

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE SURCHARGE)
FOR THE IDAHO TELECOMMUNICATIONS) CASE NO. GNR-T-18-03
SERVICE ASSISTANCE PROGRAM)
) ORDER NO. 34020

Each year, the Administrator of the Idaho Telecommunications Service Assistance Program (ITSAP) files a report detailing the activities and status of the program during the previous year. ITSAP provides eligible recipients with a reduction in the cost of residential basic local exchange telephone service. Funds for the program are raised through a surcharge on all end-user business, residential and wireless access service lines. The Commission determines the uniform statewide monthly surcharge and the Idaho Department of Health and Welfare administers the program in conjunction with federal programs to “grant limited federal ‘lifeline’ contributions to low-income customers.” *See Idaho Code* § 56-901(1).

Idaho telephone companies provide assistance in the form of a monthly discount of \$2.50 to eligible applicants. *Idaho Code* § 56-902. To be eligible to receive reimbursement for providing low-income benefits (ITSAP and the federal Lifeline assistance), a company must be designated as an eligible telecommunications carrier (ETC) by a state commission. 47 C.F.R. § 54.201(a)(1). ITSAP benefit applicants must be the head of a household and meet narrowly targeted eligibility criteria established by the Department of Health and Welfare. *Idaho Code* § 56-903.

THE 2017 ITSAP ANNUAL REPORT

In the annual report filed on March 6, 2018, the ITSAP Administrator, Alyson Anderson, reported a decrease in wireline access lines (21%), a decrease in wireless lines (45%), and a significant decrease in the number of ITSAP recipients (34%) from the previous year. The number of wireless access lines has declined slightly in years past, but the administrator felt the 2017 decline is an aberration in reporting. When the surcharge rate was suspended in May 2017, many companies began reporting zero access lines, or did not report at all. The gross surcharge revenue for the year was reported at \$72,703, with \$17,779 (24%) assessed on wireline services, and \$54,924 (76%) assessed on wireless services. The Administrator explained that ETCs remit net surcharge revenue, which is gross surcharge revenue less any assistance credits provided to

eligible recipients and the ETC's administrative costs. Thus, net surcharge revenue collected and deposited into the fund in 2017 totaled \$84,073.

The average number of wireline access lines per month reported to the Administrator was 285,773 compared to 363,888 in 2016, and the average number of wireless access lines per month was 766,587 compared to 1,384,720 in 2016. Overall, there was a decrease of approximately 696,248 in the total number of average monthly lines subject to the ITSAP surcharge (1,052,360 lines per month compared to 1,748,608 in 2016). These numbers are inflated due to a lack of wireless providers reporting line counts due to the surcharge suspension.

The average number of reported ITSAP recipients per month in 2017 (2,555) decreased by 34% from 2016 (3,880). Telecommunications companies received \$82,805 in disbursements for ITSAP credits paid to eligible recipients compared to \$126,830 in 2016. Disbursements for company administrative costs were \$17,129, a decrease from 2016 (\$23,235).

The Administrator's fees and expenses were \$10,269 for the year. The fund's cash balance at the end of the year was reported at \$1,317,286.

2018 BUDGET AND TRENDS

The ITSAP Administrator projected the funding requirements for 2018 will continue to decrease. The Administrator estimated the ITSAP reimbursements to the companies at approximately \$62,310. The ITSAP Administrator expenses are projected to be \$20,875; including a triennial audit and legal fees.

To establish the 2018 budget, the Administrator estimated that the number of access lines subject to the surcharge will be approximately 716,579 per month and the average number of ITSAP recipients will decrease to approximately 2,077 per month. Based on this data, Ms. Anderson projected the funding requirement for 2018 will be approximately \$96,394, and the end-of-year balance about \$1,220,891.

The Administrator stated that there was another significant drop in credit recipients during 2017. The Administrator recommended that the surcharge rate continue to be suspended an additional year, but that all companies must report access lines to her during this period. The Administrator affirmed that the fund balance will be more than sufficient to reimburse companies for assistance credits provided, as well as maintain an adequate balance for unexpected occurrences. The estimated balance for the end-of-year 2018 is projected to be \$1,220,891.

Staff reviewed the 2017 annual report, the 2018 budget, and the 2017 funding recommendation. Staff agreed with the Administrator's assessment and supports the Administrator's recommendation to continue suspension of the surcharge rates for all wireline and wireless access lines for another year. Staff believes the fund balance will be sufficient to meet the 2018 expenses as well as provide for any unforeseen changes to the number of ITSAP recipients. Thus, Staff recommended that the Commission approve the Administrator's 2018 budget and approve the recommendation to suspend the surcharge rates for calendar year 2018. Staff also recommended the Commission direct all companies to report access line counts to the administrator while the surcharge is suspended.

COMMISSION FINDINGS

The Commission has reviewed the Administrator's 2017 annual report, proposed 2018 budget, and Staff's review. We find that the Administrator's recommendations are fair, just and reasonable. We further find it appropriate to continue the suspension of the surcharge rate for budget year 2018, and find that doing so will not deplete the fund of a sufficient balance, even in the event of unanticipated program changes. Accordingly, we accept the Administrator's 2017 annual report and proposal to suspend the monthly ITSAP surcharge rate for budget year 2018, and we approve the Administrator's 2018 budget. We further find that all reporting companies should continue to file regular reports with the Administrator. Accordingly, we direct the Administrator to send a notice to reporting companies of their ongoing reporting requirement, and the suspension of surcharge rates for budget year 2018, subject to further review and determination by this Commission.

ORDER

IT IS HEREBY ORDERED that the Commission accepts the Administrator's 2017 annual report and 2018 budget.

IT IS FURTHER ORDERED that the monthly ITSAP surcharge rate shall be suspended, effective May 1, 2018, until the next annual budget review.

IT IS FURTHER ORDERED that the Administrator shall send a notice to reporting companies that their reporting requirements are ongoing and that the surcharge rate suspension is for budget year 2018, subject to further review by the Commission.

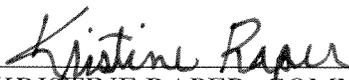
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7)

days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this ^{4th} day of April 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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