

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE SURCHARGE)
FOR THE IDAHO TELECOMMUNICATIONS) CASE NO. GNR-T-16-03
SERVICE ASSISTANCE PROGRAM)
) ORDER NO. 33495

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 2015 ITSAP ANNUAL REPORT

In the annual report filed March 3, 2016, the ITSAP Administrator reported a 2% increase in wireline access lines, a 6% increase in wireless access lines, and a 37% decrease in the number of ITSAP recipients. The average number of wireline access lines per month reported to the Administrator was 435,822, compared to 427,065 in 2014. The average number of wireless access lines per month was 1,414,763 compared to 1,329,112 in 2014. Overall, there was an increase of about 94,400 in the total number of average monthly lines subject to the ITSAP surcharge – 1,850,584 lines per month compared to 1,756,177 in 2014. The average number of reported ITSAP recipients per month decreased from 10,674 in 2014 to 6,693 in 2015.

The gross surcharge revenue for the year was reported at \$491,398, of which \$124,936 (25%) was assessed on wireline services, and \$366,462 (75%) was 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. Net surcharge revenue collected and deposited in 2015 totaled \$398,971.

Telecommunications companies received \$226,245 in disbursements for ITSAP credits paid to eligible recipients, compared to \$365,725 in 2014. Disbursements for company administrative costs decreased from \$51,979 in 2014 to \$33,089 in 2015.

The Administrator's fees and expenses were \$18,011 for 2015. The Administrator reported a fund cash balance at the end of 2015 of \$1,278,348.

2016 BUDGET AND TRENDS

The ITSAP Administrator projected the funding requirements for 2016 will continue to decrease. The Administrator estimated that the ITSAP recipient reimbursements to qualifying companies for 2016 will be about \$148,230, and that expenses will be \$38,950 for costs associated with administration of the program – which includes the Administrator's costs of \$11,900, and the telephone companies' administrative costs of \$27,050.

To establish the 2016 budget, the Administrator estimated that the number of access lines subject to the surcharge will be about 1,736,347 per month, and the average number of ITSAP recipients will be about 5,121 per month. Based on this data, the Administrator projected the funding requirements for 2016 will be about \$208,361.

In 2015, the surcharge rate was reduced to \$0.01 per access line. The Administrator believes it is impractical to reduce the surcharge rate below \$0.01, and thus recommended maintaining the rate of \$0.01 per wireline and wireless access line. With this rate, the Administrator projected that the fund balance will be more than sufficient to reimburse companies for assistance credits provided, and will preserve an adequate balance for unexpected occurrences. The estimated balance for end-of-year 2016 is projected at about \$1,090,000.

Staff reviewed the 2015 annual report, the 2016 budget, and the 2016 funding recommendation. Staff supports the recommendation to maintain the surcharge rate at \$0.01 per access line, and thus recommended the Commission approve the Administrator's rate proposal and the 2016 budget.

COMMISSION FINDINGS

The Commission has reviewed the Administrator's 2015 annual report, proposed budget, and Staff's review. We find that the Administrator's recommendations are fair, just and

reasonable, and that it would be impractical to reduce the surcharge rate. We further find that maintaining the surcharge rate at \$0.01 per access line is appropriate to sustain an adequate fund balance and provide sufficient funding for unanticipated program changes. Accordingly, we accept the Administrator's 2015 annual report and proposed monthly ITSAP surcharge rate, and we approve the Administrator's 2016 budget.

ORDER

IT IS HEREBY ORDERED that the Commission accepts the Administrator's 2015 annual report and 2016 budget.

IT IS FURTHER ORDERED that the monthly ITSAP surcharge rate shall be maintained at \$0.01 per access line per month.

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 31st day of March 2016.



PAUL KJELLANDER, PRESIDENT

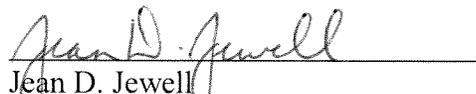


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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