(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF REVIEWING THE ADMINISTRATIVE’S 1998 ANNUAL REPORT AND ESTABLISHING THE FUNDING LEVELS TO SUPPORT THE TELECOMMUNICATIONS RELAY SERVICES (TRS) PROGRAM. | )  )  )  )  )  ) | CASE NO. GNR-T-99-3  ORDER NO.  27972 |

On February 16, 1999, the Telecommunications Relay Services (TRS) Administrator filed his 1998 annual report with 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 fund’s expenses on a prospective basis.  IDAPA 31.46.02.202 and .205.  In this Order we accept the Administrator’s report and continue TRS funding at existing levels.

THE 1998 ANNUAL REPORT

1.Operations.  The Administrator reported that the total amount of 1998 relay minutes was 502,359.  This represents a 3% decrease in the number of conversation minutes from calendar year 1997. The relay center, operated by Hamilton Communications, converts or “relays” oral conversations to text type, and vice versa.  Although the total number of minutes decreased, the Administrator reported that the average length of calls to the relay center increased in 1998.  The Administrator attributed the decrease in total relay minutes to the possible increase in Internet/E-mail communications.  He also reported that in May 1998, the Federal Communications Commission recertified the Idaho TRS program until July 25, 2002.

2.Expenses. TRS expenses for 1998 totaled about $460,600.  The Administrator reported that disbursements to Hamilton Communications for the calendar year 1998 were approximately $428,600.  This represents an increase of 12% compared to the preceding year.  A large portion of this increase was attributed to the correction of a one-time billing error which occurred in 1998.  Administrative fees and expenses for the reporting year were approximately $32,000, a slight decrease from the previous year.

3.   1998 Revenues and Allocations.  In December 1997, the Commission increased the TRS funding levels to $0.04 per local access line per month and $0.0007 per minute for intrastate long-distance (MTS/WATS) toll calls.  See Order No. 27276. During 1998, the number of access lines supporting TRS grew by approximately 8% to a total of approximately 660,000 lines.  The number of intrastate toll minutes in Idaho decreased by approximately 30% from the prior year to about 288,000,000 minutes.  The Administrator attributed the decrease in state-wide toll minutes to the implementation of toll-free, extended area service (EAS) regions around the state in 1998.(footnote: 1)  The toll minutes reported to the TRS Administrator mirror the data reported to the Universal Service Fund (USF) Administrator which uses a similar collection methodology for USF support.  The table below shows 1998 TRS contribution sources and levels.

1998 Revenues

From Basic Service Providers ($0.04/mo.)$314,677

From MTS WATS Providers ($0.0007/min.)$201,654

Interest Earned on Funds$    1,559

Total$517,890

In 1998 approximately 61% of the TRS revenues were collected from local exchange service and 39% were from MTS/WATS contributions.  The 1998 ending balance of the TRS fund was $99,724.62.

4.1999 Budget.   The Administrator projected an annual operating budget for 1999 of $480,220.  His projection was based upon an assumption that TRS usage will remain at its present level.  He also expected that his fees and expenses will remain comparable to 1998 levels.  He and Staff projected a growth in local access lines of about 5% for an average total of 700,000 for 1999.  He also projected a 20% decrease in toll minutes, or an average total of 230 million minutes.

5.Proposed Funding Levels.  Based upon the proposed budget for 1999, the Administrator recommended that TRS contributions from local service (currently $0.04 per month) be reduced.  A one cent reduction in the monthly TRS funding level represents approximately $84,000 (based upon 1999 estimate of 700,000 local service lines).  The Administrator estimated that this would result in an end-of-year balance in the TRS fund of $32,504 or, less than a one month reserve.

Following its review of the Administrator’s annual report, the Staff concurred in the estimated TRS budget for 1999.  Staff also recommended that both the local monthly and the MTS/WATS funding levels be adjusted.  In particular, Staff concurred in the Administrator’s recommendation that the TRS funding level be adjusted to $0.03 per line per month for local access but suggested that the intrastate toll level be increased to $0.0009 per minute.  The Staff observed that its funding recommendation would meet the 1999 budgeted expenses, maintain the two-month TRS fund reserve, and rebalance the allocation between MTS/WATS contributions and local access contributions.  Utilizing the Staff’s recommended funding levels, approximately 55% of the TRS funds would be generated from local access and approximately 45% from MTS/WATS services.  The 1999 end-of-year TRS balance would be about $78,504.

DISCUSSION

In this Order, we formally adopt the Administrator’s 1998 annual report.  Following our review of the report, we find that the 1998 expenses are reasonable.  Idaho citizens continue to be well served by the relay services provided by Hamilton Communications.

The Commission further finds that the 1999 budget projection of $480,220 is reasonable based upon the anticipated expenses of the TRS program.  The Commission believes that the 1999 budget is reasonable given the lack of growth in TRS conversation minutes experienced in 1998.

Based upon our review of the Administrator’s report and the Staff’s recommendations, we find that it is just and reasonable to continue the TRS contributions at the current funding levels: $0.04 per access line per month and $0.0007 per minute on intrastate MTS/WATS calls.  While we agree with the Administrator and Staff that a reserve balance of TRS revenue is appropriate, we find a 2-3 month reserve more reasonable given the fact that many carriers only remit their TRS contributions quarterly.  Maintaining current contribution levels produces an estimated 1999 end-of-year balance of approximately three months reserve.  We further find that continuing the TRS contribution levels provides administrative efficiencies to local and toll carriers by avoiding changes to the TRS reimbursement levels.

The Commission also finds that the projected 1999 allocation between local service and toll service (67% local and 33% toll) is fair, just and reasonable.  Given the assumption for significant changes in access line growth and the reduction in toll minutes, we accept the contribution allocation.  Once the 1999 annual report is filed, we will review the allocation ratio to insure an appropriate balance between the local and toll funding sources.  The table below portrays the TRS operating budget for 1999.

Est. 700,000 lines ($.04)(12 mos.)$336,000

Est. 230 million toll minutes ($.0007)$161,000

Total$497,000

Proposed budget for 1999($480,220)

Net$  16,780

Current TRS Fund balance$  99,724

Projected balance at end of 1999$116,504

O R D E R

IT IS HEREBY ORDERED that the TRS funding obligation of telephone corporations providing local service in Idaho be continued without change at the existing level of $0.04 per month per access line.

IT IS FURTHER ORDERED that the TRS funding obligation of telephone corporations providing intrastate MTS/WATS service be continued at its existing level of $0.0007 per intrastate billed minute.

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-99-3  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 No. GNR-T-99-3 .  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of March 1999.

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**FOOTNOTES**

1:

In Order No. 26672, the Commission authorized U S WEST to implement EAS regional calling for 90% of its customers in southern Idaho.  See also Order Nos. 26672, 27412, 27450, 27538, and 27661.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

March 18, 1999