

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR’S 2019 ANNUAL REPORT) CASE NO. GNR-T-20-09
AND ESTABLISHING THE FUNDING)
LEVELS TO SUPPORT THE)
TELECOMMUNICATIONS RELAY SERVICE) ORDER NO. 34615
(TRS) PROGRAM)

On February 13, 2020, the Idaho Telecommunications Relay Service (TRS) Administrator submitted the calendar year 2019 Annual Report and 2020 TRS Budget to the Commission. Each year, the Commission reviews the Administrator’s Annual Report and determines the funding levels needed to meet the TRS program’s future expenses. IDAPA 31.46.02.202 and .205. In this Order we accept the Administrator’s 2019 Report and 2020 Budget. To ensure the longevity of the TRS fund, we increase the per-line assessment from \$0.02 to \$0.03, and the per-minute assessment from \$0.0002 to \$0.0008—effective May 1, 2020.

BACKGROUND

The Idaho Legislature established the TRS Act in 1992 in accordance with Title IV of the federal Americans with Disabilities Act. The TRS program allows citizens who are hearing, or speech impaired to engage in telephone communications “in a manner functionally equivalent to that of individuals without hearing or speech impairments.” *Idaho Code* § 61-1301. The Idaho TRS service provider is Hamilton Telecommunications (Hamilton). Hamilton operates the relay center where oral conversations are converted or “relayed” to text-type and vice versa. The relay center also provides speech-to-speech, Spanish-to-Spanish, video, and Internet relay services. On October 15, 2019, the Commission authorized the Administrator to renew the relay contract with Hamilton, and the contract now runs through November 30, 2022.

The Idaho TRS fund is supported by assessments on local telephone service (residential and business) access lines and on billed intrastate long-distance minutes. In-state relay traffic and captioned telephone (CapTel)¹ services are reimbursed by Idaho’s TRS fund, while the firm of Rolka Loube Saltzer Associates, LLC reimburses Hamilton for interstate calls (including intrastate Internet relays and Internet video relay service).

¹ CapTel allows hard-of-hearing users to hear the conversation as well as read the words on the phone’s built-in screen. A trained operator “re-voices” the conversation from a caller into the voice recognition technology that converts the words into a text message and provides the CapTel user with a more natural conversation.

THE 2019 ANNUAL REPORT

The Administrator reported that the relay center handled 7,125 minutes of traffic in calendar year 2019. This represents a 34% decrease from calendar year 2018.² The number of CapTel units held steady, while usage decreased by 15% to 13,627 minutes from the previous year. The renewal of Hamilton’s contract with the Administrator included an amendment which changed the price per minute and compensation from conversation minutes³ to session minutes.⁴ The 2019 average answer time by Hamilton was 0.41 seconds.

1. 2019 Expenses. The TRS expenses for the year totaled \$90,670. Disbursements to Hamilton were \$60,559. The administrative fees and expenses for the reporting year were \$30,111. The end-of-year fund balance was \$263,731.

2. 2019 Revenues and Allocations. The TRS fund is supported by assessments on local exchange telephone service (residential and business) access lines and on billed intrastate long-distance minutes. Telephone companies reported a 20% decrease in total intrastate long-distance minutes, from about 125,050,000 minutes in 2018 to about 100,128,800 minutes in 2019. Average monthly telephone lines decreased by 15%, from 253,004 in 2018 to 215,423 in 2019.

The 2019 annual total contribution to the TRS fund was \$71,727, a decrease of \$14,005 (16%) from 2018. Local exchange services contributed \$51,701 (72%) and MTS/WATS contributed \$20,026 (28%). In Commission Order No. 34285, the per-line and per-minute assessments for 2019 were maintained at \$0.02 and \$0.0002, respectively. The table below shows 2019 TRS contribution sources and amounts.

<u>2019 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.02/month/line)	\$51,701	72%
MTS/WATS Providers (\$0.0002/min)	20,026	28%
TOTAL	\$71,727	100%

² By way of comparison, there were 12,135 minutes in 2017, and 10,698 minutes in 2018.

³ A conversation minute includes the time the calling party is connected to the called party or to an answering machine at the called party’s number or to a recorded message or intercept for the called number. A conversation minute does not include time in queue (i.e., call is ringing, waiting for a live answer), call set-up, or calls that have reached numbers that are busy or received no answer.

⁴ A session minute is the time from the moment a Communications Assistant (CA) connects to an incoming relay call until the moment the CA disconnects the last party. This includes incoming calls that do not reach the intended called party ((busy, no answer, or wrong number) and includes call set-up and wrap-up.

3. Proposed 2020 Budget. The Administrator projects an annual operating budget of \$158,500. This budget reflects increased administrative costs arising from changes to the contracts for the Administrator and Hamilton. The budget also includes \$8,000 for an audit of the TRS fund, which is contractually required when a new person becomes the Administrator. If assessment rates remain unchanged, the Administrator calculates the 2020 end-of-year fund balance will continue to have a reasonable reserve (2020 year-end balance is projected to be approximately \$165,198).

