

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSION RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: DANIEL KLEIN

DATE: MARCH 17, 2020

RE: 2019 IDAHO TELEPHONE SERVICE ASSISTANCE PROGRAM ANNUAL REPORT; CASE NO. GNR-T-20-10.

BACKGROUND

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 and submits a recommended budget for the next 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 not receiving the ITSAP credit. The Commission determines the uniform statewide monthly surcharge and the Idaho Department of Health and Welfare administers the program and grants limited federal "lifeline" contributions to Idaho's low-income customers. *Idaho Code* § 56-901(1). Idaho telephone companies provide assistance in the form of a monthly discount of \$2.50 to eligible subscribers. *Idaho Code* § 56-902(1). To be eligible for the ITSAP assistance, the applicant must be the head of a household and meet narrowly targeted eligibility criteria based solely on income or factors established by the Department of Health and Welfare. *Idaho Code* § 56-903(1). 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).

THE 2019 ANNUAL REPORT

In the annual report filed on March 12, 2020, the ITSAP Administrator, Alyson Anderson, reported a decrease in wireline access lines (12%), a decrease in wireless lines (2%), and a

significant decrease in the number of ITSAP recipients (18%) from the previous year. The gross surcharge revenue for the year was reported at \$0.

The average number of wireline access lines per month reported to the Administrator was 215,906 compared to 244,988 in 2018, and the average number of wireless access lines per month was 304,298 compared to 310,248 in 2018. Overall, there was a decrease of approximately 35,032 in the total number of average monthly lines subject to the ITSAP surcharge (520,204 lines per month compared to 555,236 in 2018). 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 2019 (1,471) decreased by 18% from 2018 (1,787). Telecommunications companies received \$44,143 in disbursements for ITSAP credits paid to eligible recipients compared to \$56,822 in 2018. Disbursements for company administrative costs were \$11,394, a decrease from 2018 (\$12,635).

The Administrator's fees and expenses were \$5,093 for the year. The fund's cash balance at the end of the year was reported at \$1,167,999.17.

2019 BUDGET AND TRENDS

The ITSAP Administrator projects the funding requirements for 2020 will continue to decrease. The Administrator estimates that the ITSAP reimbursements to the companies at approximately \$46,720. The ITSAP Administrator expenses are projected to be \$9,400.

To establish the 2020 budget, the Administrator estimates that the number of access lines subject to the surcharge will be approximately 445,466 per month and the average number of ITSAP recipients will decrease to approximately 1557 per month. Based on this data, Ms. Anderson projects the funding requirement for 2020 will be approximately \$67,397, and the end-of-year balance is expected to be about \$1,100,602.

ADMINISTRATOR'S 2019 FUNDING RECOMMENDATIONS


Ms. Anderson states that there was another significant drop in credit recipients during 2019. The Administrator recommends 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 affirms 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 2020 is projected to be \$1,100,602.

STAFF ANALYSIS AND FUNDING RECOMMENDATION

Staff has reviewed the 2019 annual report, the proposed 2020 budget, and the funding recommendation. Staff agrees with the Administrator's assessment and supports the Administrator's recommendation to continue suspending the surcharge rates for all wireline and wireless access lines for another year. Staff believes the fund balance will be sufficient to meet the 2020 expenses as well as provide for any unforeseen changes to the number of ITSAP recipients. Thus, Staff recommends that the Commission approve the Administrator's 2020 budget and approve the recommendation to suspend the surcharge rates for calendar year 2020. Staff also recommends the Commission direct all companies to report access line counts to the administrator while the surcharge is suspended.

COMMISSION DECISION

1. Does the Commission wish to accept the 2019 annual report and adopt the Administrator's 2020 budget?
2. Does the Commission wish to adopt the Administrator's recommendation to continue suspending the ITSAP assessments for calendar year 2020?
3. Does the Commission wish to direct all companies to report access line counts to the administrator while the surcharge is suspended?



Daniel Klein

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