

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

**DