in the tariff. ITCs are required to pay the state universal service charge, however they are not required to be a member of AUSAC.

AUSAC functions as a fiscal agent charged with the administration of the telecommunications universal service support mechanisms within the state of Alaska. This includes preparing, filing, and supporting the universal service surcharge rate, collecting the tariff from ITCs, and distributing the support payments to those ITCs eligible to receive support from the Alaska Universal Service Fund (AUSF).

The administrator of AUSF shall recommend to the commission adjustments to the universal service surcharge factor on a quarterly basis as necessary (3AAC 53.330) and before October 1st of each year shall propose a budget for administrative costs (3AAC 53.340(d)).

Universal Service Charge Process

Under an order by the Regulatory Commission of Alaska (RCA), the Alaska Universal Service Administrative Company (AUSAC) obtains information necessary to file a universal service charge tariff, including the rates to be charged. This tariff is submitted to the RCA and must be approved by the RCA before it becomes effective.

AUSAC receives intrastate-billed revenue data from ITCs that are subject to the state universal service surcharge on a monthly basis.

The ITCs apply the RCA approved surcharge rate to intrastate-billed revenues, and calculate their state universal service payment on the remittance worksheet. Funds are then remitted to the AUSF.

In 2020 AUSAC processed the remittance worksheets for the ITCs that qualify for Dial Equipment Minute (DEM) and Essential Network Support (ENS). Effective 2021 only ENS remittance worksheets were processed. The ENS support level is based off the support ITCs received for the year 2016.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

Note 1 - Organizational and Significant Accounting Policies, continued

Based on the total revenues received from the ITCs, AUSAC determines if there are sufficient funds available to make the monthly distribution to each ITC. AUSAC's expenses are deducted from the revenues prior to distribution.

The Board of Directors, which is made up of representatives from the ITCs, reviews and approves the expenses being deducted, and authorizes the distribution of funds calculated by AUSAC. The funds are then distributed to the ITCs based on the DEM and ENS support approved by the RCA.

The support payments from the AUSF to the ITCs are accomplished through electronic fund transfers and wire transfers that are controlled by AUSAC.

Method of Accounting. The financial statements of the Organization have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require AUSAC to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without member restrictions – Net assets that are not subject to member-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with member restrictions – Net assets that are subject to stipulations imposed by members, donors, and grantors.

Recognition of Revenue. AUSAC recognizes revenue to the extent that revenues cover the administrative costs of administering the funds, after all funds have been received and all distributions to ITCs have been made each month.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status. The Corporation, a non-private foundation, is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Exempt Organization Business Income Tax Returns (Form 990) for 2018, 2019, 2020, and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

Note 1 - Organizational and Significant Accounting Policies, continued

Cash and Cash Equivalents. The Organization considers demand deposits and all highly liquid investments purchased with an original maturity of three months or less to be cash or cash equivalents.

Accounts Receivable. The accounts receivable balances at December 31, 2021 and 2020 consist of late fees and remittances due to AUSAC. Late fees are charged at a 1 percent penalty with a compound rate of .00287 per day on the third workday that the balance remains unpaid.

Pool Account Distributions. Remittance worksheets and receipts are submitted by wire transfer or check to AUSAC by each ITC each month. Remittances are made into a separate bank account specifically held per designation of 3 AAC 53.330. Remittance payments are due by the 20th of each month based on prior month remittance revenue per ITCs.

Remittance distributions are paid to the ITCs based on the ENS support approved by the RCA for 2021, and the DEM and ENS support approved by the RCA for 2020. Distributions are made to the ITCs before the end of each month by AUSAC.

Tariff Surcharge Rate. For the years ending December 31, 2021 and 2020, and subject to quarterly review, the surcharge rate was capped at 10.0%.

Intangible Asset. This amount consists of advances paid on the development of a database system to track tariff remittances. The database was implemented in 2017, and is now fully amortized.

