



UT-031033 (SI)

STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Olympia, WA 98504-5000

June 25, 2003

TO: Carole Washburn, Secretary
Washington Utilities and Transportation Commission

FROM: Phyllis Lowe, Assistant Acting Secretary *CW for*
Economic Services Administration

SUBJECT: **WASHINGTON TELEPHONE ASSISTANCE PROGRAM (WTAP) — PROPOSAL
TO INCREASE THE CLIENT CO-PAYMENT**

The Department of Social and Health Services is requesting the approval of the Washington Utilities and Transportation Commission (WUTC) to increase the client co-payment for monthly telephone service under the Washington Telephone Assistance Program (WTAP) from its current amount of \$4.00 to \$9.00 effective August 1, 2003.

The increase is necessary to ensure a balanced budget for the program.

Detailed information on the Department's proposal and supporting documents are attached for review and consideration by the WUTC. If you need additional information or have any questions regarding this proposal, please contact Mike Masten at (360) 413-3370.

Attachment

cc: Dennis Braddock
Mike Masten

RECEIVED
REGISTRATION DEPARTMENT
03 JUN 25 PM 3:00
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Department of Social and Health Services

Proposal to Increase the Client Co-payment for the
Washington Telephone Assistance Program (WTAP)

June 23, 2003

Proposal

The Department of Social and Health Services is requesting that the monthly co-payment amount paid for monthly telephone service by households participating in the Washington Telephone Assistance Program (WTAP) be increased from \$4.00 to \$9.00 effective August 1, 2003.

This change is needed to ensure a balanced budget for the program for the long-term. Without this change, the program's monthly expenditures will exceed available funding for the program starting in August 2003.

The current \$4.00 monthly co-pay has been in place for four years, and represents the program's lowest co-pay level since the program's inception in 1987. In the past, the co-pay has been adjusted four times, and has been as high as \$10 (1987-1989) and \$9.25 (1994). The proposed co-pay increase is expected to decrease WTAP expenditures by \$438,000 per month.

WTAP Excise Tax & Client Co-payment History

Year	Excise Tax	Co-payment	Reason for Adjustment
1987	12 cents	\$ 10.00	--
1989	<u>5 cents</u>	\$ 10.00	Fund high
1990	5 cents	<u>\$ 8.00</u>	Fund high
1992	<u>13 cents</u>	\$ 8.00	Fund low
1994	13 cents	<u>\$ 9.25</u>	Fund low
1998	13 cents	<u>\$ 7.50</u>	Increased federal (FCC) funding
1999	13 cents	<u>\$ 4.00</u>	Fund high

Underlined, italicized amounts indicate change in excise tax or co-payment

Need for Co-payment Change

Increased program expenditures due to greater client participation and high cost telephone companies have strained the WTAP Fund.

In June 2002, the WTAP Fund balance was \$5.8 million (adjusted for outstanding SFY 02 expenditures and revenue). According to standard accounting practices, approximately \$3.2 million is considered prudent reserve.

In February 2002, WUTC adopted WAC 480-122-020, which requires local exchange carriers to offer WTAP rates if they had over 100 residential lines. Following this change, these four telephone companies began providing WTAP services:

- TelWest, effective May 2002.
- Grizzly, effective October 2002.
- Vilaire, effective February 2003.
- Telnet, effective March 2003.

These four companies charged a higher basic rate for monthly telephone service of approximately \$50. The average rate of the other 24 telephone companies is \$5.17. Qwest, which serves approximately 70% of the WTAP client population (81,500 households) has a \$5.00 monthly rate.

From July 2002 to January 2003, WTAP expenditures were higher than the previous year, but was not unexpected due to an increased client participation level and the participation of two higher cost telephone companies. However, from February through April 2003, the addition of two more high cost telephone companies with increasing client participation levels greatly accelerated the depletion of the WTAP Fund.

Payments to the four high cost telephone companies significantly increased from \$122,325 in December 2002 to \$489,180 in April 2003. Subsidy payments made to these four companies alone comprised over 40% of total monthly expenditures for WTAP.

The Appendix to this proposal has two graphs (Graphs A and B) that show the rapid increase in: (1) program expenditures associated with these four high cost companies, compared to the other telephone companies that serve WTAP households, and (2) the number of WTAP households served by these four companies.

To contain rising program costs associated with these four high cost telephone companies, the Department restructured the telephone company reimbursement formula for monthly service by adopting a standard subsidy rate for telephone companies operating in the same telephone exchange service area. The rate is based on the lowest monthly charge in each area.

RCW 80.36.430 allows the Department to specify by rule the range and extent of administrative and program expenses that will be reimbursed to local telephone companies. The Department enacted emergency regulations (Washington Administrative Code change) effective June 1, 2003 to achieve the rate structure change.

