



Christine O. Gregoire

## ATTORNEY GENERAL OF WASHINGTON

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July 2, 2003

### **VIA FACSIMILE & FIRST CLASS MAIL**

Phyllis Lowe, Acting Assistant Secretary  
Economic Services Administration, DSHS  
1009 College Street SE  
P.O. Box 5470  
Lacey, WA 98504-5470

RE WTAP Proposal to Increase the Client Co-Payment  
(WUTC Docket UT-031033)

Dear Ms. Lowe:

As you may know, Public Counsel represents telecommunications customers before the WUTC. We are a strong supporter of an effective and healthy WTAP program. Public Counsel is reviewing DSHS' petition, as filed with the Washington Utilities and Transportation Commission (WUTC) on June 25, 2003, to increase the Washington Telephone Assistance (WTAP) client co-payment rate from \$4 to \$9. Because this would have a significant impact on low income phone customers, we have several questions regarding the DSHS petition. In order to facilitate our understanding of the petition, and to inform our recommendations to the WUTC, we respectfully request responses to the following questions as soon as practicable. Please send responses and direct any questions for clarification to Mary Kimball (tel: 206-389-2529, fax: 206-389-2058, e-mail: [maryk2@atg.wa.gov](mailto:maryk2@atg.wa.gov)).

1. The chart on page three of the petition indicates that DSHS projects that if the current \$4 client co-payment is retained, monthly expenditures for July 2003 to November 2003 would range from \$811,442 (July 2003) to \$871,228 (November 2003). A chart at the end of the petition indicates that DSHS projects June 2003 expenditures to be \$842,611. These estimates of projected monthly expenditures seem quite high, in light of the new DSHS emergency rule that became effective June 1, 2003 and limits carrier reimbursement for connection fees and monthly recurring local telephone rates. Please provide a breakdown of the projected monthly expenditures for June-November, 2003 by carrier, accompanied by estimated enrollment levels by carrier and an explanation of key assumptions made.
2. The following questions pertain to the graphs and charts at the end of the petition entitled "WTAP State Treasury Fund Balance" and "WTAP Payments and

Revenue:"

- a) Please explain whether it is possible to reconcile these two charts, and if not, why not. For example, the July 2001 Fund balance was \$7,325,340. If this is an end of the month balance, our assumption is that the August 2001 end of month balance could be calculated by subtracting the August 2001 total program payments (\$469,886) and adding the August 2001 monthly revenues (\$459,315). However, that calculation yields \$7,314,769, while the August 2001 fund balance that appears on the "WTAP State Treasury Balance" chart is \$7,210,711. Please explain this discrepancy.
  - b) According to the "WTAP State Treasury Fund" chart, the most recent data for the actual fund balance is March 2003, with a balance of \$4,669,562. Does this fund balance for March 2003 reflect any or all of the total program payments through March 2003, as shown on the page entitled "WTAP Payments and Revenues" (e.g., the \$1,153,597 for March 2003 program expenditures and the \$991,069 February 2003 expenditures, both of which appear to be in italics and therefore represent estimated amounts).
  - c) Please provide a breakdown as to how the WTAP fund balance projections for April-June 2003 were calculated. Is it possible to generate these projected fund balance figures using the payments and revenues that appear in the "WTAP Payments and Revenue" chart? If yes, please illustrate how the fund balance projections are calculated using those payment and revenue figures.
3. Table A of the petition includes estimated payments of \$403,200 to Vilaire and \$120,000 to TelWest for connection fees (SC200) during SFY 2004. If reimbursement is assumed to be \$22 per client (the maximum amount allowed under the new emergency rule), this seems to suggest that Table A assumes that Vilaire will have approximately 18,327 new WTAP customers and TelWest will have 5,454 new WTAP customers in SFY 2004. However, page three of the petition states "No caseload growth was assumed for the four high cost companies that were affected by the June 1, 2003 subsidy rate change." Please provide an explanation for the connection fee reimbursements for TelWest and Vilaire shown in Table A and indicate the anticipated level of reimbursement per customer (e.g. \$22). Please explain what is meant by note 6 of Table A, which says connection fees for TelWest and Vilaire are "displayed at an assumed average." How is this trend for connection fees consistent with the anticipated trend for monthly phone rates (SC300), which appears to reflect constant caseload of 6,750 for TelWest and 4,050 for Vilaire?
  4. Table A includes an estimate that total telephone company administration costs will

be \$225,024 during SFY 2004, which represents a 96% increase from the \$114,915 in telephone company administration costs during SFY 2002. Please explain the assumptions used to generate this estimate. For example, why are Qwest's administration costs estimated to increase by 50% from their SFY 2002 levels (\$94,572) to \$144,000 in SFY 2004? Table A shows an estimate of TelWest administrative costs of \$54,000 for SFY 2004. Since Table A appears to assume that TelWest will have 6,750 WTAP customers during SFY 2004, this translates to an administrative cost of \$8 per WTAP customer—a level that far exceeds the amount carriers have typically billed to the WTAP fund. Is it expected that this level of administrative costs will be considered reasonable and consistent with WTAP statutes and agency rules?

5. In order to facilitate our understanding of Table A, please provide anticipated WTAP enrollment levels by carrier and by month for SFY 2004. In addition, please provide the monthly caseload growth data for SFY 2003, by carrier, which is referenced in note 2 of Table A. If available, please provide this data for FY 2002 and FY 2001 as well.
6. Please provide the monthly phone service reimbursement rates for each of the seven largest carriers shown in Table A including the WTAP reimbursement (SC300) and the Lifeline reimbursement if the WTAP rate were set at \$9. Please provide this data if the rate were set at \$8.50.
7. Please explain why the projected monthly expenditure for July 2003 is estimated at \$798,318 in Table A, but is estimated at \$811,442 in the chart on page three of the petition.

Again, thank you in advance for your assistance with these questions. Please feel free to contact either Simon ffitich (206-389-2055) or Mary Kimball (206-389-2529) if you have any questions regarding these requests for clarification and information.

Thank you very much.

Sincerely,

Simon J. ffitich  
Assistant Attorney General  
Public Counsel Section  
(206) 389-2055

Letter to Ms. Lowe  
July 8, 2003  
Re: Docket No: UT-031033  
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SJf:cjw  
Enclosures

CC: Mike Masten, DSHS  
Grace Moy, DSHS  
Leslie Birnbaum, AAG-DSHS  
Bob Shirley, WUTC  
John O'Rourke, Consumers Utility Alliance  
Tracey Rascon, Affiliated Tribes of Northwest Indians-EDC