



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF A PETITION BY AT&T )  
CORP. FOR AN INCREASE IN RATES FOR )  
THE PROVISION OF TELECOMMUNI- )  
CATIONS RELAY SERVICE IN NEW JERSEY )  
AND EXTENSION OF THE CONTRACT FOR )  
OPERATION OF A TELECOMMUNICATIONS )  
RELAY SYSTEM )

ORDER OF APPROVAL

DOCKET NO. TR00120938

(SERVICE LIST ATTACHED)

BY THE BOARD:

On December 5, 2000, AT&T Corp. (Petitioner or AT&T) filed a petition with the Board of Public Utilities (Board) for approval of two rate adjustments associated with its provision of Telecommunications Relay Service (TRS) in New Jersey and for approval of a one year extension of its current agreement (Agreement) to provide each service. The first adjustment is an increase which AT&T asserted was justified in order to reimburse it for the costs of satisfying new Federal Communications Commission (FCC) requirements. The second rate adjustment is related to its request for a one year extension of its current contract, pursuant to which AT&T operates New Jersey's telecommunications relay system.

AT&T currently provides TRS in New Jersey pursuant to an agreement approved by the Board in Docket No. TX95070318 (July 30, 1997), which became effective August 1, 1997. The original agreement as approved in Docket TX95070318 permitted up to three one year extensions, two of which have been already approved by the Board in Docket No.s TX99070444 (July 28, 1999) and TX00070467 (August 17, 2000), which became effective August 1, 1999 and August 1, 2000, respectively. The third extension, if approved by the Board, would become effective August 1, 2001.

The initial and second extensions were granted by the Board after having determined that the service was being provided at a price less than AT&T's cost of providing the service even with the 5% price increase granted each time. The current price is \$.7387 per conversation minute. This fee is billed to those local exchange and interexchange carriers whose New Jersey gross annual operating revenues exceed one-half of one percent of the total gross operating revenues of all facilities based New Jersey telephone companies. Each of the participating companies pays a portion determined by calculating the ratio of its revenue to that of all paying companies, and applying that ratio to each monthly TRS bill received from AT&T.

On March 6, 2000, the Federal Communications Commission (FCC) amended its rules governing TRS to expand the types of required relay services and improve service quality. See Report and Order and Further Notice of Proposed Rulemaking, I/M/O Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CC Docket No. 98-67, FCC 00-56 (March 6, 2000); 47 U.S.C. §§64.601 et seq. These amendments require AT&T to provide the following TRS improvements:

- (1) meet a more stringent daily (instead of monthly) measurement of the metric requiring 85% of all calls to be answered within ten seconds (47 U.S.C. §64.604(b)(2));
- (2) the offering of speech-to-speech (STS) and Spanish relay services (47 U.S.C. §64.603);
- (3) the handling of pay-per-call services (47 U.S.C. §64.604(b)(6));
- (4) the establishment of a new and higher minimum typing speed for communications assistants (CAs) (47 U.S.C. §64.604(a)(1) and,
- (5) the reduction of disruptions during relay calls by the establishment of minimum lengths of time that CAs are to stay with a call before being relieved by another CA (47 U.S.C. §64.604(a)(5)).

Except for the STS and Spanish Relay features, which were to be provided by March 1, 2001, all other criteria were to be met by December 18, 2000. AT&T implemented all of these improvements in New Jersey by December 18, 2000.

In establishing the new call answering requirements and features, the FCC has added requirements to the provision of TRS service which were not considered when the Board and AT&T entered its current contract. Because these requirements were not foreseen, and requirements 1, 4 and 5 above require additional CAs, AT&T has now petitioned the Board for the additional funds necessary to cover the added expenses which would be generated by the new requirements.

In order to fund the new requirements, AT&T has proposed to increase the price by \$.10 to \$.8387 per intrastate conversation minute and has provided information that, according to AT&T, demonstrates that this price is below AT&T's cost of providing the service. In view of the fact that a third extension of the original contract will be coming before the Board soon, AT&T also proposed a 5% increase over the \$.8387 per minute rate for the third extension period beginning August 1, 2001 and ending July 31, 2002. If granted, this 5% increase would raise the cost per conversation minute on August 1, 2001 to \$.8806 per intrastate conversation minute, which would still be under AT&T's cost to provide TRS. Information provided by AT&T (Petition at 4), as well as Staff's review of TRS rates around the country, reveals that this rate is considerably lower than most other jurisdictions.

