

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR'S 2007 ANNUAL) CASE NO. GNR-T-08-01
REPORT AND ESTABLISHING THE)
FUNDING LEVELS TO SUPPORT THE)
TELECOMMUNICATIONS RELAY) ORDER NO. 30531
SERVICE (TRS) PROGRAM)
_____)**

On January 25, 2008, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2007 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 2007 Report and maintain the TRS contributions at their current levels effective May 1, 2008.

THE 2007 ANNUAL REPORT

The Administrator reported that the relay center handled 190,173 minutes of traffic in calendar year 2007. This represents a 28% decrease from calendar year 2006. 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 2007 also decreased by about 6% from 2006. In-state relay traffic and Captioned Telephone (CapTel™) service are reimbursed by Idaho's TRS fund, while the National Exchange Carrier Association (NECA) reimburses Hamilton for interstate calls (including intrastate video and Internet relays).

The Administrator also reported that traditional relay usage decreased in 2007 while the CapTel devices adopted by the hard-of-hearing users increased by 32%. The increase in CapTel billed minutes largely offset the 28% decrease in traditional relay use. 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.

1. 2007 Expenses. The Idaho TRS fund is supported by assessments on local telephone access lines and on billed intrastate long-distance minutes. TRS expenses for 2007 total \$292,912, about \$18,000 less than the previous year. The Administrator reported that disbursements to Hamilton were \$250,755. The administrative fees and expenses for the reporting year were \$42,157, a decrease of \$3,232 over the prior year.

2. 2007 Revenues and Allocations. During 2007, the total number of telephone access lines reported to the TRS Administrator was approximately 647,800, down about 1% from 2006. The number of intrastate toll minutes for 2007 totaled approximately 312 million minutes. The amount of toll minutes decreased by about 5% from the prior year. The table below shows 2007 TRS contribution sources and amounts.

<u>2007 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.02/month/line)	\$199,922	69%
MTS/WATS Providers (\$0.0002/min)	89,251	31%
Interest Earned on Funds	63	
TOTAL	\$289,236	100%

The 2007 year-end balance of the TRS fund was \$469,726.

3. Recertification of the Idaho TRS Program. On June 22, 2007, the Federal Communications Commission (FCC) released Order DA07-2761 , in CG Docket No. 03123. In this Order, the FCC announced that it would accept applications for the renewal of state TRS program certification for a five-year period. The Administrator submitted the required information and documentation that demonstrated the Idaho TRS system is meeting or exceeding all mandatory minimum standards specified in 47 C.F.R. § 64.604 of the FCC rules. See Title IV of the Americans with Disabilities Act, 47 U.S.C. § 225. He received confirmation that the FCC received Idaho’s application. The FCC will review the applications and recertify the states in mid-2008.

4. Proposed 2008 Budget. The Administrator projected an annual operating budget for 2008 of \$284,356. The budget includes an estimated 20% 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 decrease for 2008.

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. He estimated that the state assessments for intrastate IR and VRS would quadruple the estimated 2008 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 2008 and current reserves, the Administrator recommended that the existing TRS funding levels be maintained for 2008. He recommended the per-line assessment be continued at \$0.02 per month, and the per-minute assessment for intrastate toll minutes be continued at \$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 2008. Staff also concurred with the Administrator's recommendation that existing TRS contribution levels may be continued. Staff concurred with the Administrator that the current fund balance would allow adequate time for the Commission to react if the FCC changes the funding for IR and VRS.

DISCUSSION

In this Order, the Commission formally adopts the Administrator's 2007 Annual Report. Based upon our review of the Report, we find that the 2007 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 2008 budget projection of \$284,356 is reasonable based upon the anticipated TRS expenses this year. The Commission further finds that the projected revenue together with the current fund balance should be sufficient to meet 2008 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 maintain

the TRS contributions at 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 is just and reasonable given the estimates in the number of access lines and toll minutes.

ORDER

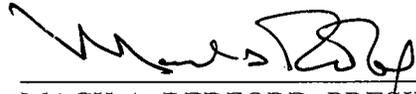
IT IS HEREBY ORDERED that the TRS funding obligation of telephone corporations providing local service in Idaho be maintained at the existing level of \$0.02 per month per access line.

IT IS FURTHER ORDERED that the TRS funding obligation for telephone corporations providing intrastate MTS/WATS service be maintained at the existing level of \$0.0002 per intrastate billed minute.

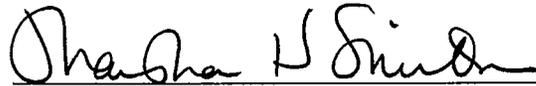
IT IS FURTHER ORDERED that the TRS Administrator continue to monitor expenditures, revenues, and FCC actions. Anytime that revenues will not cover expenditures, the TRS Administrator is to immediately notify the Commission so that we may evaluate whether changes in the existing TRS funding obligations 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-08-01 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 April 2008.



MACK A. REDFORD, PRESIDENT

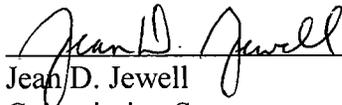


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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