

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. C-4575
on its own motion, to determine)
the surcharge for the statewide)
Telecommunications Relay System) ORDER SETTING SURCHARGE
to be effective July 1, 2013, in)
the State of Nebraska.)
) Entered: March 19, 2013

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, 2013. 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 January 31, 2013. The order opening the above-captioned docket and setting the hearing was entered on January 29, 2013 and mailed to all interested parties. A Public hearing was held on March 5, 2013, 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 five attachments to his written testimony. The five 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 remains at four-cents (\$.04); the third attachment is a forecast assuming the surcharge is reduced to three-cents (\$.03); the fourth attachment contains selected historical statistics of the TRS program; the fifth is a graphical representation of the annual surcharge rates since 1991 compared to the actual costs per line.

The third attachment forecasts the TRS Fund balance assuming the surcharge is reduced to three-cents (\$.03) effective July 1, 2013. Attachment No. 3 reflects the fiscal years 2012-13 and 2013-14 with the projected cost and revenue

data through fiscal year 2014-15. Attachment No. 3 projects an average reserve balance of \$486,806 at the end of the 2013-14 fiscal year and a reserve balance of \$167,633 at the end of fiscal year 2014-15.

Attachment No. 2 made a similar analysis but assumed the surcharge remained at the current four-cent (\$.04) level. Attachment No. 2 projects a reserve balance of \$732,787 at the end of fiscal year 2013-14.

Mr. Stovall testified that in 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 in previous years. In fiscal year 2009-10, the usage minutes declined 14.58% from the previous year's usage, declined 15.5% in fiscal year 2010-11, and there was a steep decline of usage in fiscal year 2011-12 of 31.84%, the largest double digit decline since fiscal year 2001-02.

Based on these scenarios and his experience as administrator of these programs, Mr. Stovall testified that he recommends the surcharge be reduced to three-cents (\$.03) for the next fiscal year beginning July 1, 2013.

The revenue generated from a three-cent (\$.03) 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 three-cent (\$.03) surcharge the decline will not be so large that the forecasted balance in July 2014 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.

Finally, Mr. Stovall discussed the media awareness campaign proposed by Sprint to promote awareness of CapTel services on the Husker Sport's Network. The entire cost of the campaign is \$20,000, with Sprint committing to pay \$10,000 and the remaining \$10,000 coming from the TRS fund. This is a similar awareness campaign that was conducted last year under the same terms. Mr. Stovall testified that the 2012 campaign had been successful and he recommended supporting the 2013 proposal.

Tami Richardson-Nelson, the Chair of the TRS Advisory Committee, submitted a letter to the Commission on February 26, 2013, reporting that due to inclement weather the Committee was unable to meet and conduct business. Ms. Richardson-Nelson recommended adopting the Staff proposal to reduce the surcharge to three-cents (\$.03) effective July 1, 2013, and urged approval of the joint media campaign proposal with Husker Sports Marketing for CapTel awareness.

The Commission finds that the recommendation of Mr. Stovall and the Chair of the TRS Advisory Committee is reasonable and that the surcharge should be reduced to three-cents (\$.03) effective July 1, 2013. The Commission further finds that the joint media awareness campaign with Sprint is reasonable and the Commission shall approve the awareness campaign with the Husker Sports Marketing as proposed.

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 (\$.03) per telephone number or functional equivalent beginning July 1, 2013.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2013, to collect a three-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.

IT IS FURTHER ORDERED the Commission shall adopt the media awareness campaign to promote awareness of CapTel as proposed by Sprint with Husker Sports Marketing.

MADE AND ENTERED at Lincoln, Nebraska, this 19th day of
March, 2013.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chair

ATTEST:

Executive Director

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

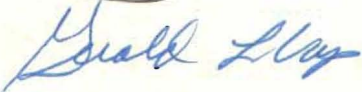
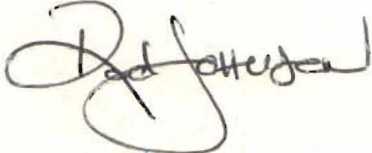
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MADE AND ENTERED at Lincoln, Nebraska, this 19th day of March, 2013.


NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:



//s// Anne Boyle

//s// Frank E. Landis



Chair

ATTEST:



Executive Director