

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE SURCHARGE FOR )**  
**THE IDAHO TELECOMMUNICATIONS ) CASE NO. GNR-T-13-03**  
**SERVICE ASSISTANCE PROGRAM )**  
**) ORDER NO. 32787**

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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 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 \$0.07, where it remained for two years. Order No. 32526.

In the annual report filed March 9, 2013, the ITSAP Administrator reported a drop in wireline access lines of 4%, an increase in wireless lines (13%), and a 7% decrease in the number of ITSAP recipients. The gross revenue for the year was reported at \$1,456,062 of which \$450,371 (31%) was assessed on wireline services and \$1,005,691 (69%) was assessed on wireless services.

The average number of wireline access lines per month reported to the Administrator was 491,572 compared to 512,672 in 2011, and the average number of wireless access lines per month was 1,276,830 compared to 1,132,324 in 2011. Overall, there was an increase of approximately 123,406 in the total number of lines subject to the ITSAP surcharge (1,768,402 lines compared to 1,644,996 in 2011).

The average number of reported ITSAP recipients per month in 2012 (23,434) decreased by 7% from 2011 (25,310). Telecommunications companies received \$1,149,508 in disbursements

for ITSAP credits paid to eligible recipients compared to \$1,103,137 in 2011. Disbursements for telephone company administrative costs were \$93,578, a slight increase from 2011 (\$90,416).

The Administrator's fees and expenses, including bank charges and fees for a 2011 audit, were \$17,097 for the year. The fund's cash balance at the end of the year was reported at \$543,467.

### **2013 Budget and Trends**

The ITSAP Administrator projects the funding requirements for 2013 will be approximately \$633,390, anticipating the ITSAP recipient reimbursement to the companies for 2013 to be approximately \$543,690. Administration expenses are estimated to be \$89,700, including the Administrator's costs (\$9,700) and the telecommunications companies' administrative costs (\$80,000). The surcharge revenue received from wireline and wireless telephone companies, at the current rate of \$0.07 per line, is projected to be \$1,451,276.

To establish the 2013 budget, the Administrator estimates that the number of access lines subject to the surcharge will be approximately 1,727,710 per month and the average number of ITSAP recipients will be approximately 18,123 per month. The number of ITSAP recipients dropped sharply in the second half of 2012 due to database reconciliation by the companies receiving ITSAP support. In addition, new state legislation reduces the ITSAP subscriber credit from \$3.50 to \$2.50 per month effective July 1, 2013. Based on this data, the Administrator projects the funding requirement for 2013 will be reduced to approximately \$633,390.

The Administrator states that the impact of the recent legislation combined with the 2012 fund surplus justifies a reduction in the ITSAP surcharge rate, and recommended that the surcharge rate be decreased from \$0.07 to \$0.03 with an effective date of June 1, 2013. Staff reviewed the 2012 annual report, the proposed 2013 budget, and the 2013 funding recommendation, and supports the Administrator's recommendation to decrease the surcharge rate from \$0.07 to \$0.03 per access line, effective June 1, 2013.

The Commission finds that the current surcharge rate of \$0.07 per line per month can be reduced to \$0.03 for the coming year. We noted last year that program changes implemented by the FCC make it more difficult to estimate the number of customers eligible for ITSAP support, as well as the number of potential carriers eligible to participate in the program. Because it is important that the program be adequately funded, the Commission left the surcharge at \$0.07 to ensure an adequate reserve balance for the security of the ITSAP program, but anticipated the surcharge could

be adjusted this year if the reserve balance had grown too large. The Commission now finds an ITSAP surcharge of \$0.03 per access line per month to be just, fair and reasonable. At this rate, the program will maintain a comfortable fund balance for any unexpected occurrences.

### ORDER

IT IS HEREBY ORDERED that the ITSAP surcharge is reduced to \$0.03 per access line per month on all end-user business, residential and wireless access services, effective June 1, 2013.

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.

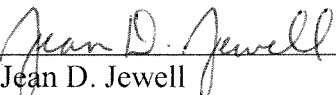
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 11<sup>th</sup> day of April 2013.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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