

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,     ) Application No. C-4141  
on its own motion, to determine     )  
the surcharge for the statewide     )  
Telecommunications Relay System     ) ORDER SETTING SURCHARGE  
to be effective July 1, 2009, in     )  
the State of Nebraska.             )  
  ) Entered: March 31, 2009

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, 2009. 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 Nebraska Specialized Telecommunications Equipment Program (NSTEP) for the coming year.

Notice of the proceeding appeared in The Daily Record, Omaha, Nebraska, on March 11, 2009. The order opening the above-captioned docket and setting the hearing was entered on February 10, 2009 and mailed to all interested parties. Public hearings were held on March 10, 2009, and March 17, 2009, 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 previous three fiscal years; the second is a forecast assuming the surcharge is reduced to three-cents (\$.03); the third attachment is a forecast assuming the surcharge is reduced to two-cents (\$.02); 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 three-cents (\$.03) effective July 1, 2009. Attachment No. 2 reflects the fiscal years 2009-10 and 2010-11 with the projected cost and revenue data through June 2011. Attachment No. 2 projects an average reserve balance of \$686,318 at the end of the 2009-10 fiscal year.

Attachment No. 3 made a similar analysis but assumed the surcharge was reduced to two-cents (\$.02). Attachment No. 3 projects a reserve balance of \$434,656 at the end of the 2009-10 fiscal year.

Mr. Stovall testified that in both Attachment Nos. 2 and 3, cost columns for CapTel have been incorporated into the projections. The CapTel service began October 1, 2004. 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 2005-06, the usage minutes declined 15% from the previous year's usage. In fiscal year 2006-07, minutes of use declined 18.1% as compared to the previous year. For fiscal year, 2007-08, the usage again declined another 19%.

Based on these scenarios and his experience as administrator of these programs, Mr. Stovall testified that he recommends the surcharge be lowered to three-cents (\$.03) beginning July 1, 2009.

The difference between the surcharge being reduced to three-cents (\$.03) and being lowered to two-cents (\$.02) is a little more than \$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 three-cent (\$.03) surcharge should result in a reserve balance within the reasonable range.

The TRS Advisory Committee, submitted a letter dated March 5, 2009, reporting that at the February scheduled meeting of the Advisory Committee, the Committee unanimously approved recommending that the Commission reduce the surcharge to three-cents (\$.03) effective July 1, 2009.

The Commission finds that the recommendation of Mr. Stovall and the TRS Advisory Committee is reasonable and that the surcharge should be lowered to three-cents (\$.03) effective July 1, 2009.

#### 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 three-cents per access line or functional equivalent beginning July 1, 2009.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2009, to collect a three-cent surcharge per month on each telephone access line or functional equivalent in Nebraska, provided that the surcharge shall be only collected on the first one hundred access lines or functional equivalent per customer.

MADE AND ENTERED at Lincoln, Nebraska, this 31<sup>st</sup> day of March, 2009.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

//s// Frank E. Landis

  
Chairman

ATTEST:



Executive Director