

ITEM NO. 1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 10, 2009**

REGULAR X CONSENT _____ EFFECTIVE DATE November 15, 2009

DATE: November 5, 2009

TO: Public Utility Commission

FROM: Roger White

THROUGH: Lee Sparling and Bryan Conway

SUBJECT: OREGON UNIVERSAL SERVICE ADVISORY BOARD: Extends contract for administration of the Oregon Universal Service Fund (OUSF).

STAFF RECOMMENDATION:

The Commission should adopt the Oregon Universal Service (OUS) Advisory Board's recommendation to extend the contract with Solix, Inc. (Solix) to administer the OUSF. The extension is for a one-year period, November 15, 2009, through November 14, 2010.

DISCUSSION:

Background

The Commission in Order No. 99-197, Docket No. UM 731, Phase III adopted procedures for the collection, disbursement, and monitoring of OUS funds. These procedures created the need for an external OUS Administrator and the OUS Advisory Board (the Board). Order No. 99-197 also established that the Board should consist of ten members, seven from the industry, two representing consumer groups, and one Commission staff member.

At the July 10, 2000, Public Meeting, the Commission approved the first contribution and surcharge rates, effective September 1, 2000, and implemented the OUSF as directed by ORS 759.425. At the same Public Meeting, the Commission approved the members of the first Board. In that same month, the Board selected the first OUSF Administrator and made their recommendation to the Commission. Since that time there have been two different Administrators.

On October 10, 2004, the Commission awarded Solix¹, the current Administrator, a two-year contract, from November 15, 2004, through November 14, 2006. The contract also contained a provision for three one-year extensions, with the last extension expiring November 15, 2009. Three conditions had to be met for the contract to be extended: a majority of the Board members had to recommend approval of the extension, the Commission had to adopt the recommendation and approve the extension, and the Commission had to offer and Solix had to agree to the extension.

Discussion of the Recommendation:

On July 23, 2009, a draft Request-for-Proposal (RFP) was sent to the Public Utility Commission's Procurement and Contracting Officer (PCO) for review. Included with the RFP was a request to have the current contract modified to allow an additional extension beyond the three that were allowed by the contract. After lengthy discussions, the Department of Administrative Services on October 26, 2009, gave the PCO permission to modify the contract to allow an additional one-year extension.

The extension keeps the monthly amount paid to Solix fixed at \$6,141.63 for the first six months and allows for a possible adjustment at the end of six months. This option was built into the contract to address Solix's changing work requirements, which was the driver for requesting the contract extension.

On completion of the project to migrate the OUS support system to the web, all participating companies will be able to load their information directly into the system, review the history of their submittals, and to pay on-line. Currently, the Administrator has to manually input this information for each of the approximately four hundred companies that file reports. Once the new system is implemented, most of this manual data entry will disappear and the volume of work for the Administrator will drop significantly.

On November 2, 2009, all of the Board members voted on the motion and it passed unanimously. Solix's Director-State Program Management was also contacted to determine if there was an interest in extending the contract for another year at the same rate and subject to a possible rate revision after six months. The director responded that Solix would be interested in having the contract extended should the Commission elect to make an offer.

¹ Solix is an independent, publicly-traded corporation, originally founded in 2000 as NECA Services, Inc. The company changed its name to Solix in November 2005. The company grew out of the National Exchange Carrier Association (NECA) created in 1983 at the direction of the Federal Communications Commission (FCC).

PROPOSED COMMISSION MOTION:

The current contract with Solix to administer the OUSF be extended for an additional one-year period, November 15, 2009, through November 14, 2010, at the current rate of \$6,141.63 per month with a possible adjustment at the end of six months.