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**BEFORE THE PUBLIC UTILITY COMMISSION**  
**OF OREGON**

UM 875

In the Matter of the Residential Service Protection )  
Fund Surcharge. ) **ORDER**

**DISPOSITION: SURCHARGE INCREASED**

Under Oregon law, the Commission must review the Residential Service Protection Fund (RSPF) surcharge amount once each year and ensure that the fund balance does not exceed six months' worth of projected expenses. Chapter 290, Oregon Laws 1987, Section 7(1) allows for a monthly surcharge to be assessed on each subscriber line, not to exceed \$.35 per line. The purpose of the surcharge is to provide revenue for three programs: Telecommunications Devices Access Program (TDAP), Oregon Telephone Assistance Program (OTAP), and Oregon Telecommunications Relay Service (OTRS). Staff completed an annual review of the surcharge revenues, expenditures, and ending balances, and prepared a recommendation.

At the October 22, 2001, public meeting, the Commission's regular agenda included Staff's RSPF surcharge review. Staff recommended a surcharge amount of 13 cents per line for the next calendar year, to be effective January 1, 2002. Staff explained its recommendation by referring to several changes that have occurred in the revenue and expenditure patterns over the past year. After consideration, the Commission adopted Staff's recommendation. Staff's recommendation report is attached as Appendix A, and incorporated by reference.

**ORDER**

IT IS ORDERED that the Residential Service Protection Fund surcharge amount is increased to 13 cents per line for 2002, effective January 1, 2002.

Made, entered, and effective \_\_\_\_\_.

BY THE COMMISSION:

\_\_\_\_\_  
**Rick Willis**  
Executive Director

ORDER NO. 01-945

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: October 22, 2001**

**REGULAR**   X   **CONSENT**        **EFFECTIVE DATE**       January 1, 2002      

**DATE:** October 15, 2001

**TO:** Roy Hemingway, Chair  
Joan Smith, Commissioner  
Lee Beyer, Commissioner  
Through Rick Willis and Victoria McLean

**FROM:** Damara Paris

**SUBJECT:** RSPF: Surcharge Review and Recommendation for Increase

**SUMMARY RECOMMENDATION:**

Staff recommends the monthly surcharge for the Residential Service Protection Fund (RSPF) be increased from the current \$.10 per subscriber line to \$.13 per line effective January 1, 2002. I have attached a cash flow analysis of revenues and expenditures through June 2004 for both the \$.10 and the \$.13 surcharge.

**DISCUSSION:**

Under Oregon Law, the Commission must review the RSPF surcharge amount once each year to ensure the fund is adequate and the balance does not exceed six months of projected expenses. Chapter 290, Oregon Laws 1987, Section 7(1) allows for a monthly surcharge to be assessed on each subscriber line, not to exceed \$.35 per line. The purpose of the surcharge is to provide revenue for three programs: Telecommunication Devices Access Program (TDAP), Oregon Telephone Assistance Program (OTAP) and Oregon Telecommunications Relay Service (OTRS).

The TDAP program was developed by state law. The program purchases and loans special telecommunication devices at no cost to Oregonians who are deaf, hearing and/or speech impaired, or have other severe physical and mobility impairments that would prevent them from using a standard telephone.

The OTAP program, also by state law, provides a reduction of \$10.50 per month for basic telephone service for low-income customers who meet eligibility requirements.

The OTRS program is mandated by federal law. The Americans with Disabilities Act of 1990 (ADA) requires that the 26 million persons who are deaf, heard of hearing, speech or mobility impaired have access to the nation's telephone system through a relay service that is functionally equivalent in cost and quality to the service afforded an individual with no impairments.

The current RSPF surcharge is \$.10 per line, and has been at this rate since 1997. The \$.10 per line has actually been below the cost of delivering the services for the RSPF programs. In the last several years, the number of wireless instruments and subscriber lines increased faster than the 2.5% growth projected. There were more funds available than anticipated, and last biennium we supplemented the surcharge by spending down our ending balance. Recent information indicates that the growth in the wireless industry will stabilize.

The PUC currently has a contract with Sprint to provide relay services. Last year, the FCC released two orders that mandated increased services for relay service. As a result of these orders and the subsequent cost impact of providing higher quality relay services, Sprint Relay raised the price per minute from \$1.04 to \$1.175.

Relay services that were recently mandated such as speech-to-speech for speech disabled relay users and 711 (as an alternate relay number to use rather than existing 800 numbers) may increase the number of relay calls.

The number of OTAP recipients has increased an average of 500 per month over the past year. This is due to the fact that more advocacy groups are aware of the program and are directing their consumers to us. According to the Department of Human Services, advocacy efforts have increased the number of food stamp recipients. This impacts OTAP because all food stamp recipients are eligible for OTAP benefits. It appears that the advocacy efforts are still underway, especially with the poor economy and the rising cost of energy. Because costs have increased for OTAP and OTRS, and we have spent down the excess funds, the program requires an increase in the surcharge rate.

The OTRS Industry Advisory Group has reviewed the surcharge increase and finds it reasonable.

**STAFF RECOMMENDATIONS:**

Due to increases in the OTRS price per minute, the spend down of our ending balance, and the increase in the number of OTAP recipients, staff recommends that the surcharge be increased from the current \$.10 monthly fee per subscriber line to \$.13 per line.

For a copy of the attachments to this memo, call Damara Paris at 1-800-735-1232 - Relay Number 373-1413 - TTY.