

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE SURCHARGE FOR)
THE IDAHO TELECOMMUNICATIONS) CASE NO. GNR-T-12-02
SERVICE ASSISTANCE PROGRAM)
) ORDER NO. 32526

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 costs 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 maximize federal “lifeline” and “link up” contributions to Idaho’s low-income customers. See *Idaho Code* § 56-901(1). Idaho telephone companies provide assistance in the form of a monthly discount of \$3.50 to eligible subscribers. *Idaho Code* § 56-902. To be eligible for the ITSAP program, an applicant 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 ITSAP surcharge has been as high as \$.12 per access line per month, but the Commission was able to decrease it to \$0.06, where it held steady for four years before increasing to \$0.07 last year. Order No. 32237.

In her report filed on March 5, 2012, the ITSAP Administrator, Alyson Anderson, reported a drop in wireline access lines of 4%, an increase in wireless lines (6%), and a decrease in the number of ITSAP recipients (8%). The gross revenue for the year was reported to be \$1,325,600, of which \$413,473 (31%) was assessed on wireline services and \$912,127 (69%) was assessed on wireless services. Accrued interest from a Merrill-Lynch Fund added a nominal \$12.00.

The average number of wireline access lines per month reported to the Administrator was 512,672 compared to 532,315 in 2010, and the average number of wireless access lines per month was 1,132,324 compared to 1,070,738 in 2010. Overall, there was an increase of approximately 41,896 in the total number of lines subject to the ITSAP surcharge (1,644,996 lines compared to 1,603,100 in 2010).

The average number of reported ITSAP recipients per month in 2011 (25,310) decreased by 8% from 2010 (27,539). Telecommunications companies received \$1,103,137 in disbursements for ITSAP credits paid to eligible recipients compared to \$1,159,958 in 2010. Disbursements for telephone company administrative costs were \$90,416, a decrease from 2010 (\$93,154). The Administrator's fees and expenses, including bank charges, were \$9,890 for the year. The fund's cash balance at the end of the year was reported at \$192,991.

The ITSAP administrator projects the funding requirement for 2012 will be approximately \$1,089,665. The ITSAP recipient reimbursement to the companies for 2012 is projected to be approximately \$990,066, and expenses are estimated to be \$99,599 for costs associated with administration of the program, including the Administrator's costs (\$17,800) and the Telecommunications Company's administrative costs (\$81,799). The surcharge revenue received from wireline and wireless telephone companies, at the current rate of \$0.07, is projected to be \$1,666,000.

Based on the estimated 2012 budget, the Administrator estimates the ITSAP fund will have an end-of-year balance of approximately \$769,000. The Administrator notes that it is difficult to predict the number of credit recipients as well as the number of access lines that will be assessed the surcharge, but believes the estimated 2012 year-end fund balance at the current surcharge rate may be excessive. Thus, the Administrator recommended the surcharge rate be decreased to \$.05 per access line.

Staff reviewed the 2011 annual report, the proposed 2012 budget, and the 2012 funding recommendation. Staff stated the 2012 budget is reasonable and recommended that the Commission approve the budget. Staff recommended, however, that the current surcharge rate not be decreased from \$0.07 to \$0.05 per access line. Outside influences not considered by the Administrator may significantly impact Idaho's low-income program. For example, Staff noted reforms implemented by the Federal Communications Commission will increase consumer choice by making broadband and mobile voice services more accessible and affordable for all eligible low-income consumers. These changes may increase the number of low-income recipients who will seek and receive support from the ITSAP program. In addition, Staff believes the number of eligible recipients could increase significantly as more wireless carriers are designated Eligible Telecommunications Carriers, making them eligible to participate in the ITSAP program. Staff believes there is a potential for a significant increase in the number of

eligible ITSAP recipients as consumers have more choices among wireless carriers that receive ITSAP support. Staff recommended that the Commission maintain the current surcharge rate of \$0.07 per line for another year until a more accurate assessment can be made on how these changes will impact the program.


The Commission finds that the current surcharge rate of \$0.07 per line per month should be maintained for the coming year. The program changes implemented by the FCC make it more difficult than usual to estimate the number of customers who will be eligible for ITSAP support, as well as the number of potential carriers eligible to participate in the program. It is important that the program be adequately funded, and leaving the current surcharge in place should insure an adequate reserve balance is maintained for the security of the ITSAP program. By the end of the next ITSAP fiscal year, the results of the changes implemented this year may be better known, and the surcharge can be adjusted next year if the reserve balance has grown too large. Accordingly, the Commission finds the current ITSAP surcharge of \$0.07 per access line per month to be just, fair and reasonable.

ORDER

IT IS HEREBY ORDERED that the current ITSAP surcharge of \$0.07 per access line per month on all end-user business, residential and wireless access services will remain in effect for the next twelve months, effective June 1, 2012.

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 19th
day of April 2012.



PAUL KJELLANDER, PRESIDENT

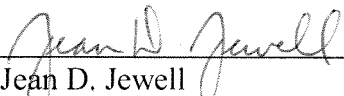


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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