

Service Date

October 28, 1998 BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF REVIEWING THE ADMINISTRATOR'S ANNUAL REPORT AND ESTABLISHING THE FUNDING LEVELS TO SUPPORT THE TELECOMMUNICATIONS RELAY SERVICES PROGRAM. |) CASE NO.) GNR-T-98-17 |
| |) ORDER NO.) 27783)))) |

In February 1998, the Telecommunications Relay Services (TRS) Administrator filed his annual report with 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 et seq.* In his report, the Administrator recommended that the Commission continue the current funding levels established in December 1997. On March 11, 1998, the Commission accepted the Administrator's report and his funding recommendations, conditioned upon the Staff's verification that the local and toll contributions fall within certain allocation parameters. The Staff subsequently advised the Commission that the TRS contributions were within the prescribed parameters.

The Staff has recently brought to our attention that although we accepted the Administrator's report and concluded that the TRS funding levels should be continued, no Order was actually issued. To correct this inadvertent oversight, we issue this Order.

THE 1997 ANNUAL REPORT

1. Operations. The Administrator reported that the total amount of 1997 relay minutes was 518,523, or a 14% increase in the conversational minutes from calendar year 1996. Although the number of relay minutes increased, the average length per relay call decreased 6% compared with 1996. The Administrator observed that these changes demonstrated that relay users are acquiring a better understanding of how the relay system works. In addition, he estimated that the contract relay center, operated by Hamilton Telecommunications, was becoming more efficient in handling the calls.
2. Expenses. The Administrator reported that disbursements to Hamilton Telecommunications for the calendar year 1997 were approximately \$377,000. This represented an increase in relay service expense of 12% from the prior year but favorably compares to the increase in TRS call minutes. Administrative expenses for the reporting year decreased from 1996 levels to approximately \$32,500.
3. Revenues and Allocations. The Administrator observed that on December 19, 1997, the Commission increased the TRS funding levels to \$0.04 per access line per month and \$0.0007 per minute for intrastate MTS/WATS toll calls. Order No. 27276. These adjustments to the TRS funding levels were prompted by the Administrator's projection of a revenue shortfall for 1997. If unchecked, the shortfall was projected to increase to approximately \$170,000 for 1998. *Id.* As set out in Order No. 27276, the Commission found that the 1997 shortfall was caused by several factors including: (1) the increased usage of the relay services; (2) reduced toll contributions due to the implementation of extended area service (EAS) [In Order No. 26672 issued in November 1996, the Commission authorized U S WEST to create three large, regional calling areas in southern Idaho. The creation of the regional calling areas allowed approximately 400,000 U S WEST customers toll-free calling within their respective calling regions. This significantly reduced the number of toll calls and, consequently, the toll revenue contributed to the TRS program.] in southern

Idaho; and (3) an approximate \$16,500 billing adjustment owed to Hamilton. To offset the projected shortfall in the TRS fund, the Commission increased the TRS funding levels as mentioned above. The Administrator reported that the fund for 1997 had an ending balance shortfall of approximately \$3,800 (revenues of \$406,000—expenses of \$409,800). This deficiency was carried over to 1998 and extinguished by the increase in funding levels.

The Administrator reported that in 1997, approximately 54% of the TRS contributions were collected from local exchange service and 46% were from MTS/WATS contributions. An additional \$1,565.18 was recorded from earned interest on the TRS funds. For 1998, the Administrator projected revenues of \$546,747 with the same allocation between toll and local sources. However, the Administrator estimated that TRS contributions from MTS/WATS usage would continue to decrease as the number of EAS customers increased.

4. Other Comments. The Administrator also reported that users of the relay service continue to be satisfied with its operation. He also advised that the FCC had recertified Idaho's relay system for an additional five years. He concluded his report by suggesting that the Commission evaluate utilizing a flat line charge of approximately \$0.074 per month instead of the bifurcated local service and toll minute contributions. He noted that most states have moved to a flat per line rate and was unaware of another state which utilized an MTS/WATS usage contribution.

At the March 11, 1998 decision meeting, the Commission adopted the Administrator's recommendation to continue the TRS funding levels as set in December 1997. The Commission, however, requested that the Staff verify that the collection of the TRS contributions will fall within a 60/40 distribution. In other words, the Commission wanted to maintain the roughly equal contribution levels from local service and toll service and not to exceed a deviation greater than 10% —not above (60%) or below (40%) equal contributions. Staff calculated that continuing the existing TRS funding levels at \$.04 per access line per month and \$.0007 per minute would equate to local service contributing approximately 54% and toll contributing approximately 46% of 1998 revenues.

DISCUSSION

In this Order, we formally adopt the Administrator's 1997 annual report. Following our review of the report, we find that Idaho citizens continue to be well served by the relay services provided by Hamilton. We find that the increased 1997 expenses of the program mirror the increased usage of the relay service. We also agree with the Administrator's conclusion that the 6% decrease in the average length per relay call demonstrated improved efficiencies.

The Commission further finds that the 1998 budget projection of \$546,747 is reasonable based upon the anticipated expenses of the TRS program and will ensure the sufficiency of minimum fund balances. The Commission believes that the 1998 budget is reasonable given the 1997 shortage and the Hamilton billing adjustment; the continued expansion of EAS regions; and the normal growth in relay usage. The Commission also finds that the current allocation between local service and toll service (54% local and 46% toll) is fair, just and reasonable.

Based upon our review of the Administrator's annual report and our Staff's recommendations, we accept the Administrator's recommendations to continue the current TRS funding levels. We find that it is just and reasonable to continue the TRS rates at \$.04 per access line per month and \$.0007 per minute on intrastate MTS/WATS calls. The appropriateness of these rates shall again be reviewed in the Administrator's annual report in February 1999. Finally, we shall direct the Staff and the Administrator to review the TRS Rules, IDAPA 31.46.02.000. The Staff and the Administrator should advise us if the Commission should consider amending the TRS Rules to improve their clarity.

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 of telephone corporations providing intrastate MTS/WATS service be continued at its existing level at \$.0007 per intrastate billed minute.

IT IS FURTHER ORDERED that the TRS Administrator and the Commission Staff recommend as part of their next annual review necessary changes to the TRS Rules.

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-98-17 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-98-17. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* • 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this day of October 1998.

DENNIS S. HANSEN, PRESIDENT

RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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