

DECISION MEMORANDUM

TO: COMMISSIONER KEMPTON
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: GRACE SEAMAN

DATE: MAY 15, 2009

RE: IDAHO TELECOMMUNICATIONS RELAY SERVICE (TRS)
CONTRACT EXTENSION WITH HAMILTON
TELECOMMUNICATIONS, CASE NO. GNR-T-09-04.

BACKGROUND

The TRS Administrator, pursuant to the TRS Act, contracts with a provider of relay services as approved by the Commission. See *Idaho Code* § 61-1303. On November 17, 2005, the Administrator entered into an Agreement with Hamilton Telephone Company dba Hamilton Telecommunications (Hamilton) and the Agreement was approved by the Commission in Order No. 29915. The Agreement was for an initial term of three years beginning December 1, 2005 and ending November 30, 2008. The Agreement also automatically renewed for two additional one-year terms unless either party terminated the Agreement on or before June 1, 2008 or 2009. Renewal of the Agreement could be at different prices, terms and conditions than the initial three-year term. The first one-year renewal term will expire on November 30, 2009.

On May 14, 2009, the Commission received a report and recommendation from the TRS Administrator, Mr. Dunbar, regarding the Agreement with Hamilton. On May 11, 2009, Hamilton submitted a letter of intent to Mr. Dunbar, notifying him of Hamilton's wish to extend the Agreement entered into on November 17, 2005 and amended on May 22, 2006 to include Captioned Telephone (CapTel)¹ service. In this letter, Hamilton asks that the Administrator

¹ 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.

exercise the renewal option for the time period of December 1, 2009 through November 30, 2010 as allowed in the current Agreement.

The current rates for relay service provided by Hamilton are \$1.31 per conversation minute (actual conversation time) for traditional service and \$1.50 per session minute (conversation time plus set up and wrap up time) for CapTel. Through negotiations, Mr. Dunbar and Hamilton arrived at what the Administrator considers acceptable rate increases.

The letter of intent specifies that, for the one year renewal period, Hamilton will provide traditional relay service at the rate of \$1.50 per conversation minute and CapTel service at the rate of \$1.58 per session minute. All other terms and conditions would remain the same as set forth in the Agreement.

ADMINISTRATOR'S RECOMMENDATION

Mr. Dunbar reports that the TRS Agreement with Hamilton is currently in the first year of two possible one-year contract extensions. If the Commission approves, Hamilton requests that the TRS Agreement be extended for the final year with the increased service rates mentioned above.

Mr. Dunbar asserts that Hamilton maintains a high standard of service to the Idaho TRS users, and the new rates are also in line with the current competitive rates seen in recent bidding results of other western states. Mr. Dunbar, therefore, believes the negotiated rates are fair and reasonable and recommends that the Commission approve the proposed rate increases and the extension of the contract from December 1, 2009 through November 30, 2010.

STAFF RECOMMENDATION

During the rate negotiation process, Mr. Dunbar kept Staff apprised of the situation. Staff believes that through compromise, the Administrator and Hamilton reached a fair and reasonable outcome. Staff agrees with Mr. Dunbar in his assessment of the quality of service that has been provided by Hamilton to the Idaho TRS users.

Mr. Dunbar reported that existing cash reserves will be more than adequate to accommodate Hamilton's proposed rate increases. Consequently, no changes to the current user assessments will be necessary. *See* Order No. 30759. The current assessment rates are \$0.02 per line and \$0.0002 per intrastate long distance (MTS/WATS) minute.

Staff notes the current traditional relay rate of \$1.31 has remained unchanged since 2001 and CapTel service has remained unchanged since its introduction in June 2006. Alternatives to the Administrator's recommendation would necessitate the initiation of a Request for Proposal (RFP). The RFP option can be pursued, but may not produce a quality result for Idaho with the limited time available before the contract expiration date of November 30, 2009.

Considering the quality of service provided by Hamilton and the Company's good faith effort during the negotiation process with the Administrator, Staff believes the best option for the Idaho TRS users is to maintain Hamilton as the service provider. Staff, therefore, recommends Commission acceptance of Mr. Dunbar's recommendation.

COMMISSION DECISION

Does the Commission accept the TRS Administrator's recommendation to extend the Agreement with Hamilton for another one-year term at the revised rates of \$1.50 per conversation minute for traditional relay service and \$1.58 per session rate for CapTel service?



Grace Seaman

GS/udmemos/TRS contract '09 rate increase