

Regulatory Fees necessary to fund the Idaho Public Utility Commission

In March 2016, HB 548 and HB 575 appropriated \$6,327,000 to the Idaho Public Utilities Commission for operations during Fiscal year 2017 (July 1, 2016 – June 30, 2017).

Railroad and Utilities	\$5,902,700
Federal grants	\$324,300
Indirect cost recovery fund	<u>\$100,000</u>
Total	\$6,327,000

Railroad and Utilities	\$5,902,700
Carry over balance for utilities	- \$562,500
One-time adjustment	<u>-\$1,000,000</u>
Net amount to be collected from utilities	\$4,275,100¹

Note: The proportionate share of each utility’s regulatory fee is based upon a .1877 percent (.001877) of its Idaho gross operating revenue derived from intrastate utility business for 2015 calendar year. In no case shall the calculated regulatory fee be less than \$50 per utility.

Proposed changes for calculating/collecting the regulatory fee:

Regulatory Fee calculation and collection for all non-telecommunications utilities will continue as currently outlined in Idaho Code 61-1004(4) and 62-611. Implement a new process for calculating the Regulatory Fee to be paid by all voice service² providers. To be assessed annually on per line bases.

Illustrative example:

Regulatory Budget established for the IPUC by the legislature:	\$6,000,000 estimated
IPUC determines the portion required to support voice service.³	\$1,200,000 estimated

Calculated assessed Regulatory Fee on a per line basis:

\$1,200,000 divided by an estimated 1,963,000 voice service lines⁴ = about **\$.61** per voice service line.⁵

Calculated monthly surcharge: \$.611 divided by 12 months = about **\$.05** per line per month.⁶

¹ Without the one-time adjustments, \$5,902,700 would have needed to be collected for the 2017 Fiscal year.

² "Voice service" means local voice service (landline and wireless) provided through any technology that interconnects with the Public Switched Telephone Network, or its functional equivalent and can reach an emergency service provider such as 911. All telecommunications, wireless and VoIP providers would pay the regulatory fee.

³ For this example it is assumed that 20% of the IPUC’s annual budget is required to support telecommunications and voice service. Based upon actual information provided by the IPUC staff, in comparison for the 2017 fiscal year, telecommunications providers were assessed 8.4% or \$360,277 of the total \$4,275,100 collected by the IPUC. **The IPUC can adopt any reasonable method to determine this percentage.**

⁴Total Idaho voice service lines - calculated from the FCC’s report: Voice Telephone Services as of 06/30/15. (Released 08/16.) <https://www.fcc.gov/wireline-competition/voice-telephone-services-report> (Click on the State Level Subscriptions to get an Excel spreadsheet with the state information.)

⁵ Each voice service provider would be assessed annually \$.61 per line multiplied by the total number of voice service lines reported by that provider to the IPUC.

⁶ Voice service providers will be permitted to collect the Regulatory Fee from its customers through a monthly bill per line surcharge.