

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE**

**FROM: DANIEL KLEIN**

**DATE: OCTOBER 11, 2019**

**RE: IDAHO TELECOMMUNICATIONS RELAY SERVICE (TRS)  
CONTRACT EXTENSION WITH HAMILTON  
TELECOMMUNICATIONS; CASE NO. GNR-T-19-07.**

### BACKGROUND

The TRS Administrator, pursuant to the TRS Act, contracts with a provider of relay services as approved by the Commission. See Idaho Code § 61-1303. The Administrator entered into an Agreement with Hamilton Telephone Company dba Hamilton Telecommunications (Hamilton) and the Agreement was approved by consent on June 20, 2016. The Agreement was for an initial term of three years beginning December 1, 2016 and ending November 30, 2019. The Agreement also automatically renewed for three additional one-year terms unless either party has given written notice of its desire to terminate the Agreement at least six months prior to the termination of either the initial three-year term or any renewal term thereafter. Renewal of the Agreement could be at different prices, terms and conditions than the initial three-year term.

On June 25, 2019, Staff received a report and recommendation from the TRS Administrator, Mr. Dunbar, regarding the Agreement with Hamilton. On August 29, 2019, Hamilton submitted a letter of intent to Mr. Dunbar, notifying him of Hamilton's wish to extend the Agreement entered into on July 22, 2016.

In this letter, Hamilton asks that the Administrator exercise the renewal option for the time period of December 1, 2019 through November 30, 2022 as allowed in the current Agreement.

The current rates for relay service provided by Hamilton are \$2.75 per conversation minute (actual conversation time) for traditional service and \$2.22 per conversation minute for CapTel. Through negotiations, Mr. Dunbar and Hamilton arrived at what the Administrator considers acceptable rate increases.

The letter of intent specifies that, for the three one-year renewal periods, Hamilton will provide traditional relay service at the rate of \$2.00 per session minute (conversation time plus set up and wrap up time) and CapTel service at the rate of \$2.00 per session minute. The one major change to the contract is to break out outreach services to a flat monthly rate of \$5,000 a month. With declining minutes of use, this is a common trend. About half of Hamilton's States have the outreach piece as a separate charge now. All other terms and conditions would remain the same as set forth in the Agreement.

#### **ADMINISTRATOR'S RECOMMENDATION**

Mr. Dunbar reports that the TRS Agreement with Hamilton is currently in the last year of the three-year contract. If the Commission approves, Hamilton requests that the TRS Agreement be extended for the next three years with the service rates mentioned above.

Mr. Dunbar asserts that Hamilton maintains a high standard of service to the Idaho TRS users, and the new rates are also in line with the current competitive rates seen in recent bidding results of other western states. Mr. Dunbar, therefore, believes the negotiated rates are fair and reasonable and recommends that the Commission approve the proposed extension of the contract from December 1, 2019 through November 30, 2022.

#### **STAFF RECOMMENDATION**

During the rate negotiation process, Mr. Dunbar kept Staff apprised of the situation. Staff believes that through compromise, the Administrator and Hamilton reached a fair and reasonable outcome. Staff agrees with Mr. Dunbar in his assessment of the quality of service that has been provided by Hamilton to the Idaho TRS users.

Mr. Dunbar reported that existing cash reserves will be more than adequate to accommodate Hamilton's proposed rate increases. Consequently, no changes to the current user assessments will be necessary. *See* Order No. 34285. The current assessment rates are \$0.02 per line and \$0.0002 per intrastate long distance (MTS/WATS) minute.

Alternatives to the Administrator's recommendation would necessitate the initiation of a Request for Proposal (RFP). The RFP option can be pursued, but may not produce a quality result for Idaho with the limited time available before the contract expiration date of November 30, 2019.

Considering the quality of service provided by Hamilton and the Company's good faith effort during the negotiation process with the Administrator, Staff believes the best option for the Idaho TRS users is to maintain Hamilton as the service provider. Staff, therefore, recommends Commission acceptance of Mr. Dunbar's recommendation.

### COMMISSION DECISION

Does the Commission accept the TRS Administrator's recommendation to extend the Agreement with Hamilton for three one-year terms at the revised rates of \$2.00 per session minute for traditional relay service, \$2.00 per session minute for CapTel service and \$5,000 a month for outreach services?



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Daniel Klein

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