A copy of the petition was served on each of the parties<sup>1</sup> who pay for TRS service, and in addition, a letter from Staff was sent to them on January 23, 2001 requesting that they provide comments. In order to assure that those parties who currently share the cost for TRS had an opportunity to express their views on AT&T's petition, staff requested comments on the petition no later than February 5, 2001, and reply comments, if any, by February 19, 2001. The only comments received by Staff were from the Division of Ratepayer Advocate (Advocate). In its letter to the Board dated February 5, 2001, the Advocate recommended approval of the \$.10 per minute portion of petitioner's request, based upon its review of cost information provided by AT&T, and the National Exchange Carrier Association data submitted to the Federal Communications Commission in I/M/O Telecommunications Services for Individuals with

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<sup>1</sup> Verizon New Jersey, AT&T, Sprint United, Warick Valley and MCI WorldCom

Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990; Supplemented Submission Concerning the Payment Formula and Fund Size Estimate for the Interstate Telecommunications Relay Services (TRS) Fund for July 2000 through 2001, CC Docket No. 90-571. Pursuant to that review, the Advocate concluded that “this request is reasonable,” and recommended that approval be retroactive to December 18, 2000. Advocate Letter at 2. The Advocate recommended deferral of the request for the 5% additional increase effective August 1, 2001, pending the submission of updated cost information or a certification that such new data will have no material impact on the estimates provided with the petition. Advocate Letter at 3.

On February 28, 2001, AT&T responded to the Advocate’s comments and provided a certification by Dennis M. Och, Chief Financial Officer of the AT&T business unit responsible for TRS, that the cost information provided with AT&T’s December 5, 2000 petition has not changed in any material respect when compared against information available as of February 28, 2001, and is the best available information concerning AT&T’s costs of providing TRS during the period August 1, 2001 through July 31, 2002. No other reply comments were received.

### DISCUSSION

In view of the fact that (1) the March 6, 2000 FCC changes are not reflected in the current TRS rates approved by the Board; (2) AT&T has provided cost justification which demonstrates the reasonableness of the requested rate increases, (3) no payer of TRS charges has objected to this petition; (4) AT&T has provided quality service to TRS users in this State since December 199;1 and AT&T has previously absorbed changes in rules (such as enablement of 711 dialing) without requesting additional payment, the Board HEREBY FINDS that the \$0.10 increase in the price per intrastate conversation minute is just and reasonable, and in accordance with law. Accordingly, the Board HEREBY APPROVES this increase in the intrastate relay rate effective December 18, 2000. Furthermore, for the same aforementioned reasons, the Board FINDS that approval of an additional one (1) year extension of the Agreement is in the public interest and in accordance with law. Therefore, the Board HEREBY APPROVES a one (1) year extension of the Agreement, from August 1, 2001 through July 31, 2002, and a price increase effective August 1, 2001, of 5% which shall be incorporated into the extended Agreement. As a result of these approvals, the new prices per conversation minute shall be \$0.8387 effective December 18, 2000 through July 31, 2001, and \$0.8806 effective August 1, 2001 through July 31, 2002. Furthermore, the Board has reviewed the form of Agreement providing for the contract extension which is attached hereto and, for the reasons set forth above, APPROVES it and incorporates it into this written Order as if fully set forth herein. The Board AUTHORIZES the President of the Board to execute the attached agreement on its behalf.

The Board notes that in footnote 9 of its December 5, 2000 petition, AT&T also requested reimbursement for interstate speech-to-speech TRS at the proposed new intrastate rate of \$.8387 per conversation minute for the period from December 18, 2000 to February 28, 2001 because the interstate service will be available to New Jersey’s speech-impaired callers as of December 18, 2000, but the FCC will not reimburse AT&T for interstate speech-to-speech calls until March 1, 2001. The Board HEREBY DENIES this portion of the petition since reimbursement of interstate relay calls is outside of the Board’s jurisdiction.

Finally, the Board DIRECTS AT&T to provide notification of these increases to the payers of TRS by direct mail no later than five days from the date of this Order.

DATED: 4/27/01

BOARD OF PUBLIC UTILITIES  
BY:

(signed)  
CAROL J. MURPHY  
ACTING PRESIDENT

(signed)  
FREDERICK F. BUTLER  
COMMISSIONER

ATTEST:

(signed)  
FRANCES L. SMITH  
BOARD SECRETARY