

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

ORDER NO. 756989

CORPORATION COMMISSION OF OKLAHOMA

Kim David

Kim David, Chairman

J. Todd Hiatt

J. Todd Hiatt, Commissioner

Brian Bingman

Brian Bingman, Commissioner

DONE AND PERFORMED THIS 23rd DAY OF APRIL 2026.



BY ORDER OF THE COMMISSION:

Eleise J. Rouse

Eleise J. Rouse, Acting Commission Secretary

ORDER NO. 756989

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF MARK ARGENBRIGHT,
ADMINISTRATOR OF THE OKLAHOMA
UNIVERSAL SERVICE FUND, PURSUANT
TO OAC 165:59-3-13(a) & (b), TO CONSIDER
OR ADJUST THE OKLAHOMA UNIVERSAL
SERVICE FUND ASSESSMENT AND
ESTABLISH A REPOSITORY FOR
QUARTERLY STATUS REPORTS

CASE NO. OSF2024-000262

HEARING: April 23, 2026, in the District 1 Tulsa Field Office for the Oil and Gas Conservation Division, Oklahoma Corporation Commission, Suite 900, 5100 E Skelly Dr., Tulsa, Oklahoma 74135 (live and virtual teleconference)
Before the Commission en banc

APPEARANCES: Natasha M. Scott, Chief Legal Counsel *representing* Oklahoma Universal Service Fund Administrator, Oklahoma Corporation Commission

FINAL ORDER

The Corporation Commission (“Commission”) of the State of Oklahoma being regularly in session, this Case comes before the Commission on the Application of Mark Argenbright, Administrator of the Oklahoma Universal Service Fund (“OUSF Administrator” or “Administrator”), Pursuant to OAC 165:59-3-13(a) and (b), to Consider or Adjust the Oklahoma Universal Service Fund Assessment and Establish a Repository for Quarterly Status Reports (“Application”).

I. PROCEDURAL HISTORY

On November 1, 2024, the OUSF Administrator filed the Application to Consider or Adjust the OUSF Assessment and to File Quarterly Status Reports.

On January 10, 2025, the OUSF Administrator filed the Second Calendar Quarter 2024 OUSF Update. On March 24, 2025, the Third Calendar Quarter 2024 OUSF Update was filed, and on May 6, 2025, the Fourth Calendar Quarter 2024 OUSF Update was filed.

On September 22, 2025, the First Calendar Quarter 2025 OUSF Update was filed.

On March 27, 2026, the Direct Testimony of Farzad Khalili on Behalf of the Administrator of the Oklahoma Universal Service Fund (“Direct Testimony”) was filed.

On April 3, 2026, the OUSF Administrator filed a Motion to Advance Hearing on the Merits to be Heard by the Commission En Banc (“Motion to Advance”).

On April 6, 2026, a Notice of Hearing setting the Motion to Advance for April 13, 2026, was filed.

On April 10, 2026, an Amended Notice of Hearing setting the Motion to Advance for April 23, 2026, was filed.

On April 21, 2026, a Second Amended Notice of Hearing setting the Motion to Advance and hearing on the merits for April 23, 2026, in Tulsa, Oklahoma, was filed.

On April 22, 2026, a subsequent Second Amended Notice of Hearing was filed to include Attachment A that had inadvertently not been included.

On April 23, 2026, the Motion to Advance was heard by the Commission en banc. There being no objection, the Motion to Advance was granted by the Commission. Thereupon, the Commission convened a hearing on the merits to consider the Application and the OUSF Administrator's recommendation to adjust the assessment.

II. SUMMARY OF EVIDENCE

Documents filed in this Case are contained in records kept by the Commission's Court Clerk and are incorporated herein by reference.

At the hearing on the merits, the Commission heard testimony from Farzad Khalili, on behalf of the OUSF Administrator, which is summarized below.

Summary of Testimony of Farzad Khalili on April 23, 2026

Farzad Khalili, Public Utility Division Programs Manager, testified that the Application filed in this matter on November 1, 2024, requested the commencement of a case within which the Commission could consider adjustment to the OUSF assessment factor ("assessment factor") and to establish a repository for quarterly status reporting. He testified that the status reporting within this Case would be for the second, third, and fourth quarters of calendar year 2024 and for the third and fourth quarters of calendar year 2025, and that those quarterly status reports have been filed.

