

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER RAPER
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: GRACE SEAMAN

DATE: MARCH 13, 2015

**RE: 2014 IDAHO TELECOMMUNICATIONS RELAY SERVICE ANNUAL
REPORT; CASE NO. GNR-T-15-02.**

BACKGROUND

Each year the Administrator of the Idaho Telecommunications Relay Service (TRS or relay) files a report detailing the activities and status of the program during the previous year. The Administrator also determines the funding requirements for the following year and submits a recommended budget with the annual report.

In 1992, the Idaho Legislature established the Telecommunications Relay Service Act (TRS Act) in accordance with the federal Title IV of the American with Disabilities Act. The TRS enables 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. Under the Idaho TRS Act, all telephone corporations providing local or long-distance service (not including cellular or VoIP) must provide TRS as set forth in the program and pay into the TRS Fund based upon an allocation methodology adopted by the Commission. *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 Idaho TRS service provider, Hamilton Telecommunications (Hamilton), operates the relay center where oral conversations are converted or “relayed” to text-type and vice versa. The relay center also provides speech-to-speech, Spanish-to-Spanish, video, and Internet relay services.

THE 2014 ANNUAL REPORT

On January 29, 2015, the TRS Administrator, Mr. Dunbar, submitted the 2014 TRS Annual Report and the 2015 TRS Budget for Commission approval. The Administrator reported that the relay center handled 32,254 minutes of conversation during calendar year 2014 compared to 38,724 minutes in 2013, a 14% decrease. Most of the conversation minutes were associated with Captioned Telephone service (CapTel)¹ calls. During the last year, the number of CapTel telephones increased by 8% and the total CapTel usage increased by 24% to 30,947 minutes.

Disbursements from the TRS fund to Hamilton in 2014 increased from \$92,131 in 2013 to approximately \$108,394 in 2014. In-state traditional relay and CapTel services are reimbursed by Idaho's TRS fund, while the firm of Rolka Loube Saltzer Associates, LLC (RLSA) reimburses Hamilton for out-of-state relay calls as well as intrastate Internet relay and Internet video relay service usage. The 2014 average answer time by Hamilton improved from an excellent .4 seconds to .24 seconds.

1. 2014 Expenses. The TRS expenses for 2014 totaled \$147,243. The Administrator reported that disbursements to Hamilton were \$108,394. The administrative fees and expenses for the reporting year were \$38,849 and the end-of-year fund balance was \$299,491.

2. 2014 Revenues and Allocations. The TRS fund is supported by assessments on local exchange telephone service (residential and business) access lines and on billed intrastate long distance minutes. The total number of intrastate long distance minutes reported by the telephone companies in 2014 decreased by 21% from approximately 221,794,300 in 2013 to approximately 175,545,800 in 2014. The average monthly number of telephone lines reported also decreased by 4% from 398,843 in 2013 to 382,843 in 2014. The 2014 annual contribution to the TRS fund was \$126,426, a decrease of \$12,631 (9%) from 2013. Local exchange services contributed \$91,728 (73%) and MTS/WATS contributed \$34,678 (27%). In Commission Order No. 32999, the per-line and per-minute assessments for 2014 were maintained at \$0.02 and \$0.0002, respectively. A comparison of the 2014 revenue from the previous year is as follows:

¹ 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.

<u>TRS Revenue Contributions</u>	<u>2014</u>	<u>2013</u>
Local exchange service providers	\$91,728	\$94,966
MTS/WATS providers	34,678	44,090
Interest earned on funds	<u>31</u>	<u>31</u>
Total	\$126,437	\$139,087

3. Proposed 2015 Budget. The Administrator projects an annual operating budget of \$151,100. The 2015 budget reflects a stable traditional relay usage in 2015. The budget estimate also includes the cost of a triennial audit that was conducted in the fourth quarter of 2014. If assessment rates remain unchanged, the Administrator calculates the 2015 end-of-year fund balance will remain near its current level.

4. Proposed 2015 TRS Funding Levels. Based on the proposed budget for 2015 and the end-of-year reserves, the Administrator recommends that the Commission maintain the assessment rates at the current level for local exchange lines at \$.02 per month and \$.0002 per intrastate MTS/WATS billed minute. This will maintain a cushion if unexpected expenses or program changes occur.

TRS-Related FCC Activities

In the past two years, the FCC has issued Orders that may significantly impact the TRS program and merit careful monitoring by the states. These are discussed below.

1. Internet Protocol Captioned Telephone Service (IP CTS). The FCC oversees and funds a nationwide TRS program, which compensates carriers that provide out-of-state TRS calls over traditional wireline facilities, as well as Voice over Internet Protocol (VoIP) services.² One form of relay service that uses VoIP is the IP CTS. At the National Association of Relay Administrators (NASRA) conference last fall, an FCC representative, reiterated that the FCC is reassessing the transfer of fiscal and operational responsibility for IP-CTS from the FCC to the states.³ Idaho does not administer IP CTS and does not have funding nor processes in place should the FCC transfer responsibility of this program to state jurisdictions.

² Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Misuse of Internet Protocol Captioned Telephone Service and Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 13-24 and CG Docket No. 03-123 (FCC 13-118), rel. August 26, 2013 (FNPRM).

³ *Id.* at para. 4.

2. TDM⁴-to-IP Transition Experiments. The FCC adopted a framework for approving trials, or experiments for preserving traditional communications-related values, such as public safety, consumer protection, competition, and universal access, as networks complete the transition from legacy circuit-switched, copper technology to an IP-based packet-switched fiber and wireless networks. These experiments will include changes to the TRS, which will have a direct impact on the Idaho relay. Idaho's traditional TDM relay system and the associated equipment are not compatible with a IP-based, packet-switched network. Additionally, Idaho has an aging population of TRS users that may not be comfortable switching to IP-compatible equipment. Thus, it is important for all state jurisdictions to monitor the results of the experiments and provide performance feedback should the FCC require state TRS networks to partially or fully transition to the IP TRS model.

STAFF'S RECOMMENDATION

Staff has reviewed the Administrator's Report and believes the expenses are reasonable. Staff believes the Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. Staff also believes that the 2015 budget projection of \$151,100 is acceptable based on the anticipated TRS expenses. The projected revenue together with the current fund balance should be sufficient to meet 2015 expenses, including any unforeseen events. Staff, therefore, agrees with the Administrator's recommendation to maintain the TRS contributions at the current funding levels of \$0.02 per access line per month and \$0.0002 per intrastate MTS/WATS minute.

⁴ Time-Division Multiplexing (TDM) is primarily used for digital signals, but can also accommodate analog multiplexing. This is the technology generally considered when referencing the Public Switched Telephone Network (PSTN), an aggregate of the world's circuit-switched telephone networks.

COMMISSION DECISION

1. Does the Commission wish to accept the Administrator's recommendation to maintain the current TRS assessment rates adopted in Order No. 32768?
2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2015?


Grace Seaman
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