

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE 2017 REVIEW OF) CASE NO. GNR-T-17-05
IDAHO UNIVERSAL SERVICE FUND)
) NOTICE OF
) PUBLIC WORKSHOPS
)
) ORDER NO. 33951

The Idaho Telecommunications Act of 1988 created a Universal Service Fund (IUSF) to maintain “the universal availability of local exchange service at reasonable rates and to promote the availability of message telecommunication service (MTS) at reasonably comparable prices throughout the state of Idaho.” *Idaho Code* § 62-610(1). The IUSF is funded by end-user surcharges on local exchange service, MTS, and wide area telecommunications service (WATS) (long-distance). *See* IDAPA 31.46.01.103-104. The Commission annually establishes monthly surcharges levied on local exchange service and intrastate MTS/WATS service. *See Idaho Code* § 62-610(2). The Commission then annually distributes IUSF funds to qualifying high-cost local exchange telephone companies to supplement their annual revenue requirements. *See Idaho Code* § 62-610.

In order to track and make proper distributions from the IUSF the Commission contracts with a USF Administrator. *See Idaho Code* § 62-610F and IDAPA 31.46.01.102. The Administrator submits an annual report to the Commission. *See id.* In the report, the Administrator reviews the fund balance and recommends changes, if any, to the surcharge rates to maintain adequate funding levels. After reviewing the report, the Commission issues an Order prescribing IUSF surcharge rates for the next 12 months. *See* IDAPA 31.46.01.104-106. On August 22, 2017, the Commission approved an annual IUSF surcharge for 12 months, effective September 1, 2017. *See* Order No. 33851.

While Commission Order No. 33851 approved surcharge increases, it also found that several factors were making it increasingly difficult to predict a necessary IUSF fund balance and determine appropriate rates so that qualifying telephone companies maintain IUSF eligibility. *See id.* In general, as cellular and Voice over Internet Protocol (VoIP) technology continues to eclipse wireline telecommunications services and long-distance calling, Idaho’s landline customer base rapidly erodes. Simultaneously, the statewide average residential and

business rates for telephone service are steadily increasing. Further, the companies with the largest market share have increased their stand-alone residential rates to encourage purchase of bundled services that include local residential service.

These combined factors have produced a shift that is not reflected in the IUSF annual report or distribution rate calculations because companies are only required to report stand-alone residential rates. In addition, the FCC has issued orders that have, in essence, capped inter-carrier compensation rates, causing a further decline in statewide average switched access rates and further impacting IUSF eligibility. *In the Matter of Connect America Fund*, 26 F.C.C.R. 17663 (2011); *In the Matter of Connect America Fund, etc.*, 29 F.C.C.R. 8769 (2014), and see Order Nos. 32637 at 4; 32883 at 3-4.

Because of these factors, Commission Staff expressed grave concerns about the continuing viability of the IUSF. The Commission agreed, and, in Order No. 33851, found it prudent to take a hard look at the IUSF's continued viability. The Commission ordered that a generic docket be opened so interested stakeholders, including Staff, the Administrator, companies taking distributions from the IUSF, and the general public, might provide insight and commentary on how best to handle the IUSF, given the complicating factors discussed above.

With this Notice, the Commission opens the generic docket contemplated in Order No. 33851. The Commission also schedules a series of workshops for its Staff, the IUSF Administrator, companies taking IUSF distributions, the general public, and any other interested persons or stakeholders to meet to discuss how the IUSF relates to the current legal and regulatory framework, the evolving telecommunications landscape, and universal telecommunications services in Idaho generally.

NOTICE OF PUBLIC WORKSHOPS

YOU ARE NOTIFIED that the Commission's Staff will conduct **live and telephonic workshops** for the IUSF Administrator, companies taking IUSF distributions, the general public, and any other interested persons or stakeholders according to the following schedule:

1. **FIRST MEETING, WEDNESDAY, JANUARY 17, 2018, AT 10:00 A.M. (MST), IN THE COMMISSION'S HEARING ROOM, AT 472 W. WASHINGTON, BOISE, IDAHO;**
2. **WEDNESDAY, JANUARY 31, 2018 (COB), MEETING POSITION PAPERS FROM PARTICIPANTS DUE FOR DISTRIBUTION TO PARTICIPANTS; AND**
3. **SECOND MEETING, WEDNESDAY FEBRUARY 28, 2018, AT 10:00 A.M. (MST), IN THE COMMISSION'S HEARING ROOM, AT 472 W. WASHINGTON, BOISE, IDAHO.**

The workshops will permit participants to attend in person or call in on a toll-free line. To call in, dial toll-free (888) 706-6468 and, when prompted, enter the Participant Code 4435939. A copy of Staff's outline for the workshops will be posted on the Commission's website and is attached to this Notice.

With this Notice, the Commission is directing its Staff to conduct workshops in person and by telephone to make it easier for more stakeholders and interested persons to participate. At this time, the Commission intends that its Staff conduct two workshops, as noted above. If, however, the Commission receives written comments or requests from stakeholders or other interested persons specifically asking the Commission to schedule additional workshops in other parts of the State, the Commission will consider those requests.

At the first workshop, Commission Staff will summarize the issues related to the ongoing viability of the IUSF and potential solutions and outcomes, with the goal of facilitating an informal, preliminary discussion among stakeholders of the issues outlined in this Notice and in Order No. 33851. Position papers will then be created by those stakeholders desiring to more formally state their position, in order to allow positions to be analyzed and responded to prior to and during the second workshop.

YOU ARE FURTHER NOTIFIED that all workshops and hearings in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

ORDER

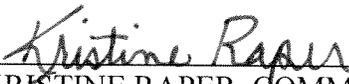
IT IS HEREBY ORDERED that a schedule of stakeholder workshops is established, as described above.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of December 2017.

21st



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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Idaho Public Utilities Commission
Idaho Universal Service Fund Workshop

GNR-T-17-05

January 17, 2018

10:00 a.m. – 3:00 p.m.

- Fund update – 2017 Year-end report from Alyson Anderson, USF Administrator.
 - Line count changes.
 - Cash flow/payments.
 - Sustainability heading into 2018?
 - Five year trend analysis.

- Where to next?
 - Cap the fund and gradually eliminate it over a period of time?
 - Cap the fund and provide disbursements with available funding?
 - Consider rate deregulation for all carriers?
 - Other thoughts or discussions?