

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. C-4659
on its own motion, to determine)
the surcharge for the statewide)
Telecommunications Relay System) ORDER SETTING SURCHARGE
to be effective July 1, 2014, in)
the State of Nebraska.) Entered: April 29, 2014

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, 2014. 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 24, 2014. The order opening the above-captioned docket and setting the hearing was entered on January 22, 2014, and mailed to all interested parties. A Public hearing was held on March 18, 2014, 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 two attachments with his written testimony and late-filed what was marked as Exhibit No. 5 on April 21, 2014. The two attachments to the written testimony are as follows: the first contains historical data concerning the surcharge for the previous two fiscal years and the next assessment period, assuming the surcharge remains at the current three-cents (\$.03) level; the second is a graphical representation of the annual surcharge rates since 1991 compared to the actual costs per line.

As of the date of the hearing, the Commission was in the process of seeking and contracting with a vendor to provide relay service in the State of Nebraska beginning July 1, 2014, through June 30, 2019. As the request for proposal process was ongoing, the costs to the TRS program were unknown and staff was unable to forecast the cost in the next fiscal years or make a

recommendation for the surcharge as of July 1, 2014. When the costs were ascertained, Mr. Stovall prepared Exhibit No. 5 and late-filed it in the docket. Exhibit No. 5 forecasts the TRS Fund balance with costs under the new TRS vendor contract, pricing Option 1, and assumes the surcharge is reduced to two-cents (\$.02) effective July 1, 2014. Exhibit No. 5 reflects the fiscal years 2013-14, with the projected cost and revenue data through fiscal year 2015-16. Exhibit No. 5 projects an average reserve balance of \$608,760 at the end of the 2014-15 fiscal year and a reserve balance of \$311,177 at the end of fiscal year 2014-15.

In Exhibit No. 5, Mr. Stovall incorporated cost columns for CapTel into the projections. The CapTel service began October 1, 2004. The 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. Total minutes of use for CapTel is projected and adjusted upward slightly to reflect consistent access line growth evident in previous years.

Based on these scenarios and his experience as administrator of these programs, Mr. Stovall recommended in conjunction with the filing of Exhibit No. 5, that the surcharge be reduced to two-cents (\$.02) for the next fiscal year beginning July 1, 2014.

The revenue generated from a two-cent (\$.02) surcharge will allow the expenses of the program to be higher than the surcharge revenue, causing the reserve balance to decline in the TRS Fund. However, with a two-cent (\$.02) surcharge the decline will not be so large that the forecasted balance in July 2015 will be insufficient to sustain the program.

Tami Richardson-Nelson, the Chair of the TRS Advisory Committee, submitted a letter to the Commission on February 6, 2014, reporting that the Committee recommended the surcharge be reduced to two-cents (\$.02) effective July 1, 2014, based on the forecasts available at the Committee meeting on January 17, 2014. The Committee also recommended not purchasing a media campaign proposal with Husker Sports Marketing in 2014 and instead urged consideration of alternative marketing/awareness activities.

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 two-cents (\$.02) effective July 1, 2014. The Commission further finds that it accepts the recommendation of the Advisory Committee and no media awareness campaign will be authorized with Husker Sports Marketing in 2014. Instead the Commission shall consider any proposals submitted for consideration regarding alternative marketing/awareness campaigns for fiscal year 2014-15.

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 two-cents per telephone number or functional equivalent beginning July 1, 2014.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2014, to collect a two-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 29th day of April, 2014.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Ann Beale
Tim Schram
Paul Johnson
Gerald L. Lipp

Ann Beale
 Chairman

ATTEST:

Steve Meredith
 Executive Director

//s//Frank E. Landis