

ORDER NO. 25-031

ENTERED Feb 05 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1180(20)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Residential Service Protection Fund
(RSPF) Surcharge Rate Review and
Recommendation.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on February 4, 2025, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Katharine Mapes

Katharine Mapes on behalf of
Alison Lackey
Chief Administrative Law Judge

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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: February 4, 2025**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** March 1, 2025

DATE: January 21, 2025

TO: Public Utility Commission

FROM: Jon Cray

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

SUBJECT: RESIDENTIAL SERVICE PROTECTION FUND:
(Docket No. UM 1180(20))
Surcharge Rate Review and Recommendation.

STAFF RECOMMENDATION:

Staff requests that the Oregon Public Utility Commission (the Commission) adjust the monthly surcharge rate for the Residential Service Protection Fund (RSPF) to \$0.27, effective March 1, 2025.

DISCUSSION:

Issue

Whether the Commission should adjust the current RSPF surcharge rate from \$0.15 to \$0.27.

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 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

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surcharge as necessary to ensure the fund has adequate resources, yet does not exceed six 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.

On September 19, 2024, the Commission adopted Staff's recommendation to increase the RSPF surcharge rate from \$0.08 to \$0.15, effective January 1, 2025, to maintain the ending balance with forecasted operating costs, yet ensure the RSPF has adequate resources. See Order No. 24-325. The adjustment was necessary to accommodate the increased demand for Oregon Lifeline support, sustain other program expenditures, and maintain a six-month reserve balance. However, if the RSPF surcharge rate remains at \$0.15 through calendar year 2025, the fund will become insolvent by the end of March 2025.

In the fourth quarter of 2024, a participating service provider ramped up marketing efforts by contracting third-party agents in locations throughout the Portland metropolitan area and other cities to enroll eligible households with low incomes in the Oregon Lifeline program. The use of contractors to promote the Oregon Lifeline program has accelerated demand for low-income support, which, at \$0.15, is not sufficient to sustain expenditures and maintain a six-month reserve balance. This unexpected circumstance has and continues to engender an influx of enrollments in the Oregon Lifeline program.

Based on current projections and barring additional unforeseen circumstances, Staff recommends a surcharge rate of \$0.27, which is necessary to accommodate the increased demand for Oregon Lifeline support, sustain other program expenditures, and maintain a reserve balance that's within the six-month statutory threshold. With this increase in the surcharge rate, the ending balance in June 2025 is expected to be approximately \$1.7 million and within six months of projected expenses.

Staff will review the revenue and expenditures through June 2025 and calculate projections for the second half of 2025 to determine whether the surcharge rate is sufficient or needs to be adjusted to ensure the fund has adequate resources, yet does not exceed six months of projected expenses.

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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
January 2024 – December 2024	\$0.08
January 2025 – February 2025	\$0.15

Conclusion

Staff finds that adjusting the surcharge rate to \$0.27, effective March 1, 2025, 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 \$0.15 to \$0.27, effective March 1, 2025.