

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: MATT HUNTER
DEPUTY ATTORNEY GENERAL

DATE: DECEMBER 24, 2019

SUBJECT: IN THE MATTER OF THE 2017 REVIEW OF THE IDAHO UNIVERSAL SERVICE FUND; CASE NO. GNR-T-17-05

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. *See* Order Nos. 33851 and 33951. The Commission ordered a schedule to be adopted, including two public workshops, and a deadline for interested stakeholders to submit position papers. *See* 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, 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; and

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 thus 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.

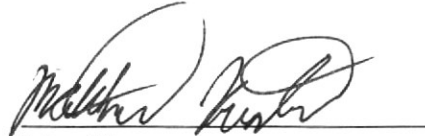
STAFF RECOMMENDATION

Staff believes the involved stakeholders are committed to seeking universal service reform. But stakeholders should discuss possible solutions outside a formal Commission-sanctioned docket. That solution is likely legislative, and its long-term success probably would depend on a clear consensus among stakeholders. While Staff hopes to contribute to these discussions, Staff does not believe they should occur as part of a Commission docket. Staff thus recommends the Commission close this docket and encourage the parties and other stakeholders to informally meet with a goal of agreeing on a solution to the Universal Service Fund's viability problem.

///

COMMISSION DECISION

Does the Commission wish to close this generic docket and encourage the parties and other stakeholders to informally meet with a goal of agreeing on a solution to the Universal Service Fund's viability problem?

A handwritten signature in black ink, appearing to read "Matt Hunter", written over a horizontal line.

Matt Hunter
Deputy Attorney General

I:\Legal\TELEPHONE\GNR-T-17-05\Memos\GRNT1705_dec memo_mh.docx