

**Pennsylvania Universal Service Fund
Annual Report
September 2025
Docket No. M-00001337**

Rolka Loube (RL), the Administrator of the Pennsylvania Universal Service Fund (Pa. USF or Fund), hereby submits the following report to the Pennsylvania Public Utility Commission (Pa. PUC or Commission) on the Fund Activities.

A. Pa. USF Financial Activities

As shown in the attached financial statements, Pa. USF Assessments during the January 2024 through December 2024 period were \$33.79 million and Operating Expenses were \$34.44 million. The corresponding Fund balance as of December 31, 2024, after taking into consideration interest earned, late payment charges, and administrative expenses paid, was \$4.59 million. Interest earned on the invested fund balance, which is credited to the Pa. USF, totaled \$227 thousand for the period.

B. Rolka Loube Recommendations for the Administration of the Pa. USF

1. Retain Annual Funding Contingency at 5%

For the past eighteen years, the Pa. PUC has approved an assessment factor that utilized a 5% funding contingency. This percentage contributes to the rate factor and is intended to account for uncollectible revenues and bad debt. Actual uncollectible revenue has averaged less than \$200,000 per year over the past sixteen years; however, there have been recent bankruptcies and abandonments by contributing carriers that support keeping a 5% contingency in the coming year.

2. Carryover Balance

The fund balance is projected to end the 2025 year at \$2.7 million however, a conservative balance of \$1.75 million is being used for calculation purposes plus the prior year revisions received. This conservative cash balance will provide further cushion for any unforeseen variances.

3. Carrier Data Collection Reports of Prior Year Revenues

Carriers are required to report annual revenues from the prior calendar year by March 31st. The annually reported revenues are used in calculating the new year's Pa. USF assessment rate. Rolka Loube introduced in 2023 a web-based portal for online reporting whereby carriers could fulfill this requirement with the Administrator.

4. Significant Updates

On August 24, 2023, the Commission formally voted to issue an Advance Notice of Proposed Rulemaking (ANOPR) at Docket No. L-2023-3040646.¹ This ANOPR posed questions and solicited comments on various issue areas affecting the operation and the potential reform of the Pa. USF mechanism and the relevant Pa. PUC regulations. The Commission received initial and reply comments from several interested parties in this ANOPR proceeding. The Commission has not undertaken any further actions in this ANOPR proceeding.

In its annual December 5, 2024, Pa. USF Order, the Commission accepted the Administrator's recommendations regarding the composition of contributing and *de minimis* carriers for the purpose of annual revenue reviews. The Commission deemed that it was more appropriate to address certain recommendations regarding the reportability of revenues associated with pole attachments, dark fiber, and colocation, in the context of the ongoing proceeding at Docket No. L-2023-3040646.²

The Commission addressed certain matters that pertained to the prior cycle of annual Pa. USF carrier compliance reviews that RL completed in 2024 through the issuance of appropriate Secretarial Letters.³ These reviews involved the validation of reported intrastate retail revenues for the 2022 calendar year.

In accordance with the directives of the Commission's December 7, 2023, Order at Docket No. M-00001337,⁴ and relevant contractual obligations, RL timely completed the Pa. USF annual carrier reviews for the 2023 reporting year for ten contributing and ten *de minimis* carriers. These reviews were largely finalized by June 30, 2025. Individual Carrier Review Reports and a Summary Report were formally filed with the Commission on July 29, and August 27, 2025. These Reports contained a number of findings, observations, and recommendations involving certain carriers. RL is currently working with Pa. PUC Staff on related follow-up activities.

C. Rolka Loube Recommendations for Ensuring Carrier Compliance

RL recommends that the Commission continue to authorize a certain number of Carrier Compliance Reviews each year to ensure that the Carrier filings that are being submitted each year by March 31st are compliant with Pa. PUC regulations and directives. RL will submit a carrier selection plan to the Commission for approval. Upon completion of each carrier review, RL will submit a written report to

¹ *Rulemaking to Amend 52 Pa. Code §§ 63.161 — 63.171 (relating to Universal Service)*, Docket Nos. L-2023-3040646 and P-2010-2217748, Advance Notice of Proposed Rulemaking Order entered September 20, 2023, 53 Pa.B. 7005 (Nov. 11, 2023).

² *Pennsylvania Universal Service Fund Annual Administrator's Report*, Docket No. M-00001337, Order entered December 5, 2024 (*December 2024 Pa. USF Order*).

³ *See, e.g., Crown Castle Fiber LLC – 2023 Pennsylvania Universal Service Fund (PaUSF) Carrier Compliance Review Report*, Docket No. M-2023-3044634, Pa. PUC Secretarial Letter, October 8, 2024; *Zayo Group, LLC – 2023 Pennsylvania Universal Service Fund Carrier Compliance Review Report*, Docket No. M-2023-3044639, Pa. PUC Secretarial Letter, October 30, 2024

⁴ *Pennsylvania Universal Service Fund Annual Rate Adjustment*, Docket No. M-00001337, Order entered December 7, 2023 (*December 2023 Pa. USF Order*).



the Commission that sets forth its findings and any recommended courses of action needed to remedy any findings of noncompliance.

