

ORDER NO. 11 5 15

ENTERED DEC 20 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1180(7)

In the Matter of

THE PUBLIC UTILITY COMMISSION OF
OREGON

Residential Service Protection Fund (RSPF)
Surcharge Rate Review.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on December 20, 2011, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 20, 2011

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2012

DATE: December 14, 2011

TO: Public Utility Commission

FROM: Jon Cray *JC*

THROUGH: David Poston *DP*

SUBJECT: RESIDENTIAL SERVICE PROTECTION FUND: (Docket No. UM 1180(7))
Surcharge Rate Review and Recommendation for Maintaining Current Rate.

STAFF RECOMMENDATION:

Staff recommends the monthly surcharge for the Residential Service Protection Fund (RSPF) remain \$0.12 per subscriber line, effective January 1, 2012.

DISCUSSION:

RSPF staff annually reviews the revenue and expenditures of the previous year and calculates projections for the next year to determine whether the current surcharge rate is sufficient to sustain expenditures and maintain a six-month reserve balance. Chapter 290, Oregon Laws 1987, §7(1) allows a monthly surcharge to be assessed on each landline or wireless 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 telephone assistance programs: Telecommunication Devices Access Program (TDAP), Oregon Telephone Assistance Program (OTAP), and OTRS. By law, the RSPF balance may not exceed six months of projected expenses. The law further requires an annual review of the surcharge rate to determine its sufficiency. Proposed rate changes or reviews are submitted to the Commission for approval.

On December 20, 2010, the Commission adopted Staff's recommendation to maintain the RSPF surcharge at \$0.12, effective January 1, 2011, to continue funding the three policy option packages approved by the 2009-2011 Legislature as well as maintain the appropriate ending balance based on projected expenditures and revenue (See Order No. 09-465). Although, the Commission completed the expenditure of funds from the

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three policy option packages, maintaining the surcharge at \$0.12 per line is needed to sustain the ending balance to correspond to the estimated six-month operating costs. For instance, the 2011-2013 Legislature approved two policy option packages, one of which established a permanent position. In addition, the Commission has observed an increase in the number of OTAP customers since designating Cricket Wireless as an Eligible Telecommunications Carrier (ETC) and Eligible Telecommunications Provider (ETP) in February 2010 (See Order No. 10-070). As of July 2011, there were approximately 56,000 OTAP customers in Oregon as opposed to 46,500 in July 2010, which equates to an approximate 20% increase.

The surcharge rate of \$0.12 reflects current operational costs, but does not take into account additional direct and indirect program administration expenses (e.g. staffing, supplies, etc.) that may be incurred if the Commission approves pending ETC/ETP applications. These applications are likely to result in a significant increase in OTAP customers.

The ending balance for December 2012 at \$0.12 is projected to be \$2 million while the estimated six-month operating expense is currently \$2.7 million. The RSPF program is in compliance with Chapter 290, Oregon Laws 1987, §7(3) in which the balance does not exceed six months of projected expenditures.

Below is an overview of the surcharge history since the program's inception:

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 2010	\$0.12
January 2011 – December 2011	\$0.12

Advice was sought from the OTRS Industry Advisory Committee and the TDAP Advisory Committee. Neither committee had any concerns regarding the proposed rate.

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PROPOSED COMMISSION MOTION:

The Commission maintains the RSPF surcharge rate of \$0.12, effective January 1, 2012.

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