

## DECISION MEMORANDUM

**TO:** COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSIONER KEMPTON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN

**DATE:** MARCH 24, 2008

**RE:** 2007 TELECOMMUNICATIONS RELAY SERVICE ANNUAL REPORT;  
CASE NO. GNR-T-08-01.

### BACKGROUND

Title IV of the Americans with Disabilities Act requires all states to provide a Telecommunications Relay Service (TRS) program that 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.” This requirement is codified in *Idaho Code* § 61-1301. Under the Idaho TRS Act, all telephone corporations providing local or long-distance service (not including cellular or VoIP) pay into the TRS Fund to defray the costs of providing TRS services. *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 2007 ANNUAL REPORT

On January 25, 2008, the TRS Administrator, Mr. Robert Dunbar, submitted the 2007 TRS Annual Report and the 2008 TRS Budget for Commission approval. Mr. Dunbar reported the 2007 relay service conversation time, including interstate long distance, totaled 190,173 minutes. This represents a 28% decrease from calendar year 2006. Likewise, disbursements of \$250,755 to the TRS service provider, Hamilton Telecommunications, for in-state relay calls were approximately 6% less than 2006. Idaho’s TRS fund reimburses Hamilton Telecommunications for processing in-state traditional relay and captioned telephone (CapTel)

calls, while the National Exchange Carrier Association (NECA) reimburses Hamilton for processing out-of-state relay calls.

Mr. Dunbar reported that traditional relay usage decreased in 2007 while the CapTel devices adopted by the hard-of-hearing users increased by 32%. The increase in CapTel billed minutes largely offset the 28% decrease in traditional relay use. 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.

### **CERTIFICATION OF THE IDAHO TRS PROGRAM**

On June 22, 2007, the Federal Communications Commission (FCC) released Order DA 07-2761, in CG Docket No. 03123. In this document, the FCC announced that it would accept applications for the renewal of state TRS program certification for a five-year period. On behalf of the Idaho Public Utilities Commission, Mr. Dunbar submitted the required information and documentation that demonstrated the Idaho TRS system is meeting or exceeding all mandatory minimum standards specified in 47 CFR 64.604 of the FCC rules. *See* Title IV of the Americans with Disabilities Act, 47 U.S.C. 225 of the Communications Act. Mr. Dunbar received confirmation that the FCC received Idaho's application. The FCC will review the applications and recertify the states in mid 2008.

### **2007 TRS REVENUE AND EXPENSES**

The TRS fund is supported by assessments on local telephone service (per access line) and billed intrastate long distance (MTS/WATS or "toll") minutes. In 2007, the total number of intrastate toll minutes reported by the telephone companies was approximately 312,000,000, and the average number of local telephone lines reported per month was 647,800. The 2007 annual contribution to the TRS fund totaled \$289,173, a decrease of \$135,982 (32%) from 2006. This decrease reflected the sharp 2007 fourth quarter reduction in lines and toll minutes, but it also reflected the decrease in assessment rates made by the Commission in 2007. In Order No. 30273, issued on March 16, 2007, the line rate was decreased from \$0.03 to \$0.02 and the

intrastate per minute toll rate was decreased from \$0.0003 to \$0.0002. The TRS administrative fees and expenses for 2007 were \$42,157, and the end-of-year balance of the TRS fund was \$469,726. The comparison of the 2007 disbursements and contributions to the previous year are as follows:

<u>TRS Fund Disbursements</u>	<u>2007</u>	<u>2006</u>
Hamilton Telecommunications	\$250,755	\$265,580
Program Administrative Expenses & Fees	<u>42,157</u>	<u>45,389</u>
Total	\$292,912	\$310,969
<u>TRS Revenue Contributions</u>	<u>2007</u>	<u>2006</u>
Local access service providers	\$199,922	\$267,535
MTS/WATS providers	89,251	157,620
Interest earned on funds	<u>63</u>	<u>189</u>
Total	\$289,236	\$425,344

## **2008 TRS BUDGET AND TRENDS**

Mr. Dunbar estimated the 2008 annual operating expenses to be \$284,356. This budget includes a forecasted 20 percent decrease in traditional relay minutes of use and a corresponding increase in CapTel use. Mr. Dunbar also anticipates a continued decrease in both the number of lines and billed toll minutes as seen in the fourth quarter of 2007.

In last year's annual report, Mr. Dunbar advised the Commission of the FCC's intent to require the state commissions to assume payment for intrastate Internet services that include Internet Relay (IR) and Video Relay (VRS) services. These Internet services are currently funded through NECA. The FCC did not take action in 2007, but Mr. Dunbar reiterated that this situation warrants continued monitoring during 2008. As previously noted by the Administrator, estimated assessments for intrastate IR and VRS would quadruple the current TRS budget and would necessitate an immediate increase in the assessment rates.

## **ADMINISTRATOR'S 2008 FUNDING RECOMMENDATION**

Mr. Dunbar developed the 2008 budget, by taking into consideration the reduced relay usage trend, the 2007 fourth quarter revenue reduction associated with decreased number of lines

and toll minutes reported by the telephone companies, and the possibility of a change in the FCC Internet funding shift. Mr. Dunbar acknowledged that should the FCC transfer the responsibility of funding the IR and VRS services to the states, Idaho's current TRS fund balance would provide an adequate five- to six-month reserve. Thus, Mr. Dunbar recommends that the TRS assessment rates remain unchanged for 2008.

#### **STAFF'S RECOMMENDATION**

Staff has reviewed the TRS annual report and agrees with the Administrator's recommendation to maintain the current TRS assessment rates. Staff also agrees with the Administrator that the fund reserve allows the Commission adequate time to react to any future possibility of federally imposed changes that may occur regarding IR and VRS funding. Staff, therefore, recommends that the Commission approve the Administrator's proposal to maintain the current access line and MTS/WATS assessment rates and the Administrator's 2008 budget.

#### **COMMISSION DECISION**

1. Does the Commission wish to accept the Administrator's recommendation to maintain the current TRS contribution levels adopted in Order No. 30273?
2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2008?
3. Does the Commission wish to change the assessment distribution or the methodology in some other way?

  
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Grace Seaman

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