Date of Management Review. Management has evaluated events occurring after December 31, 2021 through June 16, 2022, the date the financial statements were available to be issued, for events that should be disclosed to prevent the financial statements from being materially misleading.

Note 2 - Managing Agent

The Board of Directors of AUSAC has designated the Alaska Exchange Carriers Association (AECA) as AUSAC's managing agent for the purposes of administering the financial and administrative functions of the Organization. AECA bills AUSAC for the cost of AECA employees' time and other direct expenses. The Board of Directors of AUSAC approves all expenses. Amounts paid to AECA were \$50,600 and \$45,865 for the years ended December 31, 2021 and 2020, respectively. Amounts due to AECA and included in accounts payable are \$2,631 and \$3,158 at December 31, 2021 and 2020, respectively.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

Note 3 - Cash and Cash Equivalents

Components of cash and cash equivalents at December 31, 2021 include demand deposits, repurchase agreement, and the pool distribution account. Cash balance at December 31, 2021 was as follows:

	Book Balance	Bank Balance
Operating and pool distribution account	\$ (2,637)	\$ -
Sweep account	<u>97,257</u>	<u>97,257</u>
Total Cash and Equivalents	<u>\$ 94,620</u>	<u>\$ 97,257</u>

The bank balances are fully collateralized by a repurchase agreement.

AUSAC is not a party to any financial instruments with off-balance sheet risk. Financial instruments, which potentially subject AUSAC to concentrations of credit risk, are demand deposits held at separate commercial banks and overnight repurchase transactions.

Cash is restricted to the extent of the pool distribution liability amount for future support distributions to qualifying ITCs.

Note 4 - Pool Distribution Liability and Support Distribution Shortage

The pool distribution liability is the excess of surcharges received over the support distributions made each month. The pool distribution liability used to fund future support distributions is \$94,620 and \$39,943 at December 31, 2021 and 2020, respectively. The pool distribution liability is larger than anticipated due to significant payments received after the cut-off date for the distributions. The carrying amount of the pool liability approximates fair value because it represents the liability at fair value.

Because of significant claims in prior years by ITCs for overpayment of surcharges, and a reduction of reported revenues by ITCs in prior years, the pool distribution liability had decreased significantly in comparison to the monthly required distributions.

Because of the decrease in reported revenues by ITCs and the increasing tariff rate, a docket was opened by the RCA to consider full repeal of the existing AUSF regulations and sought public comments on the full repeal and/ or alternative regulations. The industry consensus public comment proposed revised regulations and a surcharge cap. The RCA issued similar regulations for further public comment. On August 9, 2018, the RCA adopted regulations significantly modifying the AUSF, effective January 1, 2019, including: 1) capping the AUSF

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

Note 4 - Pool Distribution Liability and Support Distribution Shortage, continued

surcharge at 10%, 2) eliminating the PIPT and State Lifeline programs, 3) initiating a two-year phasedown of the DEM Weighting support, and 4) recasting the COLR and CCL support as Essential Network Support (ENS) and freezing that support at 2016 values. Additional regulations call for terminating the AUSF on June 30, 2023 with a comprehensive review two years before that date to determine the future of the AUSF.

Because of the capping of the AUSF surcharge, AUSAC has been unable to meet the monthly obligations of the DEM and the ENS support payments. In the case of a fund shortage in any month, the funds are distributed first against administrative costs, then against prior unpaid support, and lastly against current support. After six months, unpaid support claims fall off and are no longer payable. At December 31, 2021, approximately 29% of the 2021 support had been paid, leaving unpaid claims of \$12,168,653. Currently 2022 remittances have been applied first against the 2022 administrative costs then against the 2021 unpaid support claims. As of May 27, 2022, unpaid 2021 support claims were \$4,681,947. Additionally, 2022 support claims excluding administrative costs are currently unpaid.

Note 5 – Availability and Liquidity

AUSAC's financial assets available within one year of the statement of financial position date to meet cash needs for distributions to member companies and general operating expenditures is \$94,620 consisting of cash and cash equivalents.

