

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF REVIEWING THE)	
ADMINISTRATOR'S 2005 ANNUAL)	CASE NO. GNR-T-06-1
REPORT AND ESTABLISHING THE)	
FUNDING LEVELS TO SUPPORT THE)	
TELECOMMUNICATIONS RELAY)	ORDER NO. 29997
SERVICE (TRS) PROGRAM)	
)	

On January 20, 2006, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2005 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 2005 Report and reduce the TRS contributions effective April 1, 2006 as set out in greater detail below.

THE 2005 ANNUAL REPORT

The Administrator reported that the relay center handled 362,086 minutes of traffic in calendar year 2005. This represents an 11% decrease from calendar year 2004. 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 2005 also decreased by about 11% from 2004. 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. Hamilton provides traditional relay services at \$1.31 per conversation minute.

1. Expenses. TRS expenses for 2005 total \$427,583. The Administrator reported that disbursements to Hamilton were \$366,120. The administrative fees and expenses for the reporting year were \$61,463. Administrative expenses were higher in 2005 due to issuance of

the Request for Proposal (RFP) for the relay service, re-negotiation of the new service contract awarded to Hamilton, and the third-party independent audit of the TRS fund.

2. 2005 Revenues and Allocations. During 2005, the total number of telephone access lines reported to the TRS Administrator was approximately 665,850. The number of intrastate toll minutes for 2005 totaled approximately 286,206,000 minutes. The amount of toll minutes decreased by 1.38% from the prior year. The table below shows 2005 TRS contribution sources and amounts.

<u>2005 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.04/month/line)	\$319,006	61%
MTS/WATS Providers (\$0.0007/min)	200,340	39%
Interest Earned on Funds	142	
TOTAL	\$519,488	100%

The 2005 year-end balance of the TRS fund was \$359,000.

3. Proposed 2006 Budget. The Administrator projected an annual operating budget for 2006 of \$409,130. The budget includes an estimated 10% decrease in relay usage reflecting user migration to Internet and video relay services.

The Administrator's Report also contained one note of caution. The Administrator reminded the Commission that if the Federal Communications Commission (FCC) requires states to pay for other relay-related services (such as Internet and video relay), the TRS fund will be quickly depleted. If this were to occur, he calculated that immediate and substantial revenues would be needed to replenish the fund.

4. Proposed TRS Funding Levels. Based upon the proposed budget for 2006, the Administrator presented the Commission with three funding alternatives. His first alternative would be to maintain the current assessment levels of \$.04 per month per access line and \$.0007 per minute per intrastate MTS/WATS service. Maintaining current assessment levels would produce a reserve balance of approximately \$459,000. The Administrator's second alternative would be to continue the current assessment level for access lines but reduce the intrastate MTS/WATS per minute contribution from \$.0007 to \$.0003. This would produce a reserve balance of approximately \$359,000.

Finally, the Administrator's third option would be to reduce both assessment levels. Reducing the monthly rate to \$.02 per access line and the intrastate MTS/WATS per minute rate to \$.0006 would produce a reserve balance of approximately \$281,000.

STAFF RECOMMENDATION

Following its review of the Administrator's Report, the Staff recommended the Commission adopt the Report and the Administrator's projected budget for 2006. Staff also concurred with the Administrator's recommendation that existing TRS contribution levels may be reduced. Based upon the continuing reduction in TRS minutes and the 2005 year-end balance, the Staff proposed another funding option for the Commission's consideration. Staff proposed that the access line rate be reduced to \$.03 per month and that the intrastate MTS/WATS per minute rate be reduced to \$.0003. Reducing the access line and per minute contributions would provide an estimated reserve balance of approximately \$270,000.

DISCUSSION

In this Order, we formally adopt the Administrator's 2005 Annual Report. Based upon our review of the Report, we find that the 2005 expenses are reasonable. Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. TRS services include "711" dialing and Spanish language services.

The Commission also finds that the 2006 budget projection of \$409,130 is reasonable based upon the anticipated expenses of the TRS program. The Commission further finds that the projected revenue together with the current fund balance should be sufficient to meet 2006 expenses.

Based upon our review of the Annual Report, the Administrator's contribution alternatives and the Staff's recommendations, we find that it is just and reasonable to reduce the TRS contributions from their current funding levels. The TRS contributions shall be set at \$.03 per access line per month and \$.0003 per intrastate MTS/WATS minute. The Commission further finds that the projected 2006 allocation between local service and toll service (61% and 39%, respectively) is just and reasonable given the estimates in the number of access lines and toll minutes. The reduction in TRS contribution levels shall be effective April 1, 2006.

ORDER

IT IS HEREBY ORDERED that the TRS funding obligation of telephone corporations providing local service in Idaho be reduced from the existing level to \$.03 per month per access line.

IT IS FURTHER ORDERED that the TRS funding obligation for telephone corporations providing intrastate MTS/WATS service be reduced from the existing level to \$.0003 per intrastate billed minute.

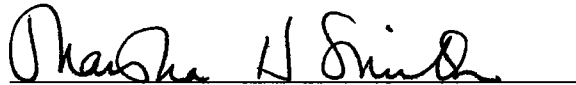
IT IS FURTHER ORDERED that the reduced TRS contribution levels become effective on April 1, 2006.

IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures and revenues. Any time 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-06-1 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-06-1. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* §§ 61-626 and 62-619.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th
day of March 2006.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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