

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 17, 2023**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_  January 1, 2024

**DATE:** October 9, 2023

**TO:** Public Utility Commission

**FROM:** Jon Cray

**THROUGH:** Bryan Conway and Melissa Nottingham **SIGNED**

**SUBJECT:** RESIDENTIAL SERVICE PROTECTION FUND:  
(Docket No. UM 1180(18))  
Surcharge Rate Review and Recommendation.

**STAFF RECOMMENDATION:**

Adjust the monthly surcharge rate for the Residential Service Protection Fund (RSPF) to \$0.08, effective January 1, 2024.

**DISCUSSION:**

Issue

Whether the Commission should adjust the current RSPF surcharge rate from \$0.03 to \$0.08.

Applicable Law

Oregon Revised Statute (ORS) 759.685, as amended, allows a monthly surcharge to be assessed on each landline, wireless, or interconnected voice over internet protocol subscriber who has access to the Oregon Telecommunications Relay Service (OTRS) and the rate may not exceed \$0.35.

The surcharge provides revenue for three (3) RSPF programs: Telecommunication Devices Access Program (TDAP), Oregon Telephone Assistance Program (OTAP), also known as Oregon Lifeline, and OTRS. Pursuant to ORS 759.685(3), the Commission must review the surcharge and the RSPF balance on an annual basis and may adjust

the surcharge as necessary to ensure the fund has adequate resources, yet does not exceed six (6) months of projected expenses.

### Analysis

#### *Background*

Generally, Staff annually reviews the revenue and expenditures of the previous year and calculates projections for the forthcoming calendar year to determine whether the current surcharge rate is sufficient to sustain expenditures and maintain a six-month reserve balance.

The last rate adjustment occurred in 2022. On June 28, 2022, the Commission adopted Staff's recommendation to decrease the RSPF surcharge rate from \$0.09 to \$0.03, effective July 1, 2022, to accelerate a reduction of the fund balance, which had swelled to \$6 million. See Order No. 22-247. Staff had calculated that over the eighteen (18) month period between July 2022 and December 2023, a rate of \$0.03 would reduce the ending balance to a level within the six-month threshold of projected operating expenditures. Staff's review of the surcharge at the end of 2022 found this projection to be on track for calendar year 2023, and it has remained consistently accurate through 2023. By December 2023, the reduction will have effectively eliminated the unexpected surplus and the estimated ending balance of approximately \$1.6 million will be within the six-month threshold of projected operating expenditures of \$2.1 million.

However, if the RSPF surcharge rate remains at \$0.03 through calendar year 2024, the fund will become insolvent by June 2024. Based on current projections and barring unforeseen circumstances, Staff recommends a surcharge rate of \$0.08, which is necessary to sustain expenditures and maintain a six-month reserve balance. With this increase in the surcharge rate, the ending balance in December 2024 is expected to be nearly \$1.2 million and within a six-month reserve balance of \$2 million.

Below is an overview of the surcharge rate history since the inception of the RSPF.

October 1987 – June 1990	\$0.25
July 1990 – June 1993	\$0.15
July 1993 – August 1994	\$0.16
September 1994 – December 1996	\$0.25
January 1997 – December 1997	\$0.13
January 1998 – December 2001	\$0.10
January 2002 – December 2004	\$0.13
January 2005 – December 2005	\$0.10
January 2006 – January 2007	\$0.08
February 2007 – December 2008	\$0.05
January 2009 – December 2009	\$0.09
January 2010 – December 2013	\$0.12
January 2014 – December 2014	\$0.11
January 2015 – December 2015	\$0.09
January 2016 – December 2017	\$0.07
January 2018 – December 2018	\$0.06
January 2019 – December 2019	\$0.11
January 2020 – December 2020	\$0.10
January 2021 – December 2021	\$0.14
January 2022 – June 2022	\$0.09
July 2022 – December 2023	\$0.03

### Conclusion

Staff finds that adjusting the surcharge rate to \$0.08, effective January 1, 2024, is necessary to maintain the ending balance while ensuring the fund has adequate resources to sustain forecasted operating costs.

### **PROPOSED COMMISSION MOTION:**

Approve an adjustment in the RSPF monthly surcharge rate from \$0.03 to \$0.08, effective January 1, 2024.