

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF REVIEWING THE)
ADMINISTRATOR'S 2008 ANNUAL) CASE NO. GNR-T-09-01
REPORT AND ESTABLISHING THE)
FUNDING LEVELS TO SUPPORT THE)
TELECOMMUNICATIONS RELAY) ORDER NO. 30759
SERVICE (TRS) PROGRAM)
)**

On January 29, 2009, the Idaho Telecommunications Relay Service (TRS) Administrator submitted his calendar year 2008 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 2008 Report and maintain the TRS contributions at their current levels effective May 1, 2009.

THE 2008 ANNUAL REPORT

The Administrator reported that the relay center handled 137,253 minutes of traffic in calendar year 2008. This represents nearly a 28% decrease from calendar year 2007. 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 2008 also decreased by about 7.5% from the previous year. 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 2008 while usage of CapTel devices increased by 42%. The increase in CapTel billed minutes significantly offset the 28% decrease in traditional relay use. CapTel allows hearing-impaired 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. 2008 Expenses. The Idaho TRS fund is supported by assessments on local telephone access lines and on billed intrastate long-distance minutes. TRS expenses for 2008 total \$274,078, about 7.5% less than the previous year. The Administrator reported that disbursements to Hamilton were \$231,918. The administrative fees and expenses for the reporting year were \$42,009, about the same as in the prior year.

2. 2008 Revenues and Allocations. During 2008, the average monthly number of telephone access lines reported to the TRS Administrator was approximately 585,958, down about 9.5% from 2007. The number of intrastate toll minutes for 2008 totaled approximately 326 million minutes. The amount of toll minutes increased by about 5% from the prior year. The table below shows 2008 TRS contribution sources and amounts.

<u>2008 Revenue Sources</u>	<u>Amount</u>	<u>Percentage of Total</u>
Local Service Providers (\$0.02/month/line)	\$140,630	67%
MTS/WATS Providers (\$0.0002/min)	68,737	33%
Interest Earned on Funds	39	
TOTAL	\$209,406	100%

The 2008 year-end balance of the TRS fund was \$405,115.

3. Proposed 2009 Budget. The Administrator projected an annual operating budget for 2009 of \$272,195. The budget includes a decrease in traditional relay usage reflecting user migration to Internet and video relay services, as well as instant messaging services. The Administrator also expects the line count and long-distance billed minutes to decrease for 2009. The expected decrease in payments to Hamilton in 2009 is offset by the expense of a third-party audit of the TRS Fund.

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. For FY 2008 NECA paid Hamilton about \$1.3 million for IR and VRS usage. He estimated that Idaho’s

proportional assessments for intrastate IR and VRS is five times the 2009 budget for the Idaho TRS. If Idaho was responsible for IR and VRS usage, 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 2009 and current reserves, the Administrator recommended that the existing TRS funding levels be maintained for 2009. 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. This will maintain a small cushion if the FCC makes any changes to the IR and VRS funding.

STAFF RECOMMENDATION

Following its review of the Administrator's Report, Staff recommended the Commission adopt the Report and the Administrator's projected budget for 2009. 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 2008 Annual Report. Based upon our review of the Report, we find that the 2008 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 2009 budget projection of \$272,195 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 2009 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 2009 allocation between local service and toll service is just and reasonable given the estimates in the number of access lines and toll minutes.

ORDER

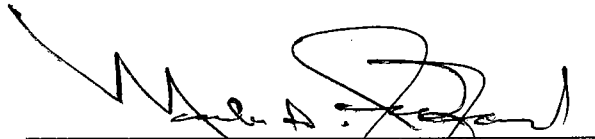
IT IS HEREBY ORDERED that the TRS funding obligation of telephone corporations providing local service in Idaho be maintained at the existing level of \$0.02 per month per access line.

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-09-01 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.

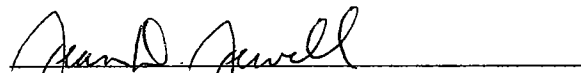
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 25th
day of March 2009.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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