

DECISION MEMORANDUM

TO: COMMISSIONER ANDERSON
COMMISSIONER HAMMOND
COMMISSIONER LODGE
COMMISSION SECRETARY
LEGAL

FROM: JOHAN E. KALALA-KASANDA
MICHAEL DUVAL, DEPUTY ATTORNEY GENERAL

DATE: APRIL 30, 2024

RE: 2023 IDAHO TELECOMMUNICATIONS RELAY SERVICE (“TRS”) ANNUAL REPORT; CASE NO. GNR-T-24-02

BACKGROUND

Every year, in 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 loss 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 204, the Commission sets the TRS funding levels each year based upon the Administrator’s Annual Report. IDAPA 31.46.02.204.

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 2023 Annual Report

On February 20, 2024, the TRS fund Administrator, Ms. Kathleen Toohill, submitted the 2023 Annual Report of the Idaho TRS Fund and the 2024 Idaho TRS Fund Budget for Commission approval. On April 10, 2024, Ms. Toohill submitted an amended TRS 2023 report to the Commission following several discussions with Commission Staff.

The Administrator reported that, in 2023, the call volume in the Idaho Relay Center realized 1,221 completed calls throughout 2023, an increase in the number of calls from 1,102 completed calls placed in 2022, or an increase of approximately 11%. The TRS minutes usage decreased 17.6 percent to 11,227.3 minutes compared to 13,624.04 session minutes in 2022. Caption Telephone Relay Service (“CTRS”)¹ call volume decreased approximately 66% in 2023 from the 2022 level. Advanced Speech to Speech (“STS”) was discontinued. However standard Speech to Speech Services generated 553 calls—which was a decrease from 652 calls in 2022. There were also 533 Spanish calls through Idaho Relay for 2023 as opposed to 652 calls in 2022.

For the year 2023, as shown in Table No. 1, total disbursements from the TRS fund to Hamilton Relay for the provision of all services for 2023 were \$101,065.13. This includes \$65,000.04 for digital transition outreach and \$36,065.09 for TRS, CTRS, and STS. Compared to the \$93,972.77 total disbursement made in 2022, this represents an increase of \$7,092.36 or 7%. In-state traditional relay and CTRS are reimbursed by Idaho’s TRS fund; 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.

Table No. 1: COMPARATIVE DISBURSEMENTS TO HAMILTON

	2023	2022
Outreach	\$65,000	60,000
TRS, CTRS, and STS	\$36,065	33,973
TOTAL	\$101,065	93,973

¹ CTRS 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 captioned telephone user with a more natural conversation.

A key performance indicator for TRS and CTRS is the average speed of answer (“ASA”) for a call to reach the relay switchboard and to be answered by a communication assistant. The Administrator reported that the ASA for 2023 was calculated as an average of 0.225 for TRS and .475 for CTRS. Of the CTRS calls, 99.75% were answered in 10 seconds or less, while 99% of TRS calls were answered in 10 seconds or less.

2023 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 telephone companies in 2023 was approximately 59,148,700 compared to 60,936,000 in 2022, a 3.0% decrease. The average monthly number of telephone lines reported increased by 1.0%, from 87,700 in 2022 to 88,344 in 2023.

As illustrated in Table No. 2, below, the 2023 total annual contribution to the TRS fund was \$112,149 compared to \$112,741 in 2022, a decrease of \$593 or 0.5%. In 2023, Local exchange services contributed \$53,006 (47%) and MTS/WATS contributed \$59,149 (53%). In Commission Order No. 35763, the per-line and per-long-distance minute assessments for 2023 were set to \$0.05 and \$0.001, respectively.²

Table No. 2: 2023 Idaho TRS Revenue

2023 Revenue sources	Amount	Percentage of Total
Local Service Providers (\$0.05/month/line)	\$53,006	47%
MTS/WATS Providers (\$0.001/min)	\$59,149	53%
TOTAL	\$112,149	100%

² The rates went into effect on May 1, 2021.

2023 Expenses

For 2023, as shown in Attachment D of the Amended TRS Administrator’s 2023 Annual Report, actual TRS total expenses amounted to \$141,274 compared to \$136,097 in 2022. This includes \$101,065 to Hamilton and \$40,209 in administrative fees and expenses for the reporting year, compared to \$42,124 in 2022. The end-of-year TRS fund balance was reported to be approximately \$68,872 compared to \$97,999 in the prior year.

Proposed 2024 Budget

As illustrated in Attachment D of the Amended TRS Administrator’s 2023 Annual Report and Table No. 3 below, the Administrator projected an annual operating budget of \$141,232. This includes the anticipated administrative costs as contracted, the Hamilton TRS payments, National Association of State Relay Administration (“NASRA”) membership dues, and bank charges. If assessment rates remain unchanged, the Administrator calculates the 2024 end-of-year fund balance will be significantly and dangerously low with no reasonable reserves. The 2024 year-end balance is projected to be approximately \$32,640—as shown in Table No. 4 below.

