DECISION MEMORANDUM

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FROM:WELDON STUTZMAN

DATE:MAY 28, 1998

RE:CASE NO. GNR-T-98-6; IMPLEMENTING AMENDMENTS TO THE IDAHO TELECOMMUNICATIONS SERVICE ASSISTANCE PROGRAM

The Idaho Legislature this year approved amendments to the Idaho Telecommunications Service Assistance Program (ITSAP) set forth in Title 56, Chapter 9, Idaho Code.  The program provides billing credits to low-income residential customers to reduce their cost of basic telecommunication service and promote universal service.  The state’s portion of the ITSAP credit is $3.50 per customer, while the FCC contributes $7.00.  The 1998 amendments to the ITSAP program removed the age restriction on eligible participants, consistent with the FCC’s requirement that eligibility be based solely on income.

In its amendments to the ITSAP statutes, the Legislature enumerated responsibilities for the Idaho Department of Health and Welfare (IDHW), telecommunications carriers, and the Commission.  IDHW will establish eligibility criteria for program recipients and provide a list of eligible recipients to each telecommunications company designated by the Commission.  The Commission is charged with the responsibility to determine and impose a uniform statewide monthly surcharge on each end user’s business, residential and wireless access service.  The surcharge, which must be explicitly stated on end user’s billing statements, must be an amount sufficient to reimburse each carrier of residential basic local exchange service for the total amount of telephone assistance discounts provided, as well as the administration costs.  The telecommunications carriers will remit the surcharge to the administrator, who will distribute the assistance revenues and perform other tasks as assigned by the Commission.

Before the new ITSAP credit could be available to Idaho customers, state law needed to be amended in order to comply with the FCC requirement that ITSAP eligibility be based solely on income.  The FCC thus granted a waiver to Idaho so that its statutes could be amended and effective by July 1, 1998.  Thus it is important that the new ITSAP statutory amendments be implemented by July 1, 1998.  Due to the relatively short period of time before the program is implemented, Staff believes the Commission should ask the current Universal Service Fund Administrator, Allyson Anderson, to act as ITSAP Administrator.  A single administrator for the two programs also should save on administration costs.

Staff has done a preliminary projection of the first year costs for the new ITSAP program, based on the new eligibility criteria and projections provided by IDHW.  The Staff estimates approximately 21,000 households will receive ITSAP assistance during the next year and, allowing for administration costs, will require approximately $980,000 to fund the first year.  If the ITSAP surcharge is spread to 650,000 wire line and wireless services lines, the surcharge amount would be 13 cents per line per month.

In order to implement the amendments to the ITSAP statutes by July 1, 1998, Staff recommends that the Commission issue a Notice of Proposed Order pursuant to Commission Rule of Procedure 312.  That rule provides that exceptions and briefs to the Proposed Order may be filed by interested parties within twenty-one days from its date of service, unless a different time is designated by the Commission.  Staff recommends that the Commission designate fourteen days for the filing of exceptions and briefs.  Other parties may file answers to the written exceptions within seven days thereafter.  This schedule would enable the Commission to consider any comments that are filed before adopting a final order by July 1, 1998. A Proposed Order is attached to this Memorandum.

Commission Decision

Should the Commission issue a Notice of Proposed Order, with a fourteen day comment period, notifying parties of its intent to adopt changes to the ITSAP program effective July 1, 1998?

Weldon Stutzman

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