

5NR-T-05-03

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: GRACE SEAMAN

DATE: MARCH 31, 2005

RE: 2004 TELECOMMUNICATIONS RELAY SERVICE ANNUAL REPORT

On February 8, 2005, Idaho's Telecommunications Relay Service (TRS) Administrator, Mr. Robert Dunbar, submitted the 2004 TRS Annual Report to the Commission. He reported the relay service conversation time, including interstate long distance, totaled 403,866 minutes. This represents a 15% decrease from calendar year 2003. Likewise, disbursements to Hamilton Telecommunications of \$413,469 for in-state relay calls were approximately 16% less than 2003. Idaho's TRS Fund reimburses Hamilton Telecommunications for handling in-state relay traffic, while the National Exchange Carrier Association (NECA) reimburses Hamilton for out-of-state relay service.

<u>Fund Disbursements</u>	<u>2004</u>	<u>2003</u>
Hamilton Telecommunications	\$413,469	\$492,933
Program Administrative Expenses & Fees	<u>33,815</u>	<u>36,031</u>
Total	\$447,284	\$528,964

The TRS fund is supported by assessments on MTS/WATS minutes as well as access lines. The total number of intrastate toll minutes reported to the Administrator, during calendar year 2004, was approximately 290,224,680, and the number of lines reported was approximately 675,176. The annual contributions decreased by \$882 in 2004 and the end-of-year fund balance was \$267,121.

<u>TRS Revenue Contributions</u>	<u>2004</u>	<u>2003</u>
From basic service providers	\$323,125 (61%)	\$307,059 (58%)
From MTS/WATS providers	203,157 (39%)	220,041 (42%)
Interest earned on funds	<u>112</u>	<u>176</u>
Total	\$526,394	\$527,276

2005 TRS CONTRIBUTIONS

Mr. Dunbar has projected the 2005 annual operating expense requirement will be \$448,420. This includes a forecasted decrease in traditional relay usage reflecting user migration to Internet and video relay. The Administrator further applies a stable line count during 2005 and a continued decrease in long distance minutes. Additional budget items for 2005, includes funds associated with a triennial audit expected to occur in the fall, and the costs associated with processing of the TRS Request for Proposal (RFP). Hamilton's Idaho TRS contract will expire in December 2005. Mr. Dunbar anticipates the new contract will be awarded sometime in September. The Administrator also reminds the Commission, should the Federal Communications Commission require states to pay for other relay-related services such as Internet and video relay, the fund revenue will be quickly exhausted and the financial situation will require an immediate and substantial revenue increase in order to continue providing relay service.

Based on the estimated budget requirements for this year, Mr. Dunbar recommends the TRS contribution remain unchanged. At the current rates, the end-of-year balance is estimated at \$329,606.

STAFF RECOMMENDATION

Based on the proposed TRS budget for 2005, Staff agrees with the Administrator's recommendation that the 2005 TRS contribution remain unchanged at \$.04 per line per month and \$.0007 per intrastate toll minute in accordance with Order No. 29472.

COMMISSION DECISION

1. Does the commission wish to keep the TRS contribution at the current level as established by Order No. 29472?

2. Does the Commission wish to change the distribution or the methodology in some other way?


Grace Seaman

i:\udmemos/TRS annual report 2004