With this change, monthly program expenditures for phone service are projected to decrease by about \$480,000. (This figure does not reflect expenditures associated with WTAP administration, waivers of deposit, and connection fees.) However, this change is not sufficient to ensure a balanced budget for the program, as the table below illustrates.

Estimated Reconciled WTAP Fund Balance as of June 30, 2003: \$809,289				
	Projected Revenue	Projected Expenditures	Difference	Projected Fund Balance
July 2003	\$ 416,667	\$ 811,442	(\$ 394,775)	\$ 414,514
Aug 2003	\$ 416,667	\$ 826,388	(\$ 409,721)	\$ 4,793
Sept 2003	\$ 416,667	\$ 841,335	(\$ 424,668)	(\$ 419,875)
Oct 2003	\$ 416,667	\$ 856,281	(\$ 439,614)	(\$ 859,489)
Nov 2003	\$ 416,667	\$ 871,228	(\$ 454,561)	(\$ 1,314,050)

*Based on current \$4.00 client co-payment amount and standard subsidy rate effective June 1, 2003.
Amounts in parentheses indicate negative balance*

Excise Tax Option

The Department explored the option of increasing the WTAP excise tax from 13 cents to its statutorily mandated cap of 14 cents, which would require WUTC approval. A one-cent increase would increase program revenue by an estimated \$400,000 per year. Increasing the excise tax would not be sufficient to sustain the program and may not be feasible given the state's current economic state.

Need for \$5.00 Increase in Client Co-Payment

To sustain the WTAP Fund beyond SFY 03, the Department recommends the client co-payment amount be increased from \$4.00 to \$9.00 effective August 1, 2003.

In determining the co-payment amount needed to sustain the WTAP Fund beyond SFY 03, the Department made a number of calculations at different co-payment levels. The goal was to identify a co-payment amount that would support projected expenditures, given these factors and assumptions:

- Program excise tax revenue at \$5,000,000 for SFY 04.
- Adoption of a standard subsidy rate for telephone companies operating in the same telephone exchange service area, effective June 1, 2003. Rates are now based on the lowest monthly charge in each area.
- Anticipated caseload growth based on historical participation data, with one exception. No caseload growth was assumed for the four high cost companies that were affected by the June 1, 2003 subsidy rate change.
- Cost of community service voice mail as a WTAP benefit at \$400,000 for SFY 04. The 2003 Legislature approved community service voice mail as a new WTAP benefit effective July 2003.

At the \$9.00 client co-payment level, projected WTAP expenditures for SFY 04 are \$4,818,919. At \$5 million per year, projected excise tax revenue would cover this expenditure projection and allow \$181,073 for prudent reserve. See Table A in the Appendix.

At the \$8.50 client co-payment level, projected revenue would not cover projected expenditures. At this level, expenditures would exceed revenue by an estimated \$313,227 in SFY 04. See Table B in the Appendix.

Impact of Co-Payment Increase on Federal Matching Funds to Telephone Companies

Federal Lifeline funds provide eligible telephone companies participating in WTAP with a federal subsidy match for WTAP clients. For each WTAP client, Lifeline pays these telephone companies the following:

- Federal access charge (Tier 1)
- \$1.75 (Tier 2)
- Half the state WTAP subsidy for monthly telephone service, up to \$1.75 (Tier 3).

At the \$9.00 and \$8.50 client co-payment levels, telephone companies will receive an increase in client payments and less federal Lifeline matching funds (estimated at \$1.6 million at the \$9.00 level, and \$1.3 million at the \$8.50 level for SFY 04) for monthly telephone service. This has been calculated for the seven top telephone companies receiving WTAP reimbursements. See Tables C and D in the Appendix.

Notification to Increase the Client Co-payment

The Department sent letters to participating telephone companies on May 30, 2003 informing them that it will be requesting WUTC approval to increase the client co-payment amount.

The Department will send a letter to all WTAP households during the week of June 30, 2003 advising them of the WTAP co-payment increase proposal. The letter will include information on the public hearing process and how to comment on the proposal, either in person, electronically, by fax, or through a toll-free WUTC telephone number.

The proposal to increase the co-payment has also been discussed with WUTC staff, the Governor's Office, Public Counsel, and key stakeholders.

Supporting Information

In addition to referenced tables and graphs, the following supporting information and documents are included in the Appendix:

1. Key Facts About WTAP
2. WTAP State Treasury Trust Fund Balance
3. WTAP Projected Balance as of June 30, 2003
4. WTAP Payments and Revenue
5. May 30, 2003 Letter to Telephone Companies on Proposal to Increase the Co-Payment Amount
6. June 30, 2003 Letter to WTAP Clients on Proposal to Increase the Co-Payment Amount

Proposal to Increase the Client Co-payment for the
Washington Telephone Assistance Program (WTAP)

Appendix

Graph A: Incumbent & Non-incumbent Telephone Companies — Number of Clients Served