Table No. 3: TRS Budget Analysis

	2024 Projected
Total Revenue:	\$ 105,000
Expenses:	
Administrator (contract)	\$ 39,900
Bank Service Charges	\$ 132
Hamilton TRS Payments	\$ 101,000
NASRA Dues	\$ 200
Total Expenses	\$ 141,232

Proposed 2024 TRS Funding Levels

Pursuant to Commission Order No. 34988, the rates of contribution for TRS were raised to \$0.05 per line and \$0.001 per long-distance minute and went into effect on May 1, 2021. As illustrated in Table No. 4, below, the 2024 revenue for the fund can be estimated with the current contributions and current rates—which is approximately \$105,000. The 2023 budget is estimated to be \$141,232. The 2023 year-end balance of approximately \$68,872 is also the beginning balance of 2024. Thus, the projection is that the fund will end the year 2024 with a positive balance of \$32,640. This is a dangerously low level at which to maintain this fund.

Table No. 4: 2024 Fund Level Analysis

2024 Revenue Projection	Amount
1/1/2024 Beginning Balance	\$68,872
Plus 2024 Estimated Revenue	\$105,000
Sub-Total	\$173,872
Minus Estimated 2024 Expenses	\$141,232
31/12/2024 Ending Balance	\$32,640

Based on the proposed budget for 2024 and the 2023 end-of-year reserves, the Administrator recommends raising the current TRS assessment rates from the current \$0.05 to \$0.07 per access line per month but keeping the current long-distance rate of \$0.001 per intrastate MTS/WATS minute unchanged. This is Option 2 out of the four options recommended for consideration by the Administrator. These four options are listed below as follows:

Option 1 – Continue the present rates of contribution to TRS at \$0.05 per line and \$0.001 per minute. With the trend of recent years of diminishing inventory of landlines, 2024 Local Exchange Lines can be estimated to be about 78,300-83,000 per month, and long-distance minutes reported as 53,000,000-56,000,000. These forecasted numbers could be dramatically different than estimated due to the digital transition. Revenue could be estimated with the current contributions and current rates for TRS to be approximately \$100,000-\$107,000. With a 2024 budget estimate of \$141,232, the 2024 year-end fund balance would potentially fall in the

range of about \$21,000-\$28,000. If the line assessment included wireless lines, the income from the \$0.05 per line (wireless and wireline) at about 278,000 monthly lines would more than cover the projected 2024 expenses with income at \$167,194—not including the MTS/WATS assessment.

Option 2³ – Continue with the current long-distance per-minute rate of \$0.001 while raising the per-line rate. Raising the LEC rate to \$0.07 would allow an end-of-year fund balance to come out to about \$45,000-\$50,000 due to incoming revenue of about \$120,022 with the budget at \$141,232. This is illustrated in Attachment E, where various rates and fund balance projections are demonstrated.

Option 3 – If both rates are raised, the percentage of contributions would be less balanced. However, the fund balance would increase. If further breakdown is desired, this can be provided in more detail and can be seen through Attachment E of the Amended TRS Administrator’s 2023 Annual Report.

Option 4 – An additional option for Idaho TRS would be to look at other creative means of funding beyond landlines and MTS/WATS. According to the most recent data gathered by the NASRA, 29 of 50 states have relay services that are funded by wireless/VoIP line surcharges in addition to landlines. While analyzing the data, the national surcharge is \$0.08 per line per month. These surcharges range from one state (Kentucky) that receives from \$0.01 on all lines – wireline and wireless – while at the higher end, Alaska receives \$0.18 per wireless/wireline. Certain States in the Rocky Mountain Northwestern region, Montana and Oregon, are funded by a monthly \$0.10 wireless and landline surcharge while Wyoming is funded by a \$0.09 surcharge for all wireless and landlines.

³ Note. There is a lag in reporting month by telecommunications companies monthly reporting but especially when the companies report quarterly.

STAFF'S RECOMMENDATION

Staff has reviewed the Administrator's Amended 2023 Annual Report. Staff agrees with the Administrator's recommendation in Option 2 to raise the TRS contributions to \$0.07 per access line per month and leave the current long-distance rate of \$0.001 per intrastate MTS/WATS minute unchanged.

Staff also believes that the 2024 budget projection of \$141,232 is acceptable based on the anticipated 2024 TRS expenses. The projected revenue generated from the new rates, together with the current fund balance, should be sufficient to meet 2024 expenses and unforeseen events. Staff will be working very closely with the Administrator during the year in monitoring the fund level. Staff believes the Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications.

COMMISSION DECISION

1. Does the Commission wish to accept the Administrator's recommendation to raise the current TRS assessment rates from the current \$0.05 to \$0.07 per access line per month but keep the current long-distance rate of \$0.001 per intrastate MTS/WATS minute unchanged?
2. Does the Commission wish to accept the Administrator's Annual Report and adopt the Administrator's budget for 2024?



Johan E. Kalala-Kasanda

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