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 Alaska Universal Service Fund Distribution Account
 Cash Receipts and Disbursements Schedule
 For the year ended December 31, 2021

Remittance Period Distribution Date	January 2/26/2021	February 3/30/2021	March 4/30/2021	April 5/28/2021	May 6/30/2021
Alaska Universal Service Administrative Company	\$ 5,236	4,818	4,693	7,579	21,933
AECA: Pooling Co. CCL	228,818	230,644	241,433	230,118	236,082
ACS of Alaska - Ft. Wainwright	9,331	9,409	9,849	9,387	9,631
ACS of Alaska - Juneau	3,640	3,671	3,842	3,662	3,757
ACS Anchorage					
ACS Fairbanks	64,303	64,843	67,876	64,695	66,372
ACS of the Northland - Glacier State	133,149	134,267	140,548	133,961	137,433
ACS of the Northland - Sitka	9,396	9,475	9,918	9,453	9,698
ACS Wireless					
ADAK					
Alaska Telephone Company					
Arctic Slope Telephone Association Cooperative	33,263	33,542	35,111	33,466	34,333
ASTAC Wireless					
Bristol Bay Cellular					
Bristol Bay Telephone Cooperative					
Bettles Telephone Company					
Bush-Tell					
Circle Telephone Company					
Cordova Telephone Cooperative	24,382	24,587	25,737	24,531	25,167
Copper Valley Telephone Cooperative	109,137	110,053	115,201	109,802	112,648
Copper Valley Cellular					
GCI	94,904	95,701	100,178	95,483	97,957
Interior Telephone Company	52,980	53,425	55,924	53,303	54,685
Ketchikan Public Utilities	44,716	45,092	47,201	44,989	46,155
Matanuska Telephone Association	248,111	250,195	261,899	249,624	256,094
MTA Wireless					
Mukluk Telephone Company	16,287	16,424	17,192	16,386	16,811
North Country Telephone Company					
Nushagak Electric & Telephone Cooperative					
OTZ Telecommunications					
OTZ Telephone Cooperative					
Summit Telephone Company	199	200	210	200	205
TelAlaska Cellular					
United KUC	4,587	4,626	4,842	4,615	4,735
United Utilities	16,044	16,179	16,935	16,142	16,560
Windy City Cellular					
Yukon Telephone Company					
Total Distribution	\$ 1,098,484	1,107,151	1,158,593	1,107,398	1,150,256
Prior Period Shortage Paid (Included in above Total Distribution)	\$ 1,093,248	1,102,333	1,153,900	1,099,819	1,128,323
Total Remittances	\$ 1,098,485	1,107,151	1,158,593	1,107,398	1,146,419
Investment Interest	\$ (1)	-	-	-	-
Late fees	\$ -	-	-	-	3,837
Difference (Remittances+Interest - Distributions)	\$ -	-	-	-	-

See independent auditor's report

ALASKA UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
 Alaska Universal Service Fund Distribution Account
 Cash Receipts and Disbursements Schedule
 For the year ended December 31, 2021