Mr. Khalili testified that on March 27, 2026, he caused to be filed Direct Testimony on behalf of the OUSF Administrator. He explained that the purpose of that testimony was to support the recommendation and basis for a downward adjustment to the OUSF assessment factor from \$1.63 to \$1.35 and to provide the Commission with the quarterly status reports for the third and fourth quarters of calendar year 2025.

Mr. Khalili testified that pursuant to OAC 165:59-3-13(b), the OUSF Administrator is to provide the Commission with quarterly updates showing current payment obligations and contribution collections, as this information assists in the Commission's consideration of whether any adjustments to the assessment factor are necessary. Mr. Khalili's testimony reported on actual data for the third and fourth quarters of calendar year 2025, which covers July 1, 2025, through December 31, 2025. OUSF revenues received for this period totaled \$46,468,815. The amount

of obligated and disbursed funds, as of December 31, 2025, totaled \$40,056,666, and the balance as of that date was \$27,179,371. These updated balances are reflected in the calculations and recommendation presented for the current request for adjustment to the assessment factor.

Mr. Khalili then testified that the OUSF Administrator recommends that the assessment factor be adjusted to \$1.35 per connection and that this factor was established based on the net calculated funding requirement for funding year (“FY”) 2026, or July 1, 2026, through June 30, 2027. Mr. Khalili explained that known and measurable data was used in the same manner and from the same sources as in previous funding years. Additionally, the same methodology utilized for funding years 2022 through 2025 was applied to the current request. Mr. Khalili noted that the OUSF Administrator believes that consistency in the collection and review of data and the related calculations is important to achieving, as closely as possible, a standardized funding calculation.

In describing how the current request was developed, Mr. Khalili explained that the calculated funding requirement for FY 2026 is \$104,443,537, and the projected surplus balance of the OUSF as of June 30, 2026, is \$30,819,962. Less the surplus, the net calculated funding requirement for FY 2026, therefore, is \$73,623,575. The net calculated funding requirement was divided by the number of projected annual connections of 54,649,398 for FY 2026, resulting in a recommended assessment factor of \$1.35 per connection.

Mr. Khalili testified that multiple costs are included in the calculation of the assessment factor. These costs include a requirement, pursuant to 17 O.S. § 139.104(A), of payment of \$250,000 per fiscal year to the Oklahoma Attorney General. Also included are contract fees for services provided by the fund manager, VPS Solutions, LLC, d/b/a Vantage Point Solutions, Inc., Oklahoma Lifeline Fund (“OLF”), Internal Administrative, Oversight, and Accounting Expenses, and bank fees.

Additionally, certain distributions must be considered in the assessment factor calculation. Primary Universal Service reimbursement to cover certain expenses related to federal support and loss of revenues or increased expenses due to federal or state action are a component of the calculation, as are distributions for Special Universal Service to support broadband services for public schools, public libraries, and telemedicine services for eligible health care entities. Mr. Khalili referenced Exhibit FK 1-1 to his Direct Testimony for an itemization of each of the costs and distributions discussed above.

Mr. Khalili recommended that the assessment factor calculation include approximately \$15,000,000 in funds on hand to ensure the Administrator’s ability to fulfill statutory funding obligations. The projected FY 2025 ending balance for funds on hand currently stands at \$30.8 million. The additional \$15.8 million is due largely to reductions in demand for support for Primary Universal Service and Special Universal Service by approximately 10-15% and 28%, respectively. Exhibit FK 1-2 illustrates the projected demand for these services, at the time the current assessment factor was ordered in June of 2024, in comparison to the actual demand and the collections received from contributing providers. Reducing the assessment factor will help in moving towards the \$15,000,000 target level for funds on hand.

Lastly, Mr. Khalili testified that it is recommended that the reduced assessment factor have an effective date of May 1, 2026, with an implementation date of July 15, 2026, to allow adequate

time for contributing providers to make any necessary adjustments to their billing and reporting systems. This would also coincide with the reporting and contributions required on July 15, 2026, and is consistent with the time allowance for providers in the previous assessment factor case.

