

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. C-2347
on its own motion, to determine)
a surcharge for the statewide) ORDER APPROVING SURCHARGE
Telecommunications Relay System to)
be effective January 1, 2001.) Entered: September 26, 2000

BY THE COMMISSION:

This docket was opened by the Commission, on its own motion, to determine the surcharge for the statewide Telecommunications Relay System (TRS) to be effective January 1, 2001. The Commission is charged by statute to hold an annual public hearing, before October 1 of each year, to determine the amount of surcharge necessary to carry out the provisions of the Telecommunications Relay System Act. Neb. Rev. Stat. §86-1301 to 86-1307 (Cum. Supp. 1998). The surcharge is used to fund the TRS for the coming year.

Notice of the application and hearing appeared in The Daily Record, Omaha, Nebraska, on July 14, 2000. The deputy director of the Commission sent notice to all interested parties on July 21, 2000. The hearing was held in the Commission Hearing Room, 1200 N Street, Lincoln, Nebraska, on September 19, 2000.

O P I N I O N A N D F I N D I N G S

Mr. Gary Warren, Hamilton Telecommunications (Hamilton), testified that Hamilton, which holds the contract for and administers the state's telecommunications relay service, proposes a price increase for its service contract in order to meet new rules from the Federal Communications Commission (FCC), many of which must be implemented by December 21, 2000.

FCC Order 00-56 issued in CC Docket No. 98-67, released March 6, 2000, (hereinafter, the FCC order) requires among other things that:

- Hamilton perform a database search when it handles an emergency call;
- A communication assistant (CA) remain on a call for at least ten minutes and on a speech-to-speech call for at least fifteen minutes;
- Interactive menus and voice mail options be installed;

- Hamilton maintain consumer complaint logs; and,
- Pay-per-call relay calls be allowed.

Mr. Warren indicated that these requirements have already been, or are in the process of being, met with no additional cost to the state. He testified further that some FCC requirements do have an attendant cost, which he was asking the Commission to include as additional reimbursements in the current contract. These are:

- Speech-to-Speech services. The FCC order requires this service to be provided no later than March 1, 2001. Hamilton is proposing to calculate Nebraska's cost based on its traffic in relation to all of the traffic handled by Hamilton from all of its relay centers which makes Nebraska's share approximately 9 percent of the total cost. The proposed price for Nebraska is \$.028 per session minute.
- Spanish to Spanish Intrastate Service. Although the FCC order mandates interstate Spanish to Spanish service be provided by Hamilton, Hamilton proposes to add intrastate Spanish to Spanish service. The cost proposed, once again, represents 9 percent of the total cost based on the proportion of Nebraska traffic as compared to total traffic volumes handled by Hamilton. The proposed price is \$.014 per session minute.
- Speed of Answer to include abandons. The FCC order requires Hamilton to include abandoned calls into their speed of answer calculations. This new provision will require Hamilton to add additional communication assistants during peak hours. The proposed price is \$.028 per session minute.
- Requirement of 60 words per minute (60-wpm) typing. The FCC order requires that communication assistants be able to type at a minimum of 60-wpm. The 60-wpm requirement can be met through supplemental software, which Mr. Warren testified that his company has investigated. He testified, however, that Hamilton would instead meet the 60-wpm requirement through increased training and task-specific hiring. He further testified that the new 60-wpm requirement will necessitate higher personnel and

training costs. The proposed price to Nebraska is \$.117 per session minute.

Mr. Warren testified that, as a result of scales of economy, Hamilton will offer all of these services as a package and that the proposed price increase to Nebraska would total an additional \$.166 per session minute.

Steve Stovall, Staff Accountant for the Public Service Commission's Communications Department, testified that Hamilton Telecommunications, which has the contract for the operation of the TRS has provided annual usage statistics since 1991 when operations began. The usage data was made an exhibit in this docket. The data shows usage, number of calls, monthly cost, and revenue generated by the current level of surcharge.

Mr. Stovall presented data projecting the surcharge level at five cents, the current level, at six cents, and at four cents for the year 2001. By applying various growth factors and variables and based on a three-year historical average of usage, Mr. Stovall was able to determine the amount of money generated at each of the surcharge levels. Based on those projections, Mr. Stovall made a recommendation that the surcharge remain at five cents for the year 2001. Mr. Stovall noted that the Relay Advisory Committee also supports a surcharge level of five cents.

The current surcharge level will allow the Commission to meet the increased price proposals by Hamilton based on its need to meet the requirements of the FCC order. There will, however, be a negative effect on the reserve level. While reserves may significantly decrease, Mr. Stovall testified that they would remain at an acceptable level through the next calendar year. There is a possibility that the surcharge may need to increase in the following year in order to cover these increased costs.

Mr. Stovall indicated that staff's projections on the amount of revenue needed to fund the relay as well as the surcharge needed for that funding have been historically accurate.

The Commission finds, based on the information adduced at the hearing and the evidence entered into the record, that the surcharge should remain at the five-cent level. We further find that the contract price with Hamilton should be increased by the amount suggested by Hamilton to cover increased costs resulting from the new mandatory requirements of the FCC. We further find that, while not required by the FCC rule, the Commission should approve the

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optional intrastate Spanish to Spanish option offered by Hamilton Telecommunications.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that, pursuant to the Telecommunications Relay System Act, the surcharge be maintained at five cents per access line for the year 2001.

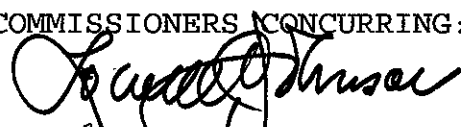
IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning January 1, 2001, to collect a five-cent surcharge per month on each telephone access line in Nebraska, provided that the surcharge shall be only collected on the first one hundred access lines per customer.

IT IS FURTHER ORDERED that an addendum to the contract be drafted and submitted to the Commission to execute. The addendum will ensure that Hamilton will meet the FCC requirements as discussed above and will include the option for Hamilton to provide intrastate Spanish to Spanish services.

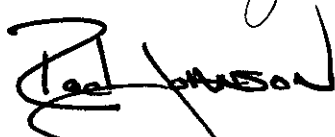
MADE AND ENTERED in Lincoln, Nebraska on this 26th day of September, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:







//s//Frank E. Landis
//s//Daniel G. Urwiller


Chairman

ATTEST:


Executive Director