

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR'S 2018 ANNUAL REPORT) CASE NO. GNR-T-19-04
AND ESTABLISHING THE FUNDING)
LEVELS TO SUPPORT THE IDAHO) ORDER NO. 34284
TELECOMMUNICATIONS SERVICE)
ASSISTANCE PROGRAM (ITSAP))
_____)

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 2018 ITSAP ANNUAL REPORT

In the annual report filed on March 6, 2019, the ITSAP Administrator, Alyson Anderson, reported a decrease in wireline access lines (14%), a decrease in wireless lines (60%), and a significant decrease in the number of ITSAP recipients (30%) from the previous year. The number of wireless access lines has declined slightly in years past, but the Administrator felt the 2018 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 \$32, with \$25 (78%) assessed on wireline services, and \$7

(22%) 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 2018 totaled \$1.

The average number of wireline access lines per month reported to the Administrator was 244,988 compared to 285,773 in 2017, and the average number of wireless access lines per month was 310,248 compared to 766,587 in 2017. Overall, there was a decrease of approximately 497,124 in the total number of average monthly lines subject to the ITSAP surcharge (555,236 lines per month compared to 1,052,360 in 2017). 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 2018 (1,787) decreased by 30% from 2017 (2,555). Telecommunications companies received \$56,822 in disbursements for ITSAP credits paid to eligible recipients compared to \$82,805 in 2017. Disbursements for company administrative costs were \$12,635, a decrease from 2017 (\$17,129).

The Administrator's fees and expenses were \$18,815 for the year, which included \$9,100 for the tri-annual audit. The fund's cash balance at the end of the year was reported at \$1,229,046.

2019 BUDGET AND TRENDS

The ITSAP Administrator projected the funding requirements for 2019 will continue to decrease. The Administrator estimated the ITSAP reimbursements to the companies at approximately \$46,740. The ITSAP Administrator expenses are projected to be \$11,500.

To establish the 2019 budget, the Administrator estimated that the number of access lines subject to the surcharge will be approximately 420,170 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 2019 will be approximately \$69,820, and the end-of-year balance about \$1,159,226.

The Administrator stated that there was another significant drop in credit recipients during 2018. 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 2019 is projected to be \$1,159,226.

Staff reviewed the 2018 annual report, the 2019 budget, and the 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 2019 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 2019 budget and approve the recommendation to suspend the surcharge rates for calendar year 2019. 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 2018 annual report, proposed 2019 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 2019, and find that doing so will not deplete the fund of a sufficient balance, even if unanticipated program changes occur. Accordingly, we accept the Administrator's 2018 annual report and proposal to suspend the monthly ITSAP surcharge rate for budget year 2019, and we approve the Administrator's 2019 budget. We further find that all reporting companies should continue to file regular reports with the Administrator. We thus direct the Administrator to send a notice to reporting companies of their ongoing reporting requirement, and the suspension of surcharge rates for budget year 2019, subject to further review and determination by this Commission.

ORDER


IT IS HEREBY ORDERED that the Commission accepts the Administrator's 2018 annual report and 2019 budget.

IT IS FURTHER ORDERED that the monthly ITSAP surcharge rate shall remain suspended 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 2019, 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 *26th* day of March 2019.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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