

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR'S 2004 ANNUAL) CASE NO. GNR-T-05-3
REPORT AND ESTABLISHING THE)
FUNDING LEVELS TO SUPPORT THE)
TELECOMMUNICATIONS RELAY) ORDER NO. 29754
SERVICE (TRS) PROGRAM)
_____)**

On February 8, 2005, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2004 Annual Report to the Commission. 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. Pursuant to TRS Rules 202 and 205, the Commission reviews the Administrator's Annual Report and determines the appropriate funding levels necessary to meet the program's expenses on a prospective basis. IDAPA 31.46.02.202 and .205. In this Order we accept the Administrator's 2004 Report and continue TRS funding at existing levels.

THE 2004 ANNUAL REPORT

The Administrator reported that the relay center handled 403,866 minutes of traffic in calendar year 2004. This represents a 14.7% decrease from calendar year 2003. The relay center operated by Hamilton Telecommunications converts or "relays" oral conversations to text-type and vice versa. The relay center also provides speech-to-speech and Spanish-to-Spanish relay services. Disbursements from the TRS fund to Hamilton in 2004 also decreased by about 16% from 2003. In-state relay traffic is reimbursed by Idaho's TRS fund while the National Exchange Carrier Association (NECA) reimburses Hamilton for interstate calls that are placed via the relay service. Hamilton provides traditional relay services at \$1.31 per conversion minute.

1. Expenses. TRS expenses for 2004 total \$447,284. The Administrator reported that disbursements to Hamilton were \$413,469. The administrative fees and expenses for the reporting year were \$33,815.

2. 2004 Revenues and Allocations. During 2004, the total number of telephone access lines reported to the TRS Administrator was approximately 675,176. The number of intrastate toll minutes for 2004 totaled approximately 290,224,680 minutes. The amount of toll minutes decreased by 7.6% from the prior year. The table below shows 2004 TRS contribution sources and amounts.

<u>2004 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.04/month/line)	\$323,125	61%
MTS/WATS Providers (\$0.0007/min)	203,157	39%
Interest Earned on Funds	112	
TOTAL	\$526,394	100%

The 2004 year-end balance of the TRS fund was \$267,121. This amount represents approximately a five-month reserve for the fund.

3. Proposed 2005 Budget. The Administrator projected an annual operating budget for 2005 of \$448,420. The budget includes an estimated decrease in relay usage reflecting user migration to Internet and video relay services. The 2005 budget also includes funds for the triennial audit and costs associated with putting the relay services out for bid. The Administrator reported that Hamilton's Idaho TRS contract will expire in December 2005.

The Administrator's Report also contained one note of caution. The Administrator observed that if the FCC requires states to pay for other relay-related services (such as Internet and video relay), the TRS fund will be quickly depleted. If this were to occur, he calculated that immediate and substantial revenues would be needed in order to shore-up the fund.

4. Proposed TRS Funding Levels. Based upon the proposed budget for 2005, the Administrator recommended that the TRS contributions from local service (currently \$0.04 per month per access line) remain the same. He also recommended that the contribution from MTS/WATS services (currently \$0.0007/minute) for intrastate traffic remain the same. The Administrator estimated that continuing the existing contribution amounts would result in an end-of-year balance of approximately \$329,000. He estimated that this amount, coupled with the projected fund balance, will be sufficient to fund the 2005 budget.

STAFF RECOMMENDATION

Following its review of the Administrator's Annual Report, the Staff recommended the Commission adopt the Report and the Administrator's projected budget for 2005. Staff also concurred with the Administrator's recommendation that existing funding levels be continued but that the Administrator monitor the fund balance during the year and recommend adjustments as necessary.

DISCUSSION

In this Order, we formally adopt the Administrator's 2004 Annual Report. Following our review of the Report, we find that the 2004 expenses are reasonable. Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. TRS services now include "711" dialing and Spanish language services.

The Commission further finds that the 2005 budget projection of \$448,420 is reasonable based on the anticipated expenses of the TRS program. The Commission finds that the 2005 budget is reasonable given the offsetting decrease in relay minutes and the increase in expenditures for the triennial audit and the Request for Proposal (RFP) process. The Commission further finds that the projected revenue together with the current fund balance should be sufficient to meet 2005 expenses.

Based upon our review of the Report and the Staff's recommendations, we further find that it is just and reasonable to continue the TRS contributions at their current funding levels: \$.04 per access line per month; and \$.0007 per minute per intrastate MTS/WATS calls. The Commission further finds that the projected 2005 allocation between local service and toll service (61% and 39%, respectively) is just and reasonable given the estimates in the number of access lines and toll minutes.

ORDER


IT IS HEREBY ORDERED that the TRS funding obligation of telephone corporations providing local service in Idaho be continued without change at the existing level of \$.04 per month per access line.

IT IS FURTHER ORDERED that the TRS funding obligation for telephone corporations providing intrastate MTS/WATS service be continued at its existing level of \$.0007 per intrastate billed minute.

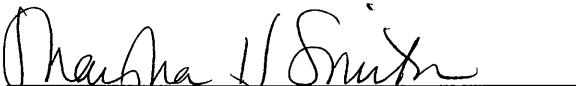
IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures and revenues. Any time he believes that revenues will not cover expenditures, he is to immediately notify the Commission so that we may evaluate whether changes in the existing TRS funding obligations are necessary.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GNR-T-05-3 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. GNR-T-05-3. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626 and 62-619.

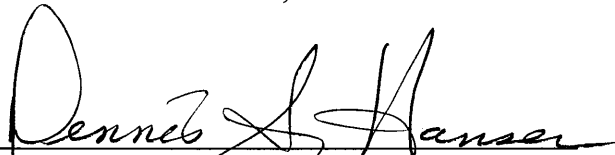
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12th day of April 2005.



PAUL KJELLANDER, PRESIDENT

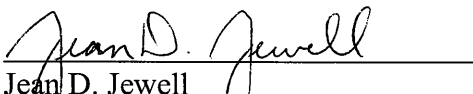


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

b1s/O:GNRT0503_dh