

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE 2017 REVIEW OF) CASE NO. GNR-T-17-05
THE IDAHO UNIVERSAL SERVICE FUND)
)
) ORDER NO. 34524
)

With this Order, the Commission closes this generic docket.

BACKGROUND

In Order No. 33951, the Commission opened a generic docket to allow interested stakeholders to provide insight and commentary on the continued viability of the Idaho Universal Service Fund (“Fund”). *See* Order Nos. 33851. The Commission ordered a schedule to be adopted, including two public workshops, and a deadline for interested stakeholders to submit position papers. Order No. 33951 at 2. The first public workshop occurred on Wednesday, January 17, 2018, and interested stakeholders submitted position papers by January 31, 2018. *See id.*

In lieu of conducting the second workshop, Commission Staff proposed to report on the stakeholders’ position papers, including Staff’s own analysis, and that the stakeholders be allowed to respond to that report. *See* Staff Summary and Report, Case No. GNR-T-17-05. Based on the parties’ positions and its own analysis related to Fund sustainability, Staff’s report suggested three options:

Staff Option 1: Leave the Fund as is, cap it based on the projected surcharge revenue collected each year, and adjust the distribution to the recipients. This option would be hard to execute and could conflict with Fund assessment and distribution methodologies as codified in the Telecommunications Act of 1988.

Staff Option 2: Seek statutory revisions. Specifically, approach the legislature about updating and revising the statute. These changes would most likely include adding assessments on, and expanding disbursements to include, all qualifying providers, so long as they are serving unserved and underserved areas according to the amended statute.

Staff Option 3: Leave Fund disbursement at its current level, and supply the Fund with money from the general fund like the State of Washington does. This would also require involving the Idaho legislature to update and revise the statute.

Id. at 11.

Four stakeholders replied to Staff's initial report. *See* Staff's Second Summary and Report, filed on September 7, 2018 (summarizing the replies). Staff reviewed these replies and determined that the stakeholders preferred Staff Option 2. Staff then filed a second report recommending that interested stakeholders create and disperse proposed legislation to the other stakeholders by October 4, 2018. The stakeholders would then meet to discuss the proposed legislation and suggest additional process, after which Staff would file a final report with the Commission.

No stakeholders proposed legislation as suggested by Staff. But three stakeholders—CTIA, Idaho Cable Broadband Association, and Idaho Telecom Alliance—otherwise responded to Staff's second report. These three stakeholders viewed legislative proposals as premature, favoring further research into possible solutions. As no legislative solutions were proposed, Staff did not pursue further process in this docket during 2019.

COMMISSION FINDINGS AND DECISION

The Commission opened this generic docket in order to facilitate discussion among stakeholders about the problems facing the Fund and possible solutions. *See* Order No. 33851. The viability of the Fund is threatened by two trends we have observed for many years. Customers are increasingly discontinuing their wireline telecommunications services in favor of cell phones and VoIP technology. As the wireline telecommunications customer base erodes, the end-user surcharges levied on the remaining wireline telecommunications customers must increase, further encouraging these remaining customers to consider alternative telecommunications services. *See* IDAPA 31.46.01.103-104. For almost two years, the telecommunications industry and Staff have worked to define the problem, contemplated the best procedure for finding a solution, and proposed a handful of possible solutions. While a consensus has not been reached, it seems clear that any solution will be legislative in nature. More importantly, the stakeholders are aware that a solution is necessary and appear to be committed to finding a solution.

Therefore, this docket has served its purpose and should be closed. While we believe Staff should be included in industry discussions about possible USF reforms, the discussion must now be led by the stakeholders. For one, many possible solutions are wholly outside our existing regulatory authority. Also, any legislative solution should be brought by stakeholders, not by this Commission. We appreciate the efforts of the stakeholders and Staff as part of this docket, and encourage them to continue working together towards a long-term solution.

ORDER

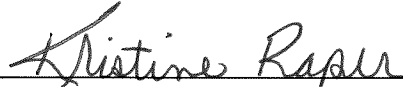
IT IS HEREBY ORDERED that this generic docket be closed.

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 and 62-619.

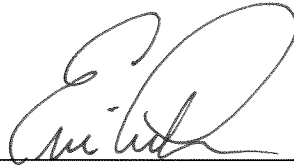
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *8th* day of January, 2020.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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