

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1180(2)

In the Matter of)	
)	
PUBLIC UTILITY COMMISSION OF)	ORDER
OREGON)	
)	
Residential Service Protection Fund (RSPF))	
Surcharge Rate Review and Recommendation)	
for Decrease.)	

DISPOSITION: SURCHARGE DECREASED

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). The current RSPF surcharge is \$.08 per line, and has been at this rate since January 2, 2006. Staff completed an annual review of the surcharge revenues, expenditures, and ending balances, and prepared a recommendation.

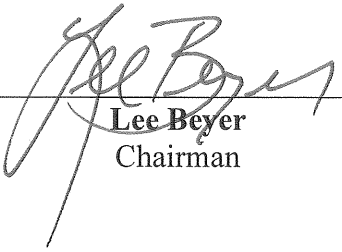
RSPF is restricted by statute to maintaining a maximum six-month balance of projected expenses.¹ Over the past few years, the balance has been consistently larger than the amount allowed by law. At the December 5, 2006 public meeting, Staff recommended that the Commission adopt a new surcharge amount of \$.05 cents per line for the next calendar year, to be effective February 1, 2006. The Commission adopted Staff's recommendation. Staff's recommendation report is attached as Appendix A, and is incorporated by reference.

¹ See Chapter 290, Oregon Laws 1987, Section 7(3).

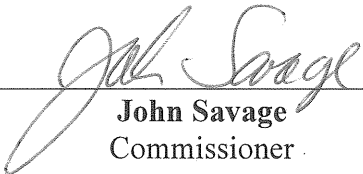
ORDER

IT IS ORDERED that the Residential Service Protection Fund surcharge amount is decreased to \$.05 cents per line, effective February 1, 2007.

Made, entered, and effective DEC 11 2006.



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to 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 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. CA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 5, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE February 1, 2007

DATE: November 27, 2006

TO: Public Utility Commission

FROM: Jon Cray, RSPF Manager

THROUGH: Rick Willis, PUC Executive Director *[Signature]*
Victoria McLean, Central Services Administrator *[Signature]*

SUBJECT: RESIDENTIAL SERVICE PROTECTION FUND: Surcharge Rate Review and Recommendation for Decrease.

STAFF RECOMMENDATION:

Staff recommends the monthly surcharge for the Residential Service Protection Fund (RSPF) be decreased from the current \$.08 per subscriber line to \$.05 per line effective February 1, 2007.

DISCUSSION:

RSPF staff reviews the revenue and expenditures of the previous fiscal year annually and calculates projections for the next biennium to determine whether the current surcharge rate is sufficient to sustain expenditures and maintain a minimum six-month reserve balance. Chapter 290, Oregon Laws 1987, Section 7(1) allows 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 telecommunication assistance programs: Telecommunication Devices Access Program (TDAP), Oregon Telephone Assistance Program (OTAP), and Oregon Telecommunications Relay Service (OTRS). Oregon statute mandates the RSPF balance not exceed six months of projected expenses. The current RSPF surcharge is \$.08 per line and has been at this rate since January 2, 2006. Oregon Law requires an annual review of the surcharge rate to determine its sufficiency. Proposed rate changes are submitted to the Commission for approval.

RSPF has consistently exceeded the six-month reserve balance. This is due to the increase in the number of telecommunication lines purchased and the increase in the

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November 27, 2006
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number of wireless phones. Landline services are projected to grow by 2% whereas cellular/wireless services are projected to grow by 10%. In addition, traditional relay (accessible by use of TTY) minutes have continued a steady decline resulting from upgrades to the technology that allows calls to be processed at least 50% faster (CapTel). Video relay calls are processed virtually the equivalent of a call between two hearing parties and is currently used by many who formerly used the traditional relay.

Maintaining the surcharge at \$0.08 per line will more than double the allowed ending balance for June 2007. In an effort to reduce the ending balance to match the estimated 6 month operating costs, staff recommends the surcharge rate be reduced to \$0.05. For instance, the ending balance for June 2008 at \$0.05 is projected to be 2.8 million with an estimated 6 month operating cost of 1.9 million. This brings the program closer to compliance with statute 759.690 §7(3) before arriving at the required six-month balance of 2 million projected expenditures December 2008.

Advice was sought from the OTRS Industry Advisory Council and the Telecommunication Devices Access Program Advisory Committee. Neither committee had any objection to the proposed reduction. However, the OTRS Industry Advisory Council recommended the effective date be February 1, 2007 instead of January 1, 2007 to minimize carrier impact of billing cycles due to time constraints. Finally, RSPF staff recommends that the monthly surcharge be decreased from the current rate of \$0.08 per subscriber line to \$0.05 per line effective February 1, 2007.

PROPOSED COMMISSION MOTION:

Staff recommends that the Commissioners adopt the new RSPF surcharge rate of \$.05 per subscriber line to begin on February 1, 2007.

RSPF Surcharge 2006.doc