June 7/30/2021	July 8/30/2021	August 9/30/2021	September 10/29/2021	October 11/30/2021	November 12/30/2021	December 1/28/2022	Total 13 Months
7,382	3,789	14,848	3,794	3,911	2,983	2,816	83,782
237,136	241,679	234,482	233,396	232,120	237,949	256,177	2,840,034
9,674	9,859	9,565	9,521	9,469	9,707	10,450	115,852
3,774	3,846	3,732	3,714	3,694	3,787	4,077	45,197
							-
66,668	67,945	65,922	65,617	65,258	66,897	72,021	798,417
138,047	140,691	136,502	135,870	135,126	138,520	149,131	1,653,246
9,742	9,928	9,633	9,588	9,536	9,775	10,524	116,667
							-
							-
							-
34,486	35,147	34,100	33,942	33,757	34,605	37,255	413,008
							-
							-
							-
							-
							-
25,279	25,763	24,996	24,881	24,744	25,366	27,309	302,744
113,151	115,318	111,885	111,366	110,757	113,539	122,237	1,355,095
							-
98,395	100,280	97,294	96,843	96,313	98,732	106,296	1,178,376
54,929	55,981	54,314	54,063	53,767	55,117	59,340	657,830
46,361	47,249	45,842	45,630	45,380	46,520	50,084	555,221
257,237	262,165	254,359	253,180	251,796	258,119	277,893	3,080,670
							-
16,886	17,210	16,697	16,620	16,529	16,944	18,242	202,229
							-
							-
							-
							-
206	-	-	-	-	-	-	1,219
							-
4,756	-	-	-	-	-	-	28,161
16,634	-	-	-	-	-	-	98,494
							-
							-
1,140,743	1,136,851	1,114,172	1,098,025	1,092,157	1,118,558	1,203,853	13,526,242
1,133,361	1,133,062	1,099,324	1,094,232	1,088,247	1,115,576	1,201,037	13,442,460
1,140,489	1,136,851	1,114,172	1,098,025	1,092,157	1,118,558	1,203,853	13,522,151
-	-	-	-	-	-	-	(1)
254	-	-	-	-	-	-	4,091
-	-	-	-	-	-	-	-

See independent auditor's report

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Financial Statements

(With Independent Auditor's Report Thereon)

Years Ended December 31, 2021 and 2020

*Altman, Rogers
& Co.* CERTIFIED
PUBLIC
ACCOUNTANTS

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Financial Statements

(With Independent Auditor's Report Thereon)

Years Ended December 31, 2021 and 2020

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6-13

Independent Auditor's Report

Members of the Board of Directors
Alaska Exchange Carriers Association, Inc.
Anchorage, Alaska

We have audited the financial statements of Alaska Exchange Carriers Association, Inc. (AECA) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alaska Exchange Carriers Association, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alaska Exchange Carriers Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Other Matter

The financial statements of Alaska Exchange Carriers Association, Inc. for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on May 18, 2021.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Members of the Board of Directors
Alaska Exchange Carriers Association, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Exchange Carriers Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alaska Exchange Carriers Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Exchange Carriers Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Altman, Rogers & Co.

Anchorage, Alaska
May 18, 2022

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Statements of Financial Position

December 31, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 745,853	689,011
Accounts receivable from other related parties, less allowance for doubtful accounts of zero	5,218	3,158
Prepaid expenses	13,700	14,313
Total current assets	<u>764,771</u>	<u>706,482</u>
Cash held for deposit	183,207	203,720
Property and equipment, net	<u>8,129</u>	<u>7,340</u>
Total assets	<u>\$ 956,107</u>	<u>917,542</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities:		
Pool distributions payable	\$ 367,699	302,063
Accounts payable	7,286	4,813
Accrued leave	18,019	2,729
Accrued payroll and related liabilities	3,520	17,242
Total current liabilities	<u>396,524</u>	<u>326,847</u>
Customer deposit	<u>183,103</u>	<u>203,720</u>
Total liabilities	579,627	530,567
Net assets without member restrictions	<u>376,480</u>	<u>386,975</u>
Total liabilities and net assets	<u>\$ 956,107</u>	<u>917,542</u>

See accompanying notes to financial statements.

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Statements of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net assets without member restrictions:		
Revenues:		
Tariff	\$ 264,450	305,020
Contract services	48,819	45,735
Interest	68	2,268
Total revenues	<u>313,337</u>	<u>353,023</u>
Expenses:		
Salaries	164,690	172,336
Payroll taxes	18,145	17,837
Benefits	61,183	64,786
Legal	5,345	9,776
Office lease	31,939	33,250
Insurance	10,106	9,792
Maintenance	1,109	3,537
Audit	12,000	9,500
Office supplies	747	505
Telephone	5,239	5,506
Publications	1,000	867
Continuing education	1,367	195
Depreciation	1,577	9,245
Travel	4,191	3,374
Postage	306	462
Advertising	1,531	1,001
Bank fees	3,362	5,049
Other	(5)	539
Total expenses	<u>323,832</u>	<u>347,557</u>
Change in net assets without member restrictions	<u>(10,495)</u>	<u>5,466</u>
Net assets without member restrictions, beginning of year	<u>386,975</u>	<u>381,509</u>
Net assets without member restrictions, end of year	<u>\$ 376,480</u>	<u>386,975</u>

See accompanying notes to financial statements.

