

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR'S 2003 ANNUAL) CASE NO. GNR-T-04-8
REPORT AND ESTABLISHING THE)
FUNDING LEVELS TO SUPPORT THE)
TELECOMMUNICATIONS RELAY) ORDER NO. 29472
SERVICE (TRS) PROGRAM)
_____)**

On February 13, 2004, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2003 Annual Report to 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. Pursuant to TRS Rules 202 and 205, the Commission reviews the Administrator's Annual Report and determines the appropriate funding levels necessary to meet the program's expenses on a prospective basis. IDAPA 31.46.02.202 and .205. In this Order we accept the Administrator's 2003 Report and continue TRS funding at existing levels.

THE 2003 ANNUAL REPORT

The Administrator reported that the relay center handled 473,531 minutes of traffic in calendar year 2003. This represents a 9% decrease from calendar year 2002. The relay center, operated by Hamilton Telecommunications, converts or "relays" oral conversations to text-type and vice versa. The relay center also provides speech-to-speech and Spanish-to-Spanish relay services. Disbursements from the TRS fund to Hamilton in 2003 also decreased by about 9% from 2002. In-state relay traffic is reimbursed by Idaho's TRS fund while the National Exchange Carrier Association (NECA) reimburses Hamilton for interstate calls that are placed via the relay service.

1. Expenses. TRS expenses for 2003 total \$528,964. The Administrator reported that disbursements to Hamilton were \$492,933. The administrative fees and expenses for the reporting year were \$36,031.

2. 2003 Revenues and Allocations. During 2003, the total number of telephone access lines reported to the TRS Administrator were approximately 640,000. The number of

intrastate toll minutes (after late-filed true-ups) for 2003 totaled approximately 314,658,630 minutes. However, because of various reporting cycles and subsequent true-ups by many reporting companies, Staff believes the actual number of access lines is under-reported, while toll minutes are over-reported for the 2003 calendar year. Staff estimates the total number of actual landlines in Idaho is just over 700,000. This estimate does not include paging accounts or wireless telephones. Staff estimates that the number of intrastate toll minutes during 2003 was closer to 300,000,000. These estimated minutes mirror the data reported to the Universal Service Fund (USF) Administrator which uses similar methods of reporting.

The table below shows 2003 TRS contribution sources and amounts.

<u>2003 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$.04/month/line)	\$307,059	58%
MTS/WATS Providers (\$.0007/min)	220,041	42%
Interest Earned on Funds	<u>176</u>	<u> </u>
TOTAL	\$527,276	100%

The 2003 year-end balance of the TRS fund was \$188,011. This amount represents approximately a four-month reserve for the fund.

3. Proposed 2003 Budget. The Administrator projected an annual operating budget for 2004 of \$478,050. The budget includes an estimated 10% decrease in relay usage. He cautioned that decreasing line counts or toll minutes could adversely affect TRS revenues.

4. Proposed TRS Funding Levels. Based upon the proposed budget for 2004, the Administrator recommended that the TRS contributions from local service (currently \$.04 per month per access line) remain the same. He also recommended that the contribution from MTS/WATS services (currently \$.0007/minute) for intrastate traffic remain the same. The Administrator estimated that continuing the existing contribution amounts would generate about \$542,500 in revenues. He estimated that this amount, coupled with the projected fund balance, will be sufficient to fund the 2004 budget.

5. Other Issues. Recently the TRS Administrator received a proposal from Hamilton Telecommunications to provide CapTel™ service in addition to the traditional relay services it currently provides. CapTel™ was developed by Ultratec, Inc. and allows individuals with hearing impairment to view word-for-word captions of the other party's speech on the CapTel™ telephone's built-in screen. CapTel™ telephones cost approximately \$500 each and Hamilton proposes to provide CapTel™ service at \$1.45 per conversation minute. Hamilton currently provides traditional relay service at \$1.31 per conversation minute.

RECOMMENDATIONS

Following its review of the Administrator's Annual Report, the Staff recommended the Commission adopt the Report and the Administrator's budget for 2004. Staff also concurred with the Administrator's recommendation that existing funding levels be continued but that the Administrator monitor the fund balance during the year and recommend adjustments if a demonstrated need arises.

After reviewing Hamilton's proposal regarding the CapTel™ service, Staff and the Administrator expressed concerns about the cost, anticipated usage, licensing, and implementation procedures of this impressive but relatively new service. Consequently, Staff and the Administrator recommended that the Commission not implement CapTel™ service for this budget cycle. Instead, they recommended that this issue be re-examined when the Idaho relay center releases its request for proposals (RFP) in 2005.

DISCUSSION

In this Order, we formally adopt the Administrator's 2003 Annual Report. Following our review of the Report, we find that the 2003 expenses are reasonable. Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. TRS services continue to improve with the addition of "711" dialing and Spanish language services.

The Commission further finds that the 2004 budget projection of \$478,050 is reasonable based on the anticipated expenses of the TRS program. The Commission finds that the 2004 budget is reasonable given the decreased usage of the TRS relay center. The Commission further finds that the projected revenue together with the current fund balance should be sufficient to meet 2004 expenses.

Based upon our review of the report and the Staff's recommendations, we further find that it is just and reasonable to continue the TRS contributions at their current funding levels: \$.04 per access line per month; and \$.0007 per minute per intrastate MTS/WATS calls. The Commission further finds that the projected 2004 allocation between local service and toll service (58% and 42%, respectively) is just and reasonable given the estimates in the number of access lines and toll minutes.

Finally, based upon the Staff and Administrator's recommendations, we decline to implement the CapTel™ service at this time. Instead, we expect that the Administrator and Staff will review the appropriateness of adding this service in the future.

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

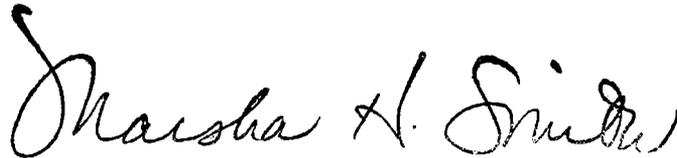
IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures and revenues. At such time as he believes that revenues will not cover expenditures, he is to immediately notify the Commission so that we may evaluate whether changes in the existing TRS funding obligations are necessary.

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-04-8 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-04-8. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

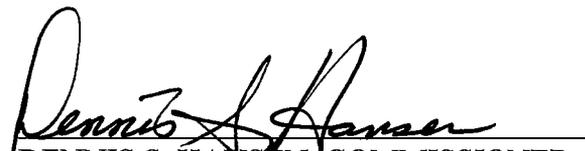
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th
day of April 2004.



PAUL KJELLANDER, PRESIDENT

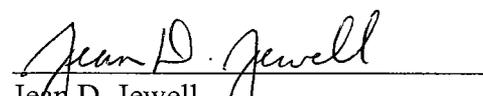


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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