

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1180(11)

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Residential Service Protection Fund (RSPF)
Surcharge Rate Review.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at our December 6, 2016 Regular Public Meeting, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 7 day of December, 2016, at Salem, Oregon.

Lisa D. Hardie
Chair



John Savage
Commissioner

Stephen M. Bloom
Commissioner

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.

ORDER NO. 16 471

ITEM NO. CA1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 6, 2016

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2017

DATE: November 30, 2016

TO: Public Utility Commission

FROM: Jon Cray *JC*

THROUGH: Michael Dougherty *MD* and David Poston *DP*

SUBJECT: RESIDENTIAL SERVICE PROTECTION FUND: (Docket No. UM 1180(11)) Surcharge Rate Review and Recommendation.

STAFF RECOMMENDATION:

Maintain the monthly surcharge rate for the Residential Service Protection Fund (RSPF) at \$0.07 for calendar year 2017.

DISCUSSION:

Issue

Whether the Commission should adjust the current RSPF surcharge rate.

Applicable Law

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), also known as Oregon Lifeline, 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.

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Background

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.

On December 1, 2015, the Commission adopted Staff's recommendation to decrease the RSPF surcharge from \$0.09 to \$0.07, effective January 1, 2016, to reduce the ending balance to match the six-month operating costs. See Order No. 15-385.

Analysis

Although the fund still exceeds six months of projected expenses, the two-cent decrease has resulted in a gradual reduction of the ending balance. Maintaining the surcharge rate at \$0.07 is expected to continue this trend, which will bring RSPF down to a level that maintains a reserve that is not excessive while minimizing the potential for volatile changes to the surcharge rate. The current ending balance is \$3.8 million with a six-month operating cost of \$2 million. However, Staff estimates by the end of 2017, the ending balance will be \$2 million, which will be more aligned with the projected six-month operating cost of \$1.8 million.

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 2013	\$0.12
January 2014 – December 2014	\$0.11
January 2015 – December 2015	\$0.09
January 2016 – December 2016	\$0.07

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Conclusion

Staff finds that maintaining the surcharge rate at \$0.07 for the calendar year 2017 is necessary to come into gradual compliance with the law. Adoption of the proposed recommendation is also necessary to minimize erratic surcharge rate changes that affect not only landline and wireless subscribers, but all telecommunications providers, including cellular companies, that assess and collect the surcharge from their subscribers.

PROPOSED COMMISSION MOTION:

Approve maintenance of the RSPF surcharge rate at \$0.07 for calendar year 2017.

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