

## DECISION MEMORANDUM

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

**FROM:** GRACE SEAMAN

**DATE:** MARCH 16, 2017

**RE:** 2016 IDAHO TELECOMMUNICATIONS RELAY SERVICE ANNUAL  
REPORT; CASE NO. GNR-T-17-02

### BACKGROUND

Each February 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 wireless or VoIP services) 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 2016 ANNUAL REPORT

On February 10, 2017, the TRS Administrator, Mr. Dunbar, submitted the 2016 TRS Annual Report and the 2017 TRS Budget for Commission approval. During 2016, the Administrator reported that the relay center handled 15,175 minutes of conversation (including out-of-state long distance minutes) compared to 21,397 minutes in 2015. This represents a 29% decrease in billable minutes. The number of Captioned Telephone (CapTel)<sup>1</sup> units increased by 6% while the total CapTel usage decreased by 6% to 25,562 minutes.

Disbursements from the TRS fund to Hamilton decreased from \$85,515 in 2015 to \$77,195 in 2016. In-state traditional relay and CapTel services are reimbursed by Idaho's TRS fund, while the firm of Rolka Loubé Saltzer Associates, LLC reimburses Hamilton for out-of-state relay calls as well as intrastate Internet relay and Internet video relay service usage. Hamilton's 2016 average answer time was 0.40 seconds; an excellent response time.

1. 2016 Expenses. The TRS expenses for the year totaled \$117,040. Disbursements to Hamilton were \$77,195. The administrative fees and expenses for the reporting year were \$39,845, including an expense of \$12,675 for the service provider Request for Proposal that was issued and awarded to Hamilton in 2016. The end-of-year fund balance was \$284,569.

2. 2016 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 decreased by 23% from approximately 205,535,000 minutes in 2015 to approximately 158,535,000 minutes in 2016. The average monthly number of telephone lines reported increased by 3% from 377,860 in 2015 to 391,132 in 2016. The 2016 annual contribution to the TRS fund was \$109,971, a decrease of \$6,685 (6%) from 2015. Local exchange services contributed \$78,264 (71%) and MTS/WATS contributed \$31,707 (29%). In Commission Order No. 33481, the per-line and per-minute assessments for 2016 were maintained at \$0.02 and \$0.0002, respectively.

3. Proposed 2017 Budget. The Administrator projects an annual operating budget of \$101,840. This budget reflects a continued decline in traditional relay usage as well as a tri-

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<sup>1</sup> 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.

annual audit expense of approximately \$7,000. If assessment rates remain unchanged, the Administrator calculates the 2017 end-of-year fund balance will remain near its current level.

4. Proposed 2017 TRS Funding Levels. Based on the proposed budget for 2017 and the 2016 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 provide a cushion should unexpected expenses or program changes occur at the Federal Communications Commission (FCC).

### **TRS-Related FCC Updates**

In recent years, the FCC has issued Orders that directly impact the Idaho TRS programs. In addition, FCC representatives have communicated that program funding changes are periodically reviewed for alternative cost management options. Any changes to the program can have a significant impact on service and funding, and therefore merit careful monitoring by the states. Recent FCC actions are discussed below.

1. Internet Protocol Captioned Telephone Service (IP-CTS) Fund. 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.<sup>2</sup> One form of relay service that uses VoIP is the IP-CTS. At the 2015 National Association of Relay Administrators (NASRA) conference, an FCC representative, reiterated that the FCC continues to reassess the transfer of fiscal and operational responsibility for IP-CTS from the FCC to the states.<sup>3</sup> Idaho does not administer IP-CTS and does not have funding nor processes in place to assume this responsibility if the FCC transferred this program to state jurisdictions.

2. TDM<sup>4</sup>-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 communications networks transition from legacy circuit-switched, copper technology to an IP-based packet-switched fiber and wireless networks. Idaho's traditional TDM relay system and the associated equipment are

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<sup>2</sup> 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*, 28 F.C.C.R. 13,420 (August 26, 2013).

<sup>3</sup> *Id.* at ¶ 4.

<sup>4</sup> 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.

not compatible with a IP-based, packet-switched network. Additionally, Idaho has an aging population of TRS users that may not be willing to switch to IP-compatible equipment. Thus, it is important for all TRS stakeholders 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.

3. Adoption of Real-Time Text Rules. In June 2015, AT&T petitioned the FCC to update its accessibility rules to allow Real-Time Text (RTT) to replace text telephone (TTY)<sup>5</sup> technology over IP-based networks. In response, the FCC released the Report and Order and Further Notice of Proposed Rulemaking (NPRM) on December 16, 2016. In the NPRM, the FCC amends its rules to facilitate a transition from TTY to RTT technology and seeks comments on a sunset date for TTY support. RTT allows text characters to be sent as they are being created, can be sent simultaneously with voice, and allows the use of off-the-shelf end user devices to make text telephone calls. TTY is a traditional relay service that Hamilton continues to provide to Idaho users. In 2016, Hamilton was reimbursed approximately \$22,000 to facilitate TTY communications in Idaho.

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

Staff has reviewed the Administrator's Annual 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 2017 budget projection of \$101,840 is acceptable based on the anticipated TRS expenses. The projected revenue together with the current fund balance should be sufficient to meet 2017 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.


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<sup>5</sup> Since the 70s, TTY technology has provided the only means for people with disabilities to send and receive text communications over the public switched telephone network (PSTN). To ensure that TTY users have comparable telephone network access as voice users, the FCC rules have required providers and device manufacturers of telecom services and advanced communications services (ACS) to support TTY technology. Changes to the network—ongoing technology transitions from circuit switched to IP-based networks and from copper to wireless and fiber infrastructure, have affected the quality and utility of TTY technology. *See* Notice Proposed Rulemaking, para. 2-3, FCC 16-169.

## COMMISSION DECISION

1. Does the Commission wish to accept the Administrator's recommendation to maintain the current TRS assessment rates adopted in Order No. 33481?

2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2017?

  
Grace Seaman

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