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows provided (used) by operating activities:		
Increase (decrease) in net assets	\$ (10,495)	5,466
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,577	9,245
(Increase) decrease in assets:		
Accounts receivable	(2,060)	(682)
Prepaid expenses	613	3,279
Increase (decrease) in liabilities:		
Accounts payable	2,473	3,690
Accrued leave	15,290	3,897
Accrued payroll and related liabilities	(13,722)	(351)
Pool distribution payable	65,636	(151,512)
Customer deposits	(20,617)	(21,770)
Net cash provided (used) by operating activities	<u>38,695</u>	<u>(148,738)</u>
Cash flows (used) by investing activities -		
Purchase of property and equipment	<u>(2,366)</u>	<u>(1,792)</u>
Net increase (decrease) in cash and cash equivalents	36,329	(150,530)
Cash, beginning of year	<u>892,731</u>	<u>1,043,261</u>
Cash, end of year	<u>\$ 929,060</u>	<u>892,731</u>
Cash consists of:		
Cash and cash equivalents	\$ 745,853	689,011
Cash held for deposit	183,207	203,720
	<u>\$ 929,060</u>	<u>892,731</u>

See accompanying notes to financial statements.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Business Activity

The Alaska Exchange Carriers Association, Inc. (AECA), a nonprofit corporation, was formed January 8, 1990, under the Alaska Nonprofit Corporation Act.

AECA is a non-stock corporation, whose membership consists of 13 Local Exchange Carriers (LECs) operating within the state of Alaska. AECA was formed for the purpose of preparing, filing and supporting access charge tariffs, billing and collecting access charge revenues, handling disputes, and distributing access charge revenues to member LECs.

Basis of Accounting

The accounting records of AECA are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

GAAP requires AECA to report information regarding its financial position and activities according to two classes of net assets: net assets without member restrictions and net assets with member restrictions, if any. As of December 2021 and 2020, AECA only has net assets without member restrictions.

Future Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the matter of expense recognition in the income statement. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing lease. If the lessor doesn't convey risks and rewards or control, an operating lease results. The guidance is effective for AECA for the fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital (now financing) and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. AECA is evaluating the impact ASU 2016-02 will have on its financial statements and related disclosures.

Regulation

The operations of AECA are regulated by the Regulatory Commission of Alaska (RCA).

In 1998, the RCA implemented a change to the access charge system with the creation of the Alaska Universal Service Fund (AUSF). Administration of the AUSF is handled by the Alaska Universal Service Administrative Company (AUSAC). AECA has contracted to provide support services to AUSAC based on AECA's actual cost (see Note 9).

Notes to Financial Statements, Continued

In 2008, the RCA implemented a pool exit requirement for six previous member LECs. These companies, referred to as the non-pooling companies, exited the pool in 2009. In 2010, one additional member LEC exited the pool. In 2021 and 2020, no member LECs exited the pool. Subsequent to their exit from the pool, the non-pooling companies were allowed to participate in the AECA tariff through a contract with AECA to serve as an agent for billing and collection using company specific access rates, and tariff management services. AECA is compensated through an RCA approved mechanism that adjusts AECA's annual revenue requirement based on the actual number of non-pooling companies contracting for billing services with AECA.

Effective May 4, 2011, the RCA adopted the administrative changes to the Alaska Intrastate Interexchange Access Charge Manual as adopted in Docket R-08-003(9) in the matter of the consideration of modifying Alaska access charge policies and the use of the AUSF to promote universal service in Alaska.