Graph B: Incumbent & Non-incumbent Telephone Companies — Program Expenditures

Table A: Projected WTAP Expenditures Based on \$9.00 Client Co-pay

Table B: Projected WTAP Expenditures Based on \$8.50 Client Co-pay

Table C: Effect of \$9.00 Co-pay on Federal Lifeline Matching Funds

Table D: Effect of \$8.50 Co-pay on Federal Lifeline Matching Funds

Key Facts About WTAP

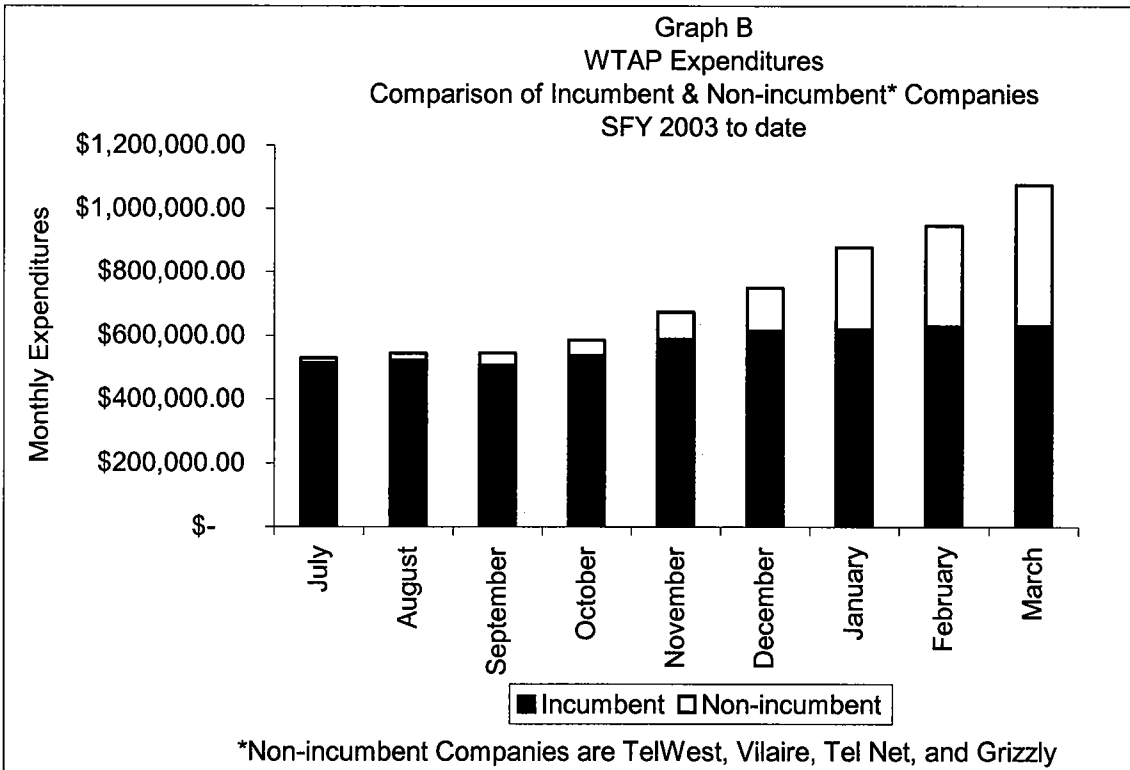
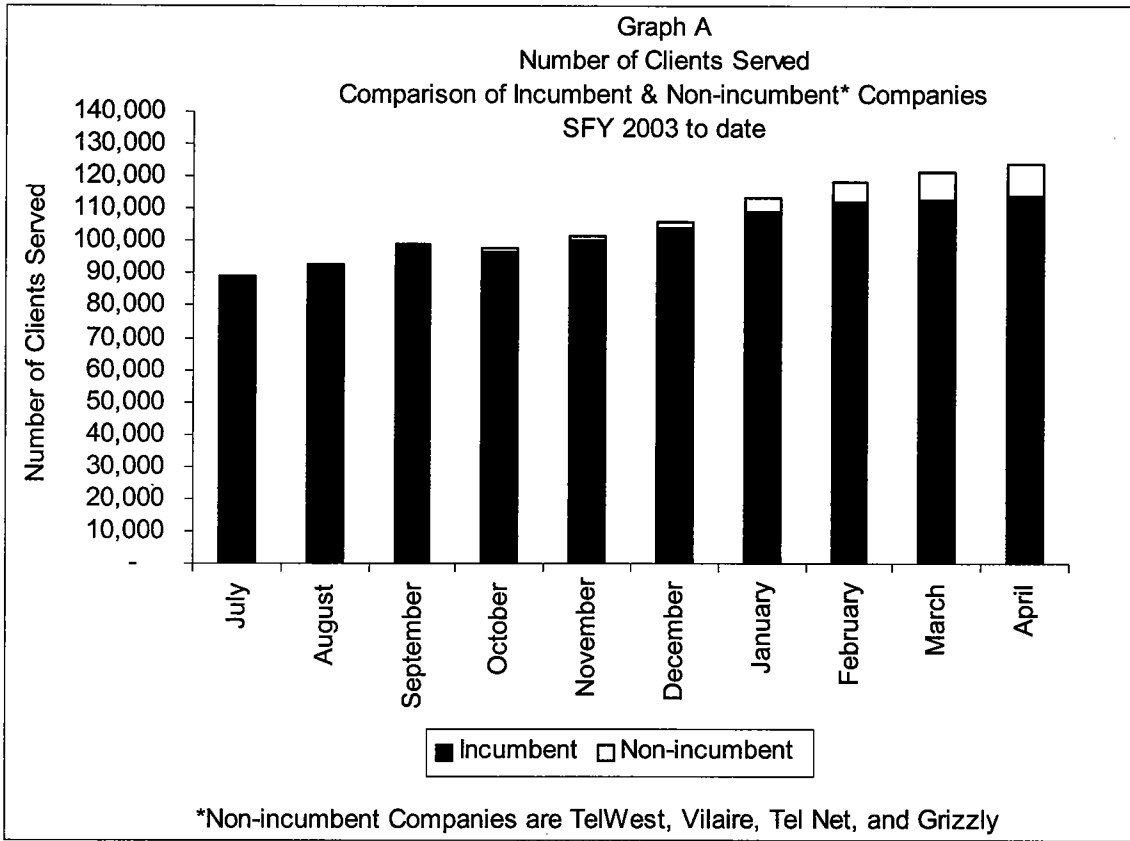
WTAP State Treasury Trust Fund Balance

