

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. C-4332
on its own motion, to determine)
the surcharge for the statewide)
Telecommunications Relay System) ORDER SETTING SURCHARGE
to be effective July 1, 2011, in)
the State of Nebraska.) Entered: March 22, 2011

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, 2011. 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 February 3, 2011. The order opening the above-captioned docket and setting the hearing was entered on February 1, 2011, and mailed to all interested parties. A public hearing was held on March 8, 2011, 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 included seven attachments to his written testimony. The seven attachments are as follows, the first contains historical data concerning the surcharge for the previous two fiscal years including the TRS Fund balance; the second is a forecast assuming the surcharge is reduced to four-cents (\$.04); the third attachment is a forecast assuming the surcharge remains at the current level of five-cents (\$.05); the fourth attachment is a forecast assuming the surcharge is increased to six-cents (\$.06); the fifth attachment contains selected historical statistics of the TRS program; the sixth is a graphical representation of the TRS surcharge levels since 1991; and the seventh is information regarding the CapTel Public Service Announcement (PSA) Campaign.

The second attachment forecasts the TRS Fund balance assuming the surcharge is reduced to four-cents (\$.04) effective July 1, 2011. Attachment No. 2 reflects the fiscal years 2010-

11 and 2011-12 with the projected cost and revenue data through June 2012. Attachment No. 2 projects an average reserve balance of \$125,800 at the end of the 2011-12 fiscal year.

Attachment No. 3 made a similar analysis but assumed the surcharge remained at the current five-cent (\$.05) level. Attachment No. 3 projects a reserve balance of \$371,120 at the end of the next fiscal year.

Attachment No. 4 again made a similar analysis but assumed the surcharge was increased to six-cents (\$.06). Attachment No. 4 projects a reserve balance of \$616,440 at the end of the next fiscal year.

Mr. Stovall testified that in Attachment Nos. 2, 3, and 4, 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 in previous years. In fiscal year 2008-09, the usage minutes declined 29% from the previous year's usage. In fiscal year 2009-10, the minutes of use again declined, but the decline slowed drastically, only declining 14.58% as compared to the previous year. Mr. Stovall stated from the numbers it appears that the decline in the minutes of use is slower than in previous years.

The projections in Attachment Nos. 2, 3, and 4, reflect the cost for traditional relay service increasing pursuant to the current provider contract with Sprint. Currently the rate for traditional relay \$1.12, and the rate for CapTel services is \$1.79.

The projections in Attachment Nos. 2, 3, and 4, also reflect the remaining cash transfer that will be made as a result of the passage of Legislative Bill 1 during the specially called session of the Legislature in the fall of 2009 to address State budget shortfalls. Approximately \$40,008 will be transferred from the TRS Fund to the General Fund of the State of Nebraska in June of 2011.

Finally, the projections presented by Mr. Stovall contain a \$75,000 transfer in June of 2012 for a media awareness campaign. This is a campaign contained within the contractual provisions with Sprint, the relay provider, but is subject to Commission approval.

Based on these scenarios and his experience as administrator of these programs, Mr. Stovall testified that he recommends the surcharge remain at the current five-cent (\$.05) level for the next fiscal year beginning July 1, 2011.

The revenue generated from a five-cent (\$.05) surcharge will allow the expenses of the program to be slightly higher than the surcharge revenue, continuing the decline in the reserve balance in the TRS Fund. However, with a five-cent (\$.05) surcharge the decline will be slower so the forecasted balance in July 2012 will be sufficient to sustain the program. 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 TRS Advisory Committee submitted a letter on March 3, 2011, reporting that at the February scheduled meeting of the Advisory Committee the Committee unanimously approved recommending that the Commission retain the current surcharge level of five-cents (\$.05) effective July 1, 2011.

The Commission finds that the recommendation of Mr. Stovall and the TRS Advisory Committee is reasonable and that the surcharge should remain at five-cents (\$.05) effective July 1, 2011.

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 five-cents per telephone number or functional equivalent beginning July 1, 2011.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2011, to collect a five-cent surcharge per month on each telephone number or functional equivalent in Nebraska. Except for wireless carriers, the surcharge shall be only collected on the first one hundred telephone numbers, or functional equivalents, per subscriber.

MADE AND ENTERED at Lincoln, Nebraska, this 22nd day of
March, 2011.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

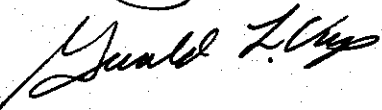
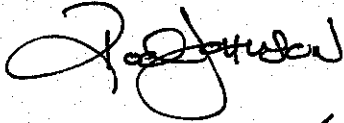
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MADE AND ENTERED at Lincoln, Nebraska, this 22nd day of March, 2011.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:




//s// Frank E. Landis

//s// Tim Schram



Chairman

ATTEST:



Executive Director