

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 19, 2024**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  January 1, 2025

**DATE:** September 9, 2024

**TO:** Public Utility Commission

**FROM:** Jon Cray

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

**SUBJECT:** RESIDENTIAL SERVICE PROTECTION FUND:  
(Docket No. UM 1180(19))  
Surcharge Rate Review and Recommendation.

**STAFF RECOMMENDATION:**

Adjust the monthly surcharge rate for the Residential Service Protection Fund (RSPF) to \$0.15, effective January 1, 2025.

**DISCUSSION:**

Issue

Whether the Commission should adjust the current RSPF surcharge rate from \$0.08 to \$0.15.

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

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 October 20, 2023, the Commission adopted Staff's recommendation to increase the RSPF surcharge rate from \$0.03 to \$0.08, effective January 1, 2024, to maintain the ending balance with forecasted operating costs, yet ensure the RSPF has adequate resources. See Order No. 23-379. The increase was sufficient to accommodate program expenditures in 2024. However, if the RSPF surcharge rate remains at \$0.08 through calendar year 2025, the fund will become insolvent by the end of March 2025.

Despite anticipation that the U.S. Congress would extend and allocate funding, funding for the Federal Communications Commission's Affordable Connectivity Program<sup>1</sup> ended in 2024. This unexpected circumstance has and continues to engender an influx of enrollments in the Oregon Lifeline program. Based on current projections and barring unforeseen circumstances, Staff recommends a surcharge rate of \$0.15, which is necessary to accommodate the increased demand for Oregon Lifeline support, sustain other program expenditures and maintain a six-month reserve balance. With this increase in the surcharge rate, the ending balance in December 2025 is expected to be approximately \$1.1 million and within the six-month reserve threshold of \$3.7 million in projected operating costs.

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<sup>1</sup> *Affordable Connectivity Program*, WC Docket No. 21-450, Order, DA 24-23 (WCB Jan. 11, 2024).

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

### Conclusion

Staff finds that adjusting the surcharge rate to \$0.15, effective January 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 \$0.08 to \$0.15, effective January 1, 2025.