

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF REVIEWING THE)	
ADMINISTRATOR'S 2006 ANNUAL)	CASE NO. GNR-T-07-01
REPORT AND ESTABLISHING THE)	
FUNDING LEVELS TO SUPPORT THE)	
TELECOMMUNICATIONS RELAY)	ORDER NO. 30273
SERVICE (TRS) PROGRAM)	
)	

On February 15, 2007, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2006 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 2006 Report and reduce the TRS contributions effective May 1, 2007 as set out in greater detail below.

THE 2006 ANNUAL REPORT

The Administrator reported that the relay center handled 263,327 minutes of traffic in calendar year 2006. This represents a 27% decrease from calendar year 2005. 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, Spanish-to-Spanish, video, and Internet relay services. Disbursements from the TRS fund to Hamilton in 2006 also decreased by about 27% from 2005. In-state relay traffic is reimbursed by Idaho's TRS fund, while the National Exchange Carrier Association (NECA) reimburses Hamilton for interstate calls (including intrastate video and Internet relays).

In 2006, the TRS relay system was enhanced when the Commission approved the introduction of Captioned Telephone (CapTel™) service as an optional feature of the Idaho TRS. By the close of 2006, 73 CapTel™ units were in place and accounted for approximately 41,000 minutes of relay conversations, a monthly average of approximately 100 minutes per phone. CapTel™ devices allow users to hear as well as read the conversation on the phone's built-in

screen. Trained operators “re-voice” everything they hear from a caller into the voice-recognition technology that converts the words into a text message and provides the TRS user with a more natural conversation.

1. 2006 Expenses. The Idaho TRS fund is supported by assessments on local telephone access lines and on billed intrastate long-distance minutes. TRS expenses for 2006 total \$310,969, about \$117,000 less than the previous year. The Administrator reported that disbursements to Hamilton were \$265,580. The administrative fees and expenses for the reporting year were \$45,389.

2. 2006 Revenues and Allocations. During 2006, the total number of telephone access lines reported to the TRS Administrator was approximately 652,120, down 2% from 2005. The number of intrastate toll minutes for 2006 totaled approximately 328,769,840 minutes. The amount of toll minutes increased by 14.8% from the prior year. The table below shows 2006 TRS contribution sources and amounts.

<u>2006 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.03/month/line)	\$267,535	63%
MTS/WATS Providers (\$0.0003/min)	157,620	37%
Interest Earned on Funds	189	
TOTAL	\$425,344	100%

The 2006 year-end balance of the TRS fund was \$473,402.

3. Proposed 2007 Budget. The Administrator projected an annual operating budget for 2007 of \$263,080. The budget includes an estimated 17% decrease in traditional relay usage reflecting user migration to Internet and video relay services, as well as instant messaging services. The Administrator expects the line count and long-distance billed minutes to remain stable for 2007.

The Administrator’s Report also addressed the Federal Communications Commission (FCC) views on the funding for Internet and video relay services. Currently, NECA reimburses Hamilton for Internet Relay (IR) and Video Relay (VRS) services. If the FCC requires states to pay for intrastate IR and VRS, the Idaho TRS fund will be quickly depleted. Based on the latest NECA figures, the Idaho intrastate IR service for 2006 was estimated to be \$268,560 and the

intrastate VRS was approximately \$677,610 for a combined annual total of \$946,170. These estimates do not reflect any growth and would nearly quadruple the estimated 2007 budget requirement for the Idaho TRS. If this were to occur, the Administrator calculated that immediate and substantial revenues would be needed to replenish the TRS fund.

4. Proposed TRS Funding Levels. Based upon the proposed budget for 2007 and current reserves, the Administrator recommended that the TRS funding levels be reduced for 2007. He recommended the per line assessment be reduced from \$0.03 to \$0.02 per month, and the per minute assessment for intrastate toll minutes be reduced from \$0.003 to \$0.002 per minute.

STAFF RECOMMENDATION

Following its review of the Administrator's Report, Staff recommended the Commission adopt the Report and the Administrator's projected budget for 2007. Staff also concurred with the Administrator's recommendation that existing TRS contribution levels may be reduced.

DISCUSSION

In this Order, we formally adopt the Administrator's 2006 Annual Report. Based upon our review of the Report, we find that the 2006 expenses are reasonable. Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications.

The Commission also finds that the 2007 budget projection of \$263,080 is reasonable based upon the anticipated reduction in TRS expenses this year. The Commission further finds that the projected revenue together with the current fund balance should be sufficient to meet 2007 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 \$0.02 per access line per month and \$0.0002 per intrastate MTS/WATS minute. The Commission further finds that the projected 2007 allocation between local service and toll service (63% and 37%, 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 May 1, 2007.

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 \$0.02 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 \$0.0002 per intrastate billed minute.

IT IS FURTHER ORDERED that the reduced TRS contribution levels become effective on May 1, 2007.

IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures, revenues and FCC actions. 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-07-01 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. 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.

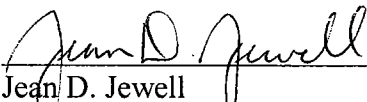
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 16th
day of March 2007.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:GNR-T-07-01_dh