On August 9, 2018, the RCA adopted regulations, effective January 1, 2019, significantly modifying the AUSF, and modified the Alaska Intrastate Interexchange Access Charge Manual. Some of the key features of the adopted regulations include:

- Capping the AUSF surcharge at 10%.
- Revising Carrier of Last Resort (COLR) and Carrier Common Line (CCL) support as Essential Network Support, and freezing that support at historic 2016 values, and eliminating all such support for newly defined "non-remote" areas of Alaska.
- Terminating the AUSF in its entirety on June 30, 2023, with a mandatory comprehensive review two years before the termination date to determine the future of the AUSF.

In 2010, the Federal Communications Commission (FCC) issued the National Broadband Plan which outlined a long-term plan to increase broadband penetrations and services throughout the United States of America.

In 2011, as an initial response to the plan, the FCC approved Report and Order 11-161 (the Order), that began the process of reforming the universal service and Intercarrier Compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further created the Connect America Fund (CAF) which will ultimately replace all existing high-cost support mechanisms and help facilitate ICC reforms.

The key provisions of the Order include capping the federal Universal Service Fund (USF), placing limitations on capital and operating expenditures (subsequently eliminated in 2014 by an Order for Reconsideration issued by the FCC), establishing local rate benchmarks, capping monthly USF at \$250 per line, a 5% annual reduction of the 2011 frozen interstate switched access revenue requirement, the phase-out of local switching support to be replaced by the CAF to recover costs of switching services, a nine-year transition for rate-of-return carriers, including AECA's member and non-pooling companies, from the previous ICC system to bill and keep, and adoption of the Access Recovery Charge (ARC) to mitigate impacts of reduced ICC revenues. Implementation began July 1, 2012.

Notes to Financial Statements, Continued

The RCA, in response to implementation of the Telecommunications Act of 1996 and the National Broadband Plan and Order, is continuing to examine and modify existing regulations, including those relating to access charges.

AECA continues to monitor regulatory changes in order to ensure operations are in accordance with these requirements. The RCA has approved AECA's 2021 operating budget as submitted, and management believes that AECA's operations will continue as described in the RCA's Alaska Intrastate Interexchange Access Manual, with funding of AECA through access charges and by contract with non-pooling companies and AUSAC.

Estimates

The preparation of financial statements in conformity with GAAP requires AECA's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Access Charge Process

Under an order by the RCA in July 1999, AECA obtains information necessary to file an access charge tariff, including the rates to be charged. This tariff, which includes the rates, is submitted to the RCA and must be approved by the RCA before it becomes effective.

On a monthly basis, AECA obtains the information needed to prepare the billings to the interexchange carriers (long distance providers) for access charges from both member companies and non-pooling companies. From the information supplied by LECs, AECA applies the RCA approved rates and bills the interexchange carriers. Monthly billings to the interexchange carriers are split between traffic sensitive charges (local switching, information surcharge, common transport and dedicated transport), and nonrecurring charges.

AECA receives wire transfers to the "pool distribution" bank account from interexchange carriers. The wire transfers, representing the payment of the access charge bills rendered by AECA, are due 20 calendar days from the date of billing. Incoming wires are frequently received the business day prior to the due date.

Based on the total revenues to be received from the interexchange carriers, AECA determines the monthly distribution to each LEC. AECA's expenses are deducted from the revenues prior to distribution. The expenses being deducted each month are reviewed by the finance committee, which is made up of representatives from the LECs. The net revenues are then allocated to the LECs, based on the RCA approved distribution ratios.

This allocation of funds for payment to LECs is approved by the Rate Development – Tariff Committee, which is also made up of representatives from the LECs. The transfer of funds from the interexchange carriers to the LECs is accomplished through a series of wire transfers that are controlled by AECA.

For the year ended December 31, 2021 and 2020, \$4,455,753 and \$4,816,589 was distributed through AECA's pool distribution account, respectively.

