

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** GRACE SEAMAN

**DATE:** MARCH 15, 2013

**RE:** 2012 IDAHO TELECOMMUNICATIONS RELAY SERVICE ANNUAL  
REPORT; CASE NO. GNR-T-13-02.

### BACKGROUND

Each year the Administrator of the Idaho Telecommunications Relay Service (TRS or relay) files a report detailing the activities and status of the program during the previous year. The Administrator also determines the funding requirements for the following year and submits a recommended budget with the annual report.

In 1992, the Idaho Legislature established the Telecommunications Relay Service Act (TRS Act) in accordance with the federal Title IV of the American with Disabilities Act. The TRS enables 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. Under the Idaho TRS Act, all telephone corporations providing local or long-distance service (not including cellular or VoIP) must provide TRS as set forth in the program and pay into the TRS Fund based upon an allocation methodology adopted by the Commission. *Idaho Code* § 61-1305. Pursuant to TRS Rule 202, the Commission sets the TRS funding levels each year based upon the Administrator’s Annual Report. IDAPA 31.46.02.202.

The Idaho TRS service provider, Hamilton Telecommunications (Hamilton), operates the relay center where oral conversations are converted or “relayed” to text-type and vice versa. The relay center also provides speech-to-speech, Spanish-to-Spanish, video, and Internet relay services.

## THE 2012 ANNUAL REPORT

On February 19, 2013, the TRS Administrator, Mr. Dunbar, submitted the 2012 TRS Annual Report and the 2013 TRS Budget for Commission approval. The Administrator reported that the relay center handled 48,685 minutes of conversation during calendar year 2012 compared to 60,346 minutes in 2011, a 19% decrease. Of the total conversation time, Captioned Telephone service (CapTel)<sup>1</sup> usage was 28,818 minutes, a decrease of 22% in spite of 10% increase in the number of new CapTel sets. The 2012 disbursements to Hamilton was approximately \$110,760 compared to \$141,590 for the previous year. The 2012 average answer time by Hamilton improved slightly from .7 seconds to .6 seconds.

1. 2012 Revenues and Allocations. The TRS fund is supported by assessments on local exchange telephone service (residential and business) and on billed intrastate long distance minutes. The total number of intrastate long distance minutes reported by the telephone companies was approximately 241,632,800 compared to 289,055,200 (decrease of 16%) minutes in 2011. The average monthly number of local telephone lines reported for the year was approximately 449,080 compared to 506,830 in 2011 (11% decrease). The 2012 annual contribution to the TRS fund was \$150,346, a decrease of \$22,759 (13%) from 2011. The local exchange revenue decreased by 12% and revenue from MTS/WATS decreased by 16%. Contributions from local exchange lines were approximately \$102,020 (68%) and MTS/WATS contributions were approximately \$48,330 (32%). The TRS administrative fees and expenses for 2012 were \$45,494 and included \$6,075 for a 2011 audit. In Commission Order No. 32524, issued on April 19, 2012, the per-line and per-minute assessments for 2012 were maintained at \$0.02 and \$0.0002, respectively. The comparison of the 2012 contributions from the previous year is as follows:

<u>TRS Revenue Contributions</u>	<u>2012</u>	<u>2011</u>
Local exchange service providers	\$102,019	\$115,294
MTS/WATS providers	48,327	57,812
Interest earned on funds	<u>35</u>	<u>30</u>
Total	\$150,381	\$173,136

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<sup>1</sup> 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.

2012 Expenses. The TRS fund reimburses the TRS Administrator's expenses and Hamilton's charges for processing in-state traditional relay and CapTel calls. The National Exchange Carrier Association (NECA) reimburses Hamilton for out-of-state relay as well as intrastate Internet relay (IR) and Internet video relay service (VRS) calls. The TRS expenses for 2012 totaled \$184,124 with an end-of-year fund balance of \$314,524. The comparison of the 2012 disbursements from the previous year are as follows:

<u>TRS Fund Disbursements</u>	<u>2012</u>	<u>2011</u>
Hamilton Telecommunications	\$110,762	\$141,591
Program Administrative Expenses & Fees	<u>45,494</u>	<u>42,533</u>
Total	\$156,256	\$184,124

3. Proposed 2013 Budget. The Administrator anticipates that the decrease in revenue from local exchange lines and long distance billed minutes will continue to decline in 2013. He estimates the decline will be 10% or more. On the expense side, Mr. Dunbar estimates the 2012 annual operating budget will also decrease to approximately \$139,670. This reflects the ongoing trend of traditional relay calls being replaced by services available through mobile carriers and Internet service providers. If assessment rates remain unchanged, Mr. Dunbar calculates the end-of-year reserve fund will remain near its current level.

4. Proposed 2013 TRS Funding Levels. Based upon the proposed budget for 2013 and the current fund balance, the Administrator recommends that the Commission maintain the assessment rates at the current level of \$.02 per local exchange line and \$.0002 per intrastate MTS/WATS billed minute. At the proposed assessment rates, a reasonable fund balance will be maintained should any unexpected expenses or billing changes occur in 2013.

5. The Federal Communications Commission (FCC) Five-Year Certification. Every five years state relays must submit information to the FCC to verify that the relay meets all technical functional standards pursuant to FCC rules. On September 25, 2012, the Administrator and Hamilton Telecommunications submitted an Application to the FCC for renewal of the Idaho TRS verification. The current certification expires on July 25, 2013. In the FCC Application, Mr. Dunbar stated that the Idaho TRS continues to meet all of the FCC's technical<sup>2</sup> and functional<sup>3</sup> requirements for the relay system. The Application also outlines Idaho TRS's

<sup>2</sup> §64.604(a) Technical Standards.

<sup>3</sup> §64.604(c) Functional Standards.

operational, funding, features and functions, and promotional information. The FCC is expected to grant the five-year certification before July 25, 2013.

### **STAFF'S RECOMMENDATION**

Staff has reviewed the Administrator's Report and believes the expenses are reasonable. Staff believes the Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. Staff also believes that the 2013 budget projection of \$139,670 is acceptable based upon the anticipated TRS expenses for this year. The projected revenue together with the current fund balance should be sufficient to meet 2013 expenses. Staff, therefore, agrees with the Administrator's recommendation to maintain the TRS contributions at the current funding levels of \$0.02 per access line per month and \$0.0002 per intrastate MTS/WATs minute.

### **COMMISSION DECISION**

1. Does the Commission wish to accept the Administrator's recommendation to maintain the current TRS assessment rates adopted in Order No. 32524?
2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2013?

  
Grace Seaman

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