

Commission Staff Questions Concerning WTAP Increase Request

June 27, 2003

1. On page 2, the filing states that approximately \$3.2 million is considered prudent reserve.
 - a. This appears to be 8.2 times the amount of expected expenditure of \$386,000 in June 2004. Is that correct?
 - b. What is the authority that supports \$3.2 million as opposed to a higher or lower amount?

2. On page 2, the filing refers to adoption of WAC 480-122-020.
 - a. Prior to February , 2002 did WTAP provide reimbursement to any telecommunications company in excess of \$20.00 per line, per month? In excess of \$30.00 per line, per month? In excess of \$40.00 per line, per month?
 - b. In the period November, 2000 through February,2002, did WTAP consider altering the reimbursement level to preclude reimbursements substantially above that provided to most ILECs?

3. On page 3, the filing states that DSHS explored the option of increasing the excise tax from 13 to 14 cents. An increase of one cent would yield an estimated \$400,000 a year. The filing states that an increase may not be feasible given the state's current economic condition.
 - a. What did the exploration consist of?
 - b. What effect would a one-cent increase have on the state's economic condition?
 - c. Could the excise tax be reduced if the planned fund-balance level were reduced below \$3.2 million, or if that amount were planned to be attained over a longer period?
 - d. Did DSHS consider whether a decrease of one cent or more in the excise tax would improve the state's economic condition?

4. On page 3, the filing refers to addition of community voice mail (CVM). The filing assumes \$400,000 will be spent on CVM for SFY 2004.

- a. On what analysis does DSHS base the expectation of spending the entire 8% of WTAP revenues permitted by SHB 1624 on CVM in SFY 04?
 - b. What is the present enrollment in CVM that is associated with WTAP?
 - c. What has the enrollment been for each month for the last 18 months?
5. The filing assumes Service Code 200 (Connection fees) at \$81,000 per month for each of the next twelve months. \$43,000 per month is assumed for Tel West and Vilaire, an amount that is more than half the total.
 - a. Should the amounts change now that (1) Tel West has exited the residential market, and (2) Vilaire has increased its connection fee to \$300.00?
 - b. Does DSHS anticipate its final rule will retain the \$22.50 cap on payments for connection fees?
6. On page 3, the filing states that no caseload growth is assumed for the four high-cost companies that were affected by the June 1, 2003 subsidy rate change. The projection does assume caseload growth for other companies based on historical participation data.
 - a. What is assumed about former customers of Tel West?
 - b. What is assumed about the level of advertising by companies for WTAP service going forward? What effect on enrollment is assumed?
7. The filing does not contain any historical data or projections of the number of participants.
 - a. Please provide monthly participation by company since January 2000.
 - b. Please provide projections for monthly participation through June 04, and beyond if you have projections beyond that date. For these projections, please provide all assumptions on which the projections are based.
8. Tables C and D concern federal reimbursement.

- a. Does WTAP reimburse telecommunications companies the equivalent of federal tier 1, 2 and 3 support if the company is not eligible to collect those amounts from the FCC?
 - b. Has DSHS considered asking the WUTC to designate Qwest as an Eligible Telecommunications Carrier (ETC) for the approximately 50 exchanges where it serves WTAP customers but is not eligible to collect tier 1, 2, and 3 support from the FCC?
9. Has DSHS considered contracting with one telecommunications company to provide service to WTAP clients throughout the state with service purchased at a wholesale discount from the WTAP rate? (See Commission Staff memo of June 16, 2003, titled "Supplemental Information on the Obligation to Offer WTAP Service." (Docket No. UT-030867)