Notes to Financial Statements, Continued

Revenue Recognition

AECA is required to file an annual budget with the RCA. The approved budget includes the amounts to be withdrawn from the tariffs assessed to the interexchange carriers that make up AECA's revenues. Budgeted revenues are withdrawn once per month and are recognized at the time of receipt. Additionally, as mentioned in Notes 9 and 10, AECA is contracted to provide administrative services to AUSAC, and to provide billing and collection and tariff management services to the non-pooling companies.

Revenues for services provided to AUSAC are recognized at the time of billing. An estimate of these contracted revenues is included in the annual operating budget and reduces the budgeted amounts withdrawn from the interexchange carrier tariffs.

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated lives. Useful lives of assets vary from 3 to 5 years for furniture, equipment and data processing systems. AECA capitalizes all property and equipment greater than \$500 with a useful life of more than one year. When property and equipment is sold or otherwise disposed of, the asset account and the related accumulated depreciation accounts are relieved, and any gain or loss is included in the statements of activities and changes in net assets.

Income Taxes

The Internal Revenue Service has determined that AECA is a tax-exempt organization under Internal Revenue Code Section 501(c)(6). In any year in which AECA has gross receipts from unrelated business activities of \$1,000 or more, it must file form 990-T with the Internal Revenue Service and pay tax on such income, less any related deductions. There was no such income in the years ending December 31, 2021 and 2020.

AECA follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. AECA has not taken any uncertain tax positions for the years ended December 31, 2021 and 2020. Accordingly, AECA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2021 and 2020.

AECA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. AECA believes it is no longer subject to income tax examinations for years prior to 2018.

Cash and Cash Equivalents

For purposes of the statements of cash flows, AECA considers cash investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Receivables are written off when AECA determines an account is uncollectible. Past due status is determined based on how recently payment has been received. Credit risk associated with receivables is periodically reviewed by management and, if required, an allowance for doubtful accounts is established. At December 31, 2021 and 2020, no allowance is considered necessary.

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Notes to Financial Statements, Continued

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the year-end are recorded as prepaid expenses.

Accrued Leave

AECA accrues benefits for accrued leave and vacation as they are earned.

Fair Value of Financial Instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in principal, or most advantageous, market at the measurement date under current market conditions regardless of whether the price is directly observable or estimated using another valuation technique. AECA does not have investments for which quoted market prices are not available.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) receivables, net, (3) certain other current assets, (4) accounts payable, and (5) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial statements closely approximate their fair value due to the short-term nature of these assets and liabilities.

Advertising

AECA expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 were \$1,531 and \$1,001 respectively.

(2) CASH AND CASH EQUIVALENTS

Cash and cash equivalents balances at December 31 were as follows:

	<u>2021</u>	<u>2020</u>
Demand deposits	\$ 356,591	362,871
Pooled distribution account	389,262	326,140
Total cash and cash equivalents	<u>\$ 745,853</u>	<u>689,011</u>

Concentration of Credit Risk

AECA maintains its cash and cash equivalents in bank deposit accounts that are generally insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per bank. At December 31, 2021 and 2020 AECA's uninsured bank balances total \$262,852 and \$200,854 respectively.

(3) CUSTOMER DEPOSIT

Under the provisions of AECA's tariff, each interexchange carrier is required to provide a cash deposit, payment bond, or letter of credit, with AECA as the beneficiary, equal to 2 and one-half times the interexchange carriers estimated monthly contributions. In 2011 and 2017, AECA began using cash deposits from two interexchange carriers in lieu of the letter of credit. The deposits are held in an interest-bearing savings account. The related liability is reflective of the total cash held for deposit at December 31, 2021 and 2020.

ALASKA EXCHANGE CARRIERS ASSOCIATION, INC.

