

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ANNUAL REVISION OF ) CASE NO. GNR-T-03-27**  
**UNIVERSAL SERVICE FUND SURCHARGES )**  
**TO BECOME EFFECTIVE OCTOBER 1, 2003. ) ORDER NO. 29324**  
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On July 14, 2003, the Administrator of the Idaho Universal Service Fund (USF) filed her annual report for the previous USF fiscal year ending June 30, 2003. Each year the Administrator files an annual report to enable the Commission to review the USF surcharges and distributions from the fund. Last year in Order No. 29101 the Commission decreased the USF monthly surcharges on local service lines to \$0.08 per residential line and \$0.13 per business line, and also decreased the surcharge on MTS/WATS minutes to \$0.0025 per minute. The reduced surcharges became effective October 1, 2002.

The Administrator's recent annual report reveals that the USF surcharges resulted in revenue in the amount of \$1,655,317. Disbursements to qualifying incumbent local exchange carriers (ILECs) remained steady at \$1,898,303. With a year-end cash balance in the USF of \$154,721, and invested funds in the amount of \$688,000, the Administrator recommended that the Commission not adjust the existing USF surcharges. The Administrator did note, however, that the switched access rates for three ILECs, if not adjusted, will make the companies ineligible for USF distributions. Accordingly, the Administrator recommended that the access rates for ATC Communications, Fremont Telecom and Midvale Telephone Company be reduced and their draws from the USF increased in the amount of revenue lost by the reduction in access charges. With these adjustments to access charges and no adjustments to the USF surcharges, the Administrator estimated the USF would have a balance of approximately \$412,409 as of June 2004.

*Idaho Code* § 62-610 establishes the eligibility requirements for local exchange companies to draw funds from the USF. According to the statute, a participating company's toll access rates must be 100% of the statewide average in order for the Company to remain eligible for USF draws. The Commission's USF Rules require a participating Company to revise its rates if (1) the difference between a Company's rates and a statewide threshold rate is more than 3%, and (2) the difference in the amount of revenue collected under the Company's rates and the

threshold rate is greater than \$6,000. See IDAPA 31.46.01.106.02. The Administrator reports that the current statewide average rate for switched access is \$0.0525 per minute.

According to the Administrator's report, ATC Communications' composite switched access rate in 2002 was \$0.0566 per minute, which exceeds the threshold rate by 8% and produces an overcharge totaling \$14,114. ATC must reduce its access rates revenue by this amount. Likewise, Fremont Telcom's 2002 access rate was reported to be \$0.0574, which exceeds the threshold rate by 9% and produces an overcharge of \$13,813. Midvale's access rate was reported to be \$0.0599, or 14% over the threshold rate, and its excess revenue from switched access is \$17,294. Because a reduction in access revenue will produce a revenue shortfall for these companies, their disbursements from the fund will be increased by the stated amounts, resulting in an increased draw from the USF of \$45,218.

The Commission directs that ATC, Fremont, and Midvale reduce their switched access rates to the level that will enable the companies to remain eligible for USF draws. The Commission also directs that the disbursements to those companies be increased in a corresponding amount as identified by the Administrator. These companies' disbursements from the USF will be increased by a corresponding amount once the access charge reductions are in place.

### **ORDER**

IT IS HEREBY ORDERED that the USF surcharge on local service residential lines in the amount of \$0.08 per month and \$0.13 per month on business lines shall remain unchanged.

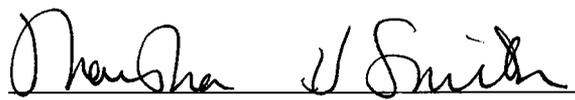
IT IS FURTHER ORDERED that the Universal Service Fund MTS/WATS surcharge of \$0.0025 per minute shall remain unchanged.

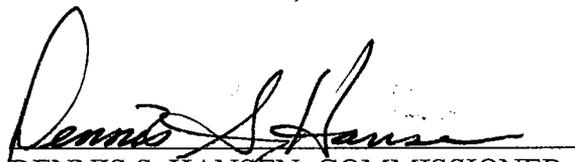
IT IS FURTHER ORDERED that the access charges of ATC Communications, Fremont Telecom, and Midvale Telephone Company be reduced as identified in this Order.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in 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.

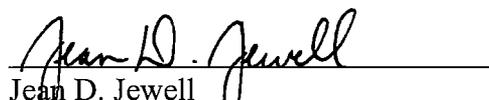
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25<sup>th</sup>  
day of August 2003.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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