Mr. Khalili recommended that the Commission order the OUSF assessment factor be adjusted to \$1.35 per connection, effective May 1, 2026, with an implementation date of July 15, 2026.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission makes the following findings of fact and conclusions of law:

1. The Commission is vested with jurisdiction over the above-styled and numbered Case pursuant to Article IX, Section 18 of the Oklahoma Constitution and 17 O.S. §§ 139.101 *et seq.*
2. Notice of this proceeding was proper and given as required by law and the rules of the Commission. 17 O.S. § 139.107, OAC 165:59-3-13.
3. The Motion to Advance Hearing on the Merits to be Heard by the Commission En Banc is granted.
4. The Commission is charged with establishing the "...OUSF assessment at a level sufficient to recover costs of administration and payments for the OUSF and OLF requests for funding as provided in the Oklahoma Telecommunications Act of 1997."¹
5. The OLF is a fund "...to help ensure that low-income Oklahomans are provided financial assistance in maintaining basic local exchange telecommunications service. Proceeds from the Oklahoma Lifeline Fund shall be distributed to local exchange telecommunications service providers who are required to file lifeline tariffs."²
6. "The OUSF shall be funded and administered to promote and ensure the availability of primary universal services, at rates that are reasonable and affordable and Special Universal Services, and to provide for reasonably comparable services at affordable rates in rural areas as in urban areas. The OUSF shall provide funding to local exchange telecommunications service providers...and to eligible providers...for the provision of Special Universal Services."³
7. The OUSF and OLF shall be funded "...by a charge paid by all contributing providers...at a level sufficient to maintain universal service."⁴ The methodology for assessing this charge was modified by the Commission in Order No. 719918, with the implementation of a connections-based assessment factor.

¹ 17 O.S. § 139.107(B).

² 17 O.S. § 139.105(B).

³ 17 O.S. § 139.106(B).

⁴ 17 O.S. § 139.106(C).

8. The Commission most recently adjusted the assessment factor from \$2.02 per connection to \$1.63 per connection in Order No. 742418, in Case No. OSF2022-000045, issued on June 25, 2024.

9. On March 27, 2026, the Administrator recommended an adjustment to the assessment factor, pursuant to 17 O.S. § 139.107(A) and OAC 165:59-3-13.

10. No party objected to the recommendation stated in Mr. Khalili's Direct Testimony, filed on March 27, 2026, that the assessment factor should be reduced from \$1.63 per connection to \$1.35 per connection.

11. Mr. Khalili testified that the calculated OUSF funding requirement for FY 2026 (July 1, 2026, through June 30, 2027) is \$104,443,537, and the projected surplus balance of the OUSF as of June 30, 2026, is \$30,819,962; less the surplus, the net calculated funding requirement for FY 2026, therefore, is \$73,623,575.⁵ Mr. Khalili testified that this calculated funding requirement is necessary to meet the expected funding needs for FY 2026.

12. The Commission takes notice that the Administrator recommends having \$15,000,000 as "funds on hand" to "...address the circumstance where demand for OUSF support in a particular month, or series of months, exceeds the assessment contributions collected in a particular month based on the projected OUSF factor in this Case."⁶

13. While prior assessment factors did not include a "funds on hand" amount, it is reasonable to have a buffer to account for larger than anticipated disbursements that could result in the OUSF becoming overburdened. Based upon the evidence presented, the Administrator's recommendation to have \$15,000,000 as "funds on hand" is reasonable. This amount is not precedential and may be increased, decreased, or eliminated based upon the evidence presented in future assessment proceedings.

14. The number of projected annual connections for FY 2026 is 54,649,398.⁷

15. The recommended per-connection assessment of \$1.35 is supported by the evidence presented in this Case and results in an assessment that is fair, just, and reasonable and in the public interest.

16. The OUSF assessment factor should be adjusted to \$1.35 per connection, until further order of the Commission.

17. Contributions to the OUSF should be calculated using the adjusted assessment factor beginning on May 1, 2026, based upon the number of connections reported by each contributing provider on July 15, 2026.

⁵ Direct Testimony, Exhibit FK 1-1.

⁶ *Id.* at 15:16-18.

⁷ *Id.* at 7:7.

18. The Administrator shall file a new annual case, pursuant to OAC 165:59-3-13(a), and subsequently file the periodic quarterly status reports in compliance with OAC 165:59-3-13(b).

ORDER

THE COMMISSION THEREFORE ORDERS that the OUSF assessment factor should be adjusted to \$1.35 per connection, until further order of the Commission, that contributions should be calculated using the adjusted assessment factor beginning on May 1, 2026, based upon the number of connections reported by each contributing provider on July 15, 2026.

THE COMMISSION FURTHER ORDERS that the Administrator shall file a new annual case, pursuant to OAC 165:59-3-13(a), and subsequently file the periodic quarterly status reports in compliance with OAC 165:59-3-13(b).