

DECISION MEMORANDUM

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

FROM: DANIEL KLEIN

DATE: MARCH 19, 2020

RE: 2019 IDAHO TELECOMMUNICATIONS RELAY SERVICE ANNUAL
REPORT; CASE NO. GNR-T-20-09

BACKGROUND

Each February, the Administrator of the Idaho Telecommunications Relay Service (TRS or relay) files a report detailing the activities and status of the program during the previous year. The Administrator also determines the funding requirements for the following year and submits a recommended budget with the annual report.

In 1992, the Idaho Legislature established the Telecommunications Relay Service Act (TRS Act) in accordance with the federal Title IV of the American with Disabilities Act. The TRS enables 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. Under the Idaho TRS Act, all telephone corporations providing local or long-distance service (not including wireless or VoIP services) must provide TRS as set forth in the program and pay into the TRS Fund based upon an allocation methodology adopted by the Commission. *Idaho Code* § 61-1305. Pursuant to TRS Rule 202, the Commission sets the TRS funding levels each year based upon the Administrator’s Annual Report. IDAPA 31.46.02.202.

The Idaho TRS service provider, Hamilton Telecommunications (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.

THE 2019 ANNUAL REPORT

On February 13, 2020, the TRS Administrator, Ms. Kathleen Toohill, submitted the 2019 TRS Annual Report and the 2020 TRS Budget for Commission approval. During 2019, the Administrator reported that the relay center handled 7,125 minutes of conversation (including out-of-state long-distance minutes) compared to 10,698 minutes in 2018. This represents a 34% decrease in billable minutes. The number of Captioned Telephone (CapTel)¹ units held steady, while the total CapTel usage decreased by 15% to 13,627 minutes. An amendment was made with Hamilton's contract which changed the price per minute and compensation from conversation² to session minutes.³ In December of 2019, there were 1691 Session minutes for TRS and 839 Session Minutes for CapTel.

Disbursements from the TRS fund to Hamilton increased from \$56,404.87 in 2018 to \$60,558.62 in 2019, an increase of 7%. In-state traditional relay and CapTel services are reimbursed by Idaho's TRS fund, while the firm of Rolka Loube Saltzer Associates, LLC reimburses Hamilton for out-of-state relay calls as well as intrastate Internet relay and Internet video relay service usage. Hamilton's 2019 average answer time was .41 seconds; continuing an excellent response time.

1. 2019 Expenses. The TRS expenses for the year totaled \$90,669.62. Disbursements to Hamilton were \$60,558.62. The administrative fees and expenses for the reporting year were \$30,111. The end-of-year fund balance was \$263,730.80.

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. The total number of intrastate long-distance minutes reported by the telephone companies decreased by 20% from approximately 125,050,000 minutes in 2018 to approximately 100,128,800 minutes in 2019. The average monthly number of telephone lines reported decreased by 15% from 253,004 in 2018 to 215,423 in 2019. The 2019 annual

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.

² A conversation minute shall include 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 call minute does not include time in queue (call is ringing, waiting for a live answer), call set-up, call wrap-up, or calls that have reached numbers that are busy or received no answer.

³ A session minute is defined as 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 (busy, no answer, or wrong number) that do not reach the intended called party and includes call set-up and wrap-up.

contribution to the TRS fund was \$71,727.20, a decrease of \$14,005 (16%) from 2018. Local exchange services contributed \$51,701.44 (72%) and MTS/WATS contributed \$20,025.76 (28%). In Commission Order No. 34285, the per-line and per-minute assessments for 2019 were maintained at \$0.02 and \$0.0002, respectively.

3. Proposed 2020 Budget. The Administrator projects an annual operating budget of \$158,500. This budget reflects a change in administrative costs due to the change in the administrators contract as well as the higher costs of the Hamilton contract extension.⁴ The budget also includes \$8,000 for a contractual audit of the fund due to the change in administrators. 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 2020 TRS Funding Levels. Based on the proposed budget for 2020 and the 2019 end-of-year reserves, the Administrator presents the following options:

Option 1: Continue the present rates of contribution to ITRS at \$0.02 per line and \$0.0002 per minute. With the trends of recent years of diminishing inventory of landlines, 2020 Local Exchange Lines can be estimated to be approximately 183,110 (2019's count of 215,423 x 85% = 183,110 due to 15% decrease). 2020's Long Distance Minutes can be estimated at 80,103,040 (2019 Long Distance Minutes 100,128,800 x 80% = 80,103,040 due to 20% decrease). Therefore, revenue can be estimated with the current contributions to ITRS at \$59,967. With a 2020 budget of \$158,500 and a 2019 year-end balance of \$263,730.80, with the projected contributions, that could reduce the fund balance to \$165,197.80.

Option 2: Continue with the current \$0.02 per line and raise the long distance per minute rate (currently assessed at \$0.0002) in order to align the revenue so that the percentages come closer to a 50/50 split as 2019 was approximately a 72/28 split. If the lines reported are 183,110 (85% of 215,423 – 2019's assessed lines), and the split were 52/48 for 0.02 and 0.0005 then the fund balance would be reduced to \$189,228.72.

Option 3: Raise both rates, the \$0.02 line charge and the \$0.0002 rate, and find rates that will result in more of a 51/49 split, by raising the rates to \$0.03 per line and \$0.0008 per minute which would result in a fund balance of \$235,233.83. These rate changes ensuring longevity of the fund balance and the rates may not need to be raised again as quickly.

⁴ The Hamilton contract extension changed the billing from conversation minutes to session minutes and created a separate monthly charge for outreach services.

Another example of raising both rates and having a closer split, while keeping the fund balance relatively in line with 2019's year-end balance, would be to raise the line charge to \$0.04 and the long distance rate to \$0.0008 which would result in a fund balance of \$257,206.08. The split for these assessment rates is estimated at 58/42.

5. Hamilton Communications relay and caption telephone contract. The initial 3-year contract with Hamilton did conclude on 12-1-19. Hamilton and the ITRS did negotiate a 3-year extensions that runs to 12-1-2022. As mentioned earlier, the contract extension changed the billing from conversation minutes to session minutes and separated the outreach services to a separate monthly line item as opposed to being part the per minute rate.

STAFF'S RECOMMENDATION

Staff has reviewed the Administrator's Annual Report. Staff believes the Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. Staff also believes 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 sufficient to meet 2020 expenses, including any unforeseen events. Staff, therefore, agrees with the Administrator's recommendation in Option 3 to raise the TRS contributions to \$0.03 per access line per month and \$0.0008 per intrastate MTS/WATS minute.

COMMISSION DECISION

1. Does the Commission wish to accept the Administrator's recommendation to raise the current TRS assessment rates adopted in Order No. 34019?
2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2020?



Daniel Klein