Based on its experience with the annual Carrier Compliance Reviews, RL recommends the following:

1. The Commission should continue to emphasize the inclusion of intrastate retail Voice over the Internet Protocol (VoIP) services revenues in the annual reporting worksheets of telecommunications carriers and entities that are included in the Pa. USF mechanism.⁵ RL has observed that telecommunications carriers on occasion classify intrastate retail VoIP services revenues as “non-regulated” and omit their inclusion in their respective Pa. USF annual reporting worksheets.
2. The Commission should caution telecommunications carriers and other entities that are included in the Pa. USF mechanism that certain intrastate retail Miscellaneous Revenues are reportable for Pa. USF purposes under its applicable regulations.⁶ Telecommunications carriers and other entities that report intrastate retail revenues for Pa. USF purposes should not exclusively rely on the relevant instructions of the Federal Communications Commission (FCC) annual Form 499-A regarding the reporting of certain intrastate retail Miscellaneous Revenues for Pa. USF purposes. RL has observed that such reliance has resulted in the underreporting of Pa. USF revenues.

D. Proposed Assessment Rate for Calendar Year 2026

In accordance with the Pa. PUC’s rules for calculating the annual assessment factor, the Pa. USF assessment rate for 2026 has been calculated at 3.4822938% (.034822938) of calendar year 2024 average monthly intrastate end-user retail telecommunications revenue. The assessment calculation is based on data submitted by the carriers during the annual data collection process as well as projections of the fund carryover balance and administrative auditing fees.

1. For Support Recipients, reported 2023/2024 overall annual access line growth rate = (-14.80%).
2. Projected Pa. USF fund balance as of 12/31/2025 plus revisions received based upon completed carrier reviews conducted on 2023 revenues for calculation = \$1,834,630.93
3. Projected 2026 annual support due to recipient carriers = \$33,833,731.83
4. Projected 2026 annual administration and audit fees = \$174,200
5. Projected 2026 5% allowance for uncollectibles = \$1,599,955.05
6. Projected 2026 total annual fund size = \$33,773,255.95 [(Line 3 + Line 4 + Line 5 – Line 2)]
7. Reported calendar year 2024 intrastate retail revenues (contributing carriers) = \$969,856,584.03
8. Recommended 2026 Assessment Rate = $\$33,773,255.95 / \$969,856,584.03 = \underline{\mathbf{.034822938}}$

⁵ See, e.g., *December 2024 Pa. USF Order*, pp. 9-10.

⁶ 52 Pa. Code § 63.162 – *End-user revenue*. See also *Granite Telecommunications LLC 2022 Pennsylvania Universal Service Fund Carrier Compliance Review Report*, Docket No. M-2023-3037820, Order entered December 7, 2023.



E. Comparative Analysis

Below is comparative analysis between various data points used to calculate the **proposed** 2026 Assessment Rate and the approved 2025 Assessment Rate.

Items Compared	2025 Rate Calculation (Based on 2023 Revenues)	Proposed 2026 Rate Calculation (Based on 2024 Revenues)	Percent Difference
Monthly Support Amount	\$2,819,356.21	\$2,819,477.65	0.004%
# of Contributors	206	198	-3.883%
# of Carriers with <\$120 assessment/year	87	82	-5.747%
Assessment Rate	0.028629221	.034822938	21.634%

Items Compared	2023 Rate Calculation (Based on 2021 Revenues)	2024 Rate Calculation (Based on 2022 Revenues)	Percent Difference
Net (Total) Intrastate Operating Revenue (all carriers)	\$1,347,151,452.88	\$1,254,613,668.46	-6.87%
Support Carriers Annual Intrastate Revenue	\$117,416,886.13	\$104,950,938.49	-10.62%
Support Carriers Access Lines	328,713	292,721	-10.95%

Items Compared	2025 (Based on 2023 Revenues)	2026 (Based on 2024 Revenues)	Percent Difference
Net (Total) Intrastate Operating Revenue (all carriers)	\$1,138,314,710.02	\$969,890,937.14	-14.80%
Support Carriers Annual Intrastate Revenue	\$97,767,898.99	\$81,081,678.91	-17.07%
Support Carriers Access Lines	257,065	219,010	-14.80%



Assessment Rate Growth

2014	2015	↑	7.35%
2015	2016	↑	4.48%
2016	2017	↑	5.23%
2017	2018	↑	7.17%
2018	2019	↑	8.23%
2019	2020	↓	-1.61%
2020	2021	↑	4.01%
2021	2022	↓	-1.93%
2022	2023	↑	19.07%
2023	2024	↑	6.20%
2024	2025	↑	6.52%
2025	2026	↑	21.63%