Notes to Financial Statements, Continued

(4) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure and distributions to member companies, that is, without member or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021
Cash and cash equivalents	\$ 745,853
Accounts receivable	5,218
	<u>\$ 751,071</u>

(5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at December 31:

	2021	2020
Office equipment and furniture	\$ 38,026	37,591
Data processing system	107,175	107,175
Data processing system work-in-process	6,240	6,240
Total property and equipment	151,441	151,006
Less accumulated depreciation	(143,312)	(143,666)
Net property and equipment	<u>\$ 8,129</u>	<u>7,340</u>

Depreciation expense was \$1,577 and \$9,245 for years ended December 31, 2021 and 2020, respectively.

(6) POOL DISTRIBUTIONS PAYABLE

At December 31, 2021 and 2020, AECA's pool distribution account contained \$367,699 and \$302,063, respectively, for portions of the November and December access charge billings payable to the member and non-pooling LECs. The amounts were paid to the LECs prior to January 31, 2022.

(7) OFFICE LEASE

AECA leases office space under a non-cancellable operating lease, expiring in August 2024. Lease payments totaled \$31,939 and \$33,250, for 2021 and 2020 respectively, of which \$4,194 and \$3,978 was reimbursed by AUSAC. Minimum future lease payments under the non-cancellable operating lease are as follows:

Year Ending		Amount
<u>December 31</u>		
2022	\$	30,856
2023		31,781
2024		21,607
	\$	<u>84,244</u>

Notes to Financial Statements, Continued

(8) PENSION PLAN

The AECA sponsors a simplified employee pension plan covering all employees. Contributions to the employees' individual accounts were \$20,266 and \$20,717 for the year ended December 31, 2021 and 2020, respectively.

(9) AUSAC CONTRACT

In 1998, AECA entered into a contract with AUSAC, under which AECA agreed to provide administrative services to AUSAC and in turn, be reimbursed by AUSAC on a dollar-for-dollar basis. AECA can collect reimbursement from AUSAC only for actual expenses incurred.

As of December 31, AECA has billed the following amounts on the AUSAC contract:

	<u>2021</u>	<u>2020</u>
Administrative and overhead expenses:	\$	
Salaries	28,955	27,597
Payroll taxes	2,396	2,273
Benefits	11,719	10,018
Office lease	4,194	3,978
Office supplies	92	242
Telephone	671	757
Maintenance	792	870
Total billed to AUSAC	<u>\$ 48,819</u>	<u>45,735</u>

(10) NON-POOLED COMPANY CONTRACTS

As discussed in Note 1, during 2009 and 2010, AECA entered into contracts with certain non-pooling companies to provide tariff management services and billing and collection services using each non-pooling company's specific rates. The collection of the funds from the non-pooled companies is included in the pool distribution process approved by the Rate Development – Tariff Committee. For the years ending December 31, 2021 and 2020, AECA received \$82,300 and \$117,101, respectively, in revenues under these contracts, which are included in Tariff revenues in the financial statements.

(11) CONCENTRATIONS

AECA receives a substantial amount of its revenues from tariffs. This source of revenues comprised 84% and 86% of the total revenue for the years ended December 31, 2021 and 2020, respectively.

In addition, for the years ended December 31, 2021 and 2020, respectively, 16% and 13% of AECA's revenue were provided through the contracting services provided by AUSAC.

A significant reduction in the level of these sources of support and revenue, if this were to occur, may have an adverse effect on the AECA's programs and activities.

Notes to Financial Statements, Continued

(12) RELATED PARTIES

Noted in footnote 1, under regulations, in 1998, The RCA created the AUSF which administration is handled by AUSAC, whereas AECA is contracted to provide support services to AUSAC as noted in footnote 9. The Board of Directors of AECA and AUSAC is composed of a majority share of the same individuals. AUSAC is not a non-pooling company. AUSAC is an entity that contracts with AECA for administrative purposes. AUSAC is a legally separate entity from AECA, the financial statements of AECA does not include any financial representations of AUSAC aside from those related notes regarding support and revenue.

(13) SUBSEQUENT EVENTS

AECA has evaluated subsequent events through May 18, 2022, the date on which the financial statements were available to be issued. No items were deemed necessary for disclosure.