WTAP Projected Balance as of June 30, 2003

WTAP Payments & Revenue

May 30, 2003 Letter to Telephone Companies on Proposal to Increase the Co-Payment

June 30, 2003 Letter to WTAP Clients on Proposal to Increase the Co-Payment



WASHINGTON TELEPHONE ASSISTANCE PROGRAM
June 11, 2003
Estimated Payments to All Participating Telephone Companies
SFY 2004 (July 1, 2003 thru June 30, 2004)
Client Co-pay (Threshold) @ \$9.00 effective Aug. 1, 2003

Seven largest companies:	Jul 03	Aug 03	Sep 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	Apr 04	May 04	Jun 04	TOTAL
Qwest:													
Service Code 200	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	244,080
Service Code 300	388,560	93,381	95,839	98,298	100,756	103,214	105,672	108,130	110,588	113,047	115,505	117,963	1,550,953
Administration	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Tel West:													
Service Code 200	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Service Code 300	33,750	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	7,898	120,623
Administration	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
Verizon NW:													
Service Code 200	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Service Code 300	96,800	27,149	27,897	28,646	29,394	30,143	30,891	31,640	32,388	33,137	33,885	34,634	436,601
Administration	56	56	56	56	56	56	56	56	56	56	56	56	672
Vilair:													
Service Code 200	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	403,200
Service Code 300	20,250	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	4,739	72,374
Administration	700	700	700	700	700	700	700	700	700	700	700	700	8,400
PTI-Century:													
Service Code 200	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	20,160
Service Code 300	41,014	18,677	19,024	19,372	19,719	20,067	20,414	20,762	21,109	21,456	21,804	22,151	265,570
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Verizon Contel:													
Service Code 200	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	24,720
Service Code 300	18,618	5,241	5,405	5,568	5,732	5,895	6,059	6,222	6,386	6,549	6,713	6,876	85,261
Administration	56	56	56	56	56	56	56	56	56	56	56	56	672
Sprint NW/United:													
Service Code 200	442	442	442	442	442	442	442	442	442	442	442	442	5,304
Service Code 300	11,553	1,673	1,718	1,763	1,808	1,853	1,898	1,943	1,988	1,943	1,989	2,034	31,893
Administration	440	440	440	440	440	440	440	440	440	440	440	440	5,280
Other 21 companies:													
Service Code 200	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Service Code 300	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	152,370
Administration	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
TOTALS:													
Service Code 200	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	978,264
Service Code 300	623,045	171,256	175,019	178,782	182,545	186,307	189,980	193,742	197,505	201,268	205,031	211,163	2,715,643
Comm. VoiceMail	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	399,996
Teleco Administration	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	225,024
State Administration	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	499,992
TOTAL COSTS	798,318	346,529	350,292	354,055	357,818	361,580	365,253	369,015	372,778	376,541	380,304	386,436	4,818,919
Est. Revenues	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	4,999,992
Add Rev or Loss	(381,652)	70,137	66,374	62,611	58,848	55,086	51,413	47,651	43,888	40,125	36,362	30,230	181,073

H:SFY04AITelecos9.00eff8-1

- July 03 caseload drop calculated using June/July 2002 reduction pattern.
- Monthly caseload growth in SC300 calculated using SFY03 growth pattern per month.
- Approximately 95.5% of vendor funds disbursed to seven largest telephone companies.
- Monthly average cost used for Sprint (\$5.82-\$5.00=\$.82) & PTI (\$9.04-\$5.00=\$4.04) for SC300.
- SC300 rates used for Qwest, Tel West & Vilair \$1.17; Verizon Contel & Northwest \$1.50 per client month.
- SC200 (Connection Fees) for Tel West & Vilair displayed at assumed average. Clients at these two companies may migrate to unknown other companies which will incur Connection Fee charges at those new companies.

WASHINGTON TELEPHONE ASSISTANCE PROGRAM
Estimated Payments to All Participating Telephone Companies
SFY 2004 (July 1, 2003 thru June 30, 2004)
Client Co-pay (Threshold) @ \$8.50 effective Aug. 1, 2003

Seven largest companies:	Jul 03	Aug 03	Sep 03	Oct 03	Nov 03	Dec 03	Jan 04	Feb 04	Mar 04	Apr 04	May 04	Jun 04	TOTAL
Qwest:	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	20,340	244,080
Service Code 200	388,560	119,720	122,871	126,023	129,174	132,326	135,477	138,629	141,780	144,932	148,083	151,235	1,878,807
Service Code 300	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Administration	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Tel West:	33,750	10,125	10,125	10,125	10,125	10,125	10,125	10,125	10,125	10,125	10,125	10,125	145,125
Service Code 200	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
Service Code 300	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Administration	96,800	33,121	34,034	34,948	35,861	36,774	37,687	38,600	39,513	40,427	41,340	42,253	511,357
Verizon NW:	56	56	56	56	56	56	56	56	56	56	56	56	672
Service Code 200	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	33,600	403,200
Service Code 300	20,250	6,075	700	6,075	700	6,075	700	6,075	700	6,075	6,075	6,075	87,075
Administration	700	700	700	700	700	700	700	700	700	700	700	700	8,400
PTI-Century:	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	20,160
Service Code 200	41,014	20,988	21,379	21,769	22,160	22,550	22,941	23,331	23,722	24,112	24,502	24,893	293,361
Service Code 300	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	2,060	24,720
Administration	18,618	6,394	6,593	6,793	6,992	7,192	7,391	7,591	7,790	7,990	8,189	8,389	99,923
Sprint NW/United:	56	56	56	56	56	56	56	56	56	56	56	56	672
Service Code 200	442	442	442	442	442	442	442	442	442	442	442	442	5,304
Service Code 300	11,553	2,693	2,765	2,838	2,911	2,983	2,911	2,983	3,056	3,128	3,201	3,274	44,295
Administration	440	440	440	440	440	440	440	440	440	440	440	440	5,280
Other 21 companies:	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800
Service Code 200	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	150,000
Service Code 300	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Administration	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	81,522	978,264
TOTALS:	623,045	211,616	216,343	221,070	225,797	230,525	235,107	239,834	244,561	249,288	254,015	258,743	3,209,943
Service Code 200	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	399,996
Service Code 300	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	18,752	225,024
Comm. VoiceMail	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	41,666	499,992
Teleco Administration	798,318	386,989	391,616	396,343	401,070	405,798	410,380	415,107	419,834	424,561	429,288	434,016	5,313,219
State Administration	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	416,666	4,999,992
TOTAL REVENUES	(381,652)	29,777	25,050	20,323	15,596	10,868	6,286	1,559	(3,168)	(7,895)	(12,622)	(17,350)	(313,227)
Add Rev or Loss													

1. July 03 caseload drop calculated using June/July 2002 reduction pattern.
 2. Monthly caseload growth in SC300 calculated using SFY03 growth pattern per month.
 3. Approximately 95.5% of vendor funds disbursed to seven largest telephone companies.
 4. Monthly average cost used for Sprint (\$5.82-4.50-\$1.32) & PTI (\$9.04-4.50-\$4.54) for SC300.
 5. SC300 rates used for Qwest, Tel West & Vllaire \$1.50; Verizon Contel & Northwest \$1.83 per client month.
 6. SC200 (Connection Fees) for Tel West & Vllaire displayed at assumed average. Clients at these two companies may migrate to unknown other companies which will incur Connection Fee charges at those new companies.

H:SFY04AIITelecos8.50

WASHINGTON TELEPHONE ASSISTANCE PROGRAM

Decrease in Federal Lifeline funds when client co-pay (threshold) rate changes from \$4.00 to \$9.00. Only seven (7) largest companies are shown.

	Annual Lines	Monthly Decrease	Total Annual Decrease	
Qwest	1,071,210	1.17	\$ 1,253,316	
Tel West	81,000	0.00	\$ -	
Verizon Northwest	244,134	1.00	\$ 244,134	
Vilaire	48,600	0.00	\$ -	
PTI Century Tel	60,120	1.27	\$ 76,352	
Verizon Contel	47,814	1.00	\$ 47,814	
Sprint NW/United	27,276	0.68	\$ 18,548	
Total			\$ 1,640,164	estimated

TABLE C

WASHINGTON TELEPHONE ASSISTANCE PROGRAM

Decrease in estimated Federal Lifeline funds when client co-pay (threshold) rate changes from \$4.00 to \$8.50. Only seven (7) largest companies are shown.

	Annual Lines	Monthly Decrease	Total Annual Decrease	
Qwest	1,071,210	1.00	\$ 1,071,210	
Tel West	81,000	0.00	\$ -	
Verizon Northwest	244,134	0.83	\$ 202,631	
Vilaire	48,600	0.00	\$ -	
PTI Century Tel	60,120	0.98	\$ 58,918	
Verizon Contel	47,814	0.83	\$ 39,686	
Sprint NW/United	27,276	0.61	\$ 16,638	
Total			\$ 1,389,083	estimated

TABLE D

Washington Telephone Assistance Program (WTAP)

Key Facts

June 2003

Funding

- WTAP is funded solely by a 13-cent excise tax on every switched (wire) telephone line in the state. Revenue from the WTAP excise tax are estimated at approximately \$5 million for SFY 2003.

Participating Phone Companies

As of June 1, 2003, there were 28 telephone companies participating in the program. Qwest serves the largest number of WTAP households: over 81,500 WTAP clients, or 70% of the WTAP client population.

Program Benefits

- Reduced rate for basic monthly telephone service (one telephone per household and local telephone service only)
- 50% discount on connection fee
- Waiver of deposit for local service
- Community service voice mail (effective July 2003)

Eligibility

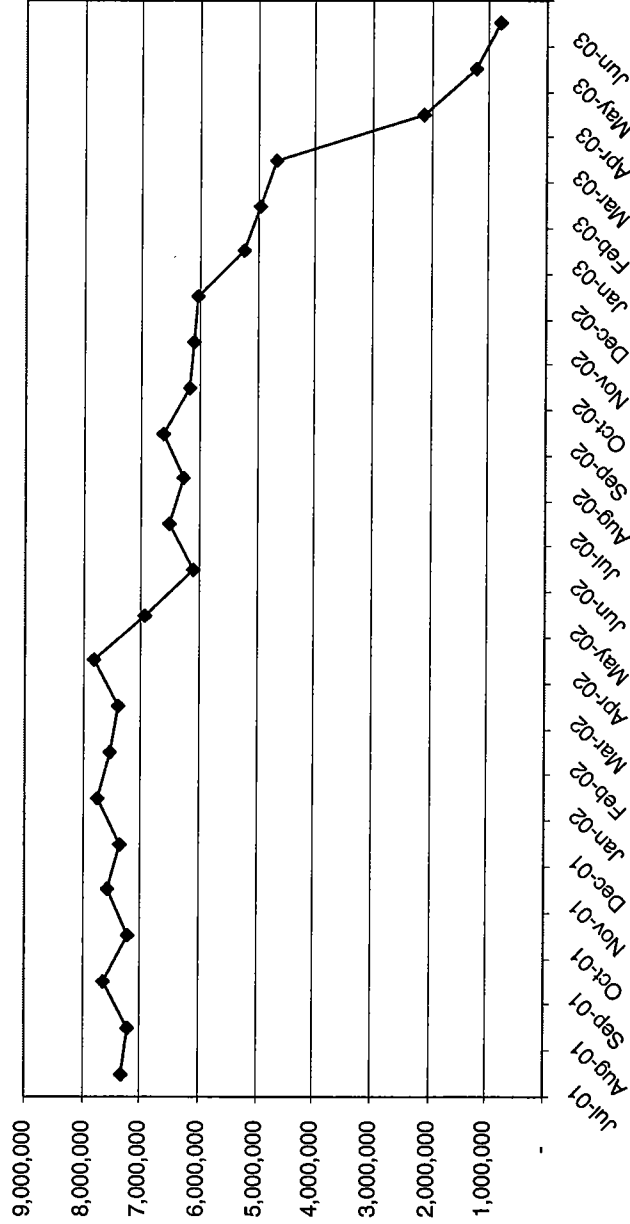
- Adults receiving ongoing financial and/or medical assistance from DSHS
- Former recipients of community service voice mail

Client Co-payment

- WTAP households pay the first \$4.00 (client co-payment) of their monthly local phone service bill plus applicable taxes, with the remainder subsidized by WTAP and the federal Lifeline program.

Washington Telephone Assistance Program

State Treasury Trust Fund #539 Balance



Numbers displayed in *italics* were calculated using accounting history for outstanding revenues, outstanding vendor invoices and unpaid administrative costs.

Month	State Treasury Trust Fund #539 Balance
Jul-01	7,325,340
Aug-01	7,210,711
Sep-01	7,638,090
Oct-01	7,235,022
Nov-01	7,571,584
Dec-01	7,348,239
Jan-02	7,748,267
Feb-02	7,532,885
Mar-02	7,389,224
Apr-02	7,808,378
May-02	6,935,142
Jun-02	6,092,968
Jul-02	6,523,657
Aug-02	6,279,757
Sep-02	6,638,515
Oct-02	6,175,965
Nov-02	6,093,614
Dec-02	6,038,150
Jan-03	5,218,493
Feb-03	4,951,212
Mar-03	4,669,562
Apr-03	2,129,812
May-03	1,228,100
Jun-03	809,289

WASHINGTON TELEPHONE ASSISTANCE PROGRAM

WTAP Treasury Fund Activity by State Fiscal Year

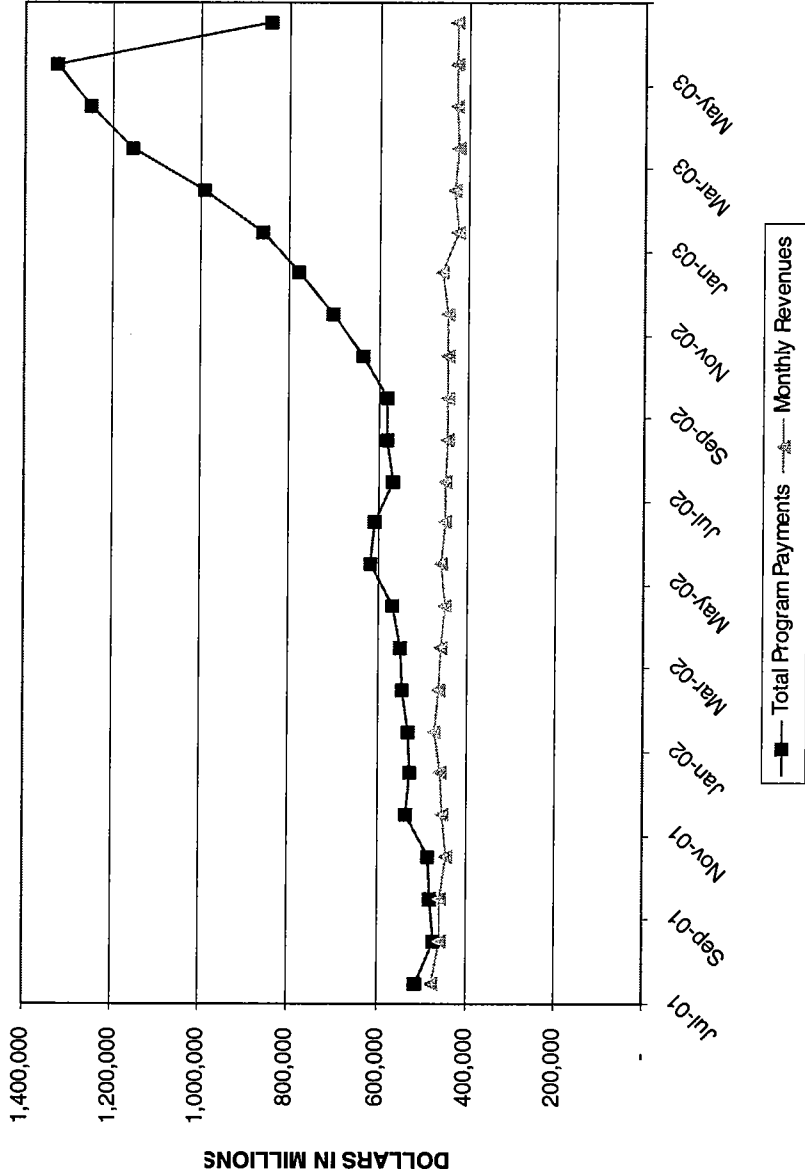
	Revenues	Disbursements	Fund Increase or (Decrease)	Treasury Trust Fund Balance at Year End*	
FY98	\$ 5,384,421	\$ (3,493,520)	\$ 1,890,901	\$ 3,835,852	(1)
FY99	\$ 5,483,963	\$ (2,967,759)	\$ 2,516,204	\$ 6,422,909	(1)
FY00	\$ 5,777,979	\$ (5,282,333)	\$ 495,646	\$ 6,987,807	(1)
FY01	\$ 5,762,306	\$ (5,951,552)	\$ (189,246)	\$ 7,519,401	(1)
FY02	\$ 5,493,317	\$ (6,420,076)	\$ (926,759)	\$ 6,092,968	(1)
FY03 (est)	\$ 5,227,964	\$ (10,357,363)	\$ (5,129,399)	\$ 809,289	(2)

(1) Balance reflected as on June 30 but unreconciled for outstanding revenues & invoices.

(2) Includes estimates for all FY03 revenues & disbursements.

WTAP Projected Balance as of June 30, 2003

WASHINGTON TELEPHONE ASSISTANCE PROGRAM



Numbers displayed in *italics* were calculated using accounting history for outstanding revenues outstanding revenues, outstanding vendor invoices and unpaid administrative costs.

	Total Program Payments	Monthly Revenues
Jul-01	513,192	477,204
Aug-01	469,886	459,315
Sep-01	482,333	456,039
Oct-01	484,693	443,309
Nov-01	533,042	452,482
Dec-01	525,562	457,124
Jan-02	529,492	472,467
Feb-02	542,336	461,272
Mar-02	549,482	455,651
Apr-02	567,102	447,615
May-02	618,092	456,652
Jun-02	604,857	450,501
Jul-02	565,458	450,109
Aug-02	579,775	442,202
Sep-02	578,032	443,210
Oct-02	636,377	443,116
Nov-02	702,606	441,990
Dec-02	777,158	456,868
Jan-03	862,778	422,598
Feb-03	991,069	432,669
Mar-03	1,153,597	423,328
Apr-03	1,249,689	423,800
May-03	1,325,512	423,800
Jun-03	842,611	423,800



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

May 30, 2003

Dear Washington Telephone Assistance Program Provider:

This letter is to inform you of important upcoming changes to the WTAP program. The Department of Social and Health Services will be filing a rule to limit telephone company reimbursements for WTAP services effective June 1, 2003. This means that the allowable amounts that you bill for WTAP clients for June 1, 2003 and after may change.

- For monthly local basic flat rate service, WTAP will reimburse all telephone companies at the same rate that is available to incumbent telephone companies providing service in the client's exchange area – and is limited to no more than \$19 for all exchange areas.
- For connection fees, WTAP will reimburse for one-half the connection fee through June 30, 2003. Effective July 1, 2003, WTAP will reimburse for one-half the connection fee amount for the first connection, and for the second and subsequent connections when the client asks for service at a different address. Client address information will be required from you as part of the support documentation for connection fee reimbursement. The connection fee amount is limited to \$22.
- For the waiver of deposit for local service, WTAP will reimburse up to two times the WTAP assistance rate.
- The new rule also adds community service voice mail as a WTAP benefit as provided for in the 2003 Legislative Session, Chapter 134, 2003 Session Laws, effective July 1, 2003.

Additionally, due to increased client participation in the program, which has resulted in higher program costs, DSHS is requesting the Washington Utilities and Transportation Commission to consider a proposal to raise the WTAP assistance rate from \$4.00 to \$8.50 for monthly local service effective July 1, 2003.

The new rule will be filed on an emergency basis, but will also go through the normal rule-making process before it is made permanent. If you would like to comment on the permanent adoption of the new rule, or the proposal to the WUTC, it is important for you to do so now.

Comments for the permanent adoption of the new rule must be submitted in writing. If you have questions or would like to be added to the mailing list for this rule-making, you may contact Grace Moy, 360-725-4751 or Chuck Pollock, 360-413-3035, Department of Social and Health Services/WTAP at P.O. Box 45413, Olympia, WA 98504-5413, or 360-413-3479 (fax).

Comments for the proposal to the WUTC must be submitted in writing or presented in person at the commission's open public meeting. If you have questions or you would like to be added to the mailing list for this case, you may contact the Washington Utilities and Transportation Commission at P.O. Box 47250, Olympia, WA 98504-7250; 1-800-562-6150; comments@wutc.wa.gov; or 360-664-3604 (fax).

Sincerely,

Michael W. Masten, Director
Community Services Division

Attachments:

- Washington Administrative Code changes
- Electronic Billing file format for invoice support documentation

STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES



June 30, 2003

Dear Washington Telephone Assistance Program (WTAP) participant,

Our records show that you are using the WTAP program. This letter explains some important changes.

More people have been using WTAP and program costs are now higher. We have been making changes to reduce costs, but we now must also raise the amount you pay (your \$4.00 co-pay) each month for phone service.

We will soon be asking the Washington Utilities and Transportation Commission (WUTC) to raise the WTAP co-pay to \$9.00 a month plus taxes. If this is approved, the new rate will start on August 1, 2003.

The change must be approved by the WUTC before it takes effect. They will take comments in writing and hold a public meeting.

To find out more or get on the mailing list, contact the WUTC at:

Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98501-7250
Toll-free number: 1-800-562-6150
Fax: (360) 664-3604
E-mail: comments@wutc.wa.gov.

We also want you to know about a new state law. It helps people who qualify for WTAP but have had phone service disconnected because of past due balances. They are now able to get basic local phone service if they agree to pay extra each month. The extra amount will be one half of their co-pay. It will be used to pay back the phone company.

We know WTAP services are important to you. WTAP helps you keep in touch with each other and with your doctor, daycare and emergency services.

If you have any questions about these changes, call the DSHS/WTAP office toll-free at 1-888-700-8880.

Sincerely,

Michael W. Masten, Director
Community Services Division
Department of Social and Health Services