4. Proposed 2019 TRS Funding Levels. Based on the proposed budget for 2020 and the 2019 end-of-year reserves, the Administrator provided the following options:

Option 1: Continue the present compensation rates to the TRS fund at \$0.02 per line and \$0.0002 per minute. Based on recent trends, there will be about 183,110 lines⁵ and 80,103,040 MTS/WATS minutes⁶ in 2020. Based on this estimation, revenue to the TRS fund will be \$59,967. With a 2020 budget of \$158,500, the TRS fund's balance will likely decrease. But the 2019 year-end balance is \$263,731; so the TRS fund will remain viable in the short term if Option 1 is followed.

Option 2: Continue the \$0.02 per-line rate but raise the per-minute rate from \$0.0002 to \$0.0005. This option would make the ratio of the revenue coming from lines and minutes closer to 50/50; the ratio in 2019 was about 72/28. *See* IDAPA 31.46.02.202.02. Assuming there are about 183,110 lines and 80,103,040 MTS/WATS minutes in 2020 (see the calculations in Option 1), Option 2 would result in a 2020 year-end balance of \$189,229—a decrease from 2019's \$263,731 year-end balance.

Option 3: Raise the line charge from \$0.02 per line to \$0.03 per line, and the MTS/WATS minute rate from \$0.0002 per minute to \$0.0008 per minute. This option would make the revenue ratio between lines and minutes closer—approximately 51/49. The 2020 year-end balance would be \$235,234. Option 3 would ensure the longevity of the TRS fund balance, and rates would not need to be raised as quickly as they would with other options.

STAFF RECOMMENDATION

Staff reviewed the Administrator's Report and recommended that the Commission adopt the Administrator's Report and projected budget for 2020. Staff noted the Idaho citizens

⁵ 2019's line count of 215,423 x 85% = 183,110 due to 15% decrease.

⁶ 2019's MTS/WATS minutes of 100,128,800 x 80% = 80,103,040 due to 20% decrease.

continue to be well served by the Administrator and the relay services provided by Hamilton. Staff also noted that the 2020 budget projection of \$158,500 is acceptable based on the anticipated TRS expenses. The projected revenue, together with the current fund balance, should be enough to meet 2020 expenses and any unforeseen events. However, Staff recommended the Commission adopt Option 3, raising TRS contributions to \$0.03 per access line and \$0.0008 per MTS/WATS minute. Staff believes this option will help ensure the TRS fund's long-term viability.

DISCUSSION AND FINDINGS

In this Order, the Commission formally adopts the Administrator's 2019 Annual Report. We find the reported expenses for 2019 are reasonable. Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. The Commission also finds that the 2020 budget projection of \$158,500 is reasonable based upon the anticipated TRS expenses this year.

Based upon our review of the Annual Report and the Staff's recommendations, we find it is just and reasonable to raise the TRS contributions. Left unchanged, TRS contributions are projected to generate \$59,967 of revenue, but the 2020 budget we approve today is \$158,500. While the TRS fund's balance should cover the difference, this is not a long-term solution.

The TRS contributions shall be set at \$0.03 per access line per month and \$0.0008 per intrastate MTS/WATS minute. The costs of the TRS program have increased while revenue has continued to decline—due largely to fewer Idahoans having local telephone service access lines. Under *Idaho Code* § 61-1306(5) and IDAPA 31.46.02.000 *et seq*, the Commission must set the formulas apportioning the costs of the TRS program among the telephone corporations that will share the cost of the program. These formulas must provide the TRS fund with adequate revenue for the Administrator and the Commission to fulfill their statutory duties. For the TRS fund to remain viable, the access line and MTS/WATS minute rates must be increased. We remind those telephone corporations required to make these remittances that they may not pass these remittances to customers as a separate line item surcharge. *See* Order Nos. 24686 and 26541.

The Commission further finds that the projected 2020 allocation between local service and toll service is just and reasonable given the estimated number of access lines and toll minutes.

ORDER

IT IS HEREBY ORDERED that the Commission accepts the Administrator's 2019 Annual Report and 2020 budget.

IT IS FURTHER ORDERED that the 2020 TRS funding obligation of telephone corporations providing local service in Idaho be raised from \$0.02 per month per access line, to \$0.03 per month per access line—effective May 1, 2020.

IT IS FURTHER ORDERED that the 2020 TRS funding obligation for telephone corporations providing intrastate MTS/WATS service be raised from its existing level of \$0.0002 per intrastate billed minute, to \$0.0008 per intrastate billed minute—effective May 1, 2020.

IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures, revenues, and Federal Communications Commission actions. Any time it appears that revenues will not cover expenditures, the TRS Administrator is to immediately notify the Commission so it may evaluate whether TRS funding obligations should change.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

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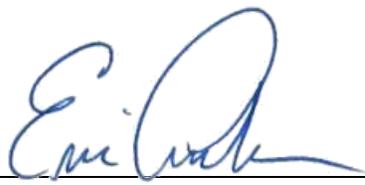
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of April 2020



PAUL KJELLANDER, PRESIDENT

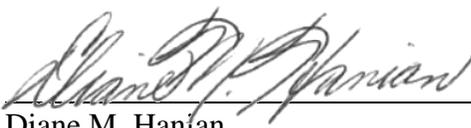


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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