

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,     ) Application No. C-3897  
on its own motion, to determine     )  
the surcharge for the statewide     ) ORDER SETTING TRS SURCHARGE  
Telecommunications Relay System     )  
to be effective July 1, 2008,     )  
in the State of Nebraska.     ) Entered: March 25, 2008

BY THE COMMISSION:

The above-captioned proceeding was opened by the Commission, on its own motion, to determine the appropriate surcharge for the statewide Telecommunications Relay System (TRS) to be effective July 1, 2008. The Commission is charged by statute to hold an annual public hearing prior to April 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. §§ 86-301 to 86-315*). The surcharge is used to fund the TRS and the Equipment Distribution Program (EDP) for the coming year.

Notice of the proceeding appeared in The Daily Record, Omaha, Nebraska, on February 6, 2008. The order opening the above-captioned docket and setting the hearing was entered on February 5, 2008 and mailed to all interested parties. The public hearing was held on February 26, 2008, in the Commission Hearing Room.

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

Steve Stovall, Staff Accountant for the Commission's Communication Department, testified on behalf of the Staff. Mr. Stovall also included five attachments to his written testimony. The five attachments are as follows: the first contains historical data concerning the surcharge for the last three years; the second is a forecast assuming the surcharge is reduced to four-cents (\$.04); the third attachment is a forecast assuming the surcharge remained at five-cents (\$.05); the fourth attachment contains selected historical statistics of the program; and the fifth is a graphical representation of the annual surcharge since 1991.

The second attachment assumed the surcharge was reduced to four-cents (\$.04) effective July 1, 2008. Attachment No. 2 reflects the current fiscal year 2007-08 with the cost and revenue data updated to actual through January 2008, and projected for February 2008 through June 2009. Attachment No. 2

demonstrates that the reserve balance would be \$825,479 at the end of the current fiscal year and projects an average reserve balance of \$517,709 at the end of the next fiscal year.

Attachment No. 3 made a similar analysis but assumed the surcharge remained at five-cents (\$.05). Attachment No. 3 projects the same reserve balance as Attachment No. 2 at the end of the current fiscal year, \$825,479, and projects a reserve balance of \$767,709 at the end of the next fiscal year.

Mr. Stovall testified that in both Attachment Nos. 2 and 3, cost columns for CapTel have been incorporated into the projections. This service began October 1, 2004, and is provided by Hamilton. These cost projections include both a service provider and an equipment component. Total minutes of use for traditional relay use is projected and adjusted downward using a mathematical forecasting technique known as linear regression. The decision to forecast reduction in minutes of use is consistent with the decline in minutes that has been evident the three previous years. In fiscal year 2004-2005, the usage minutes declined 11.1% from the previous year's usage. In fiscal year 2005-2006, minutes of use declined 15% as compared to the previous year. For fiscal year 2006-2007 the usage again declined another 18.1%.

Based on these scenarios and his experience as administrator of these programs, Mr. Stovall testified that he recommends the surcharge be lowered to four-cents (\$.04) beginning July 1, 2008.

The difference between the surcharge remaining at five-cents (\$.05) and being lowered to four-cents (\$.04) is \$250,000. Mr. Stovall testified that he recommends that the fund retain a reasonable reserve that should be equal to a range of two to four months of program costs. The four-cent (\$.04) surcharge should result in a reserve balance within the reasonable range.

Ms. Tanya Wendell, the Director of the Nebraska Commission for the Deaf and Hard of Hearing, testified concerning the TRS Advisory Committee's recommendation that the Commission consider the possibility of mounting an information campaign aimed at educating Nebraskans concerning the relay system. Ms. Wendell presented three proposals for awareness programs utilizing different combinations of mediums, including television, radio, newspaper, and billboard advertising and the costs associated with each proposal. Ms. Wendell testified that it has been over

ten years since an organized campaign was launched to inform the public about the relay system and educate them as to its purposes and uses.

Ms. Barb Handrup, an employee of Hamilton that works with the relay system, also testified at the hearing concerning outreach and awareness provided by Hamilton. Ms. Handrup testified that Hamilton had undertaken an awareness campaign approximately 15 years ago, but no organized campaign of awareness had been conducted since that time.

The TRS Advisory Committee submitted a letter dated February 22, 2008, reporting that at the January scheduled meeting of the Advisory Committee, the Committee unanimously approved recommending that the Commission reduce the surcharge to four-cents (\$.04) effective July 1, 2008. Further the letter urged the Commission to consider an awareness campaign.

The Commission finds that the recommendations of Mr. Stovall and the TRS Advisory Committee are reasonable and that the surcharge should be lowered to four-cents (\$.04) effective July 1, 2008. The Commission further finds that it will take the recommendations regarding the possibility of an awareness campaign under advisement.

#### O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that, pursuant to the Telecommunications Relay System Act, the TRS surcharge should be set at four-cents (\$.04) per telephone number or functional equivalent beginning July 1, 2008.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2008, to collect a four-cent (\$.04) surcharge per month on each telephone number or functional equivalent in Nebraska, provided that the surcharge shall be only collected on the first one hundred telephone numbers or functional equivalents per customer.

MADE AND ENTERED at Lincoln, Nebraska, this 25th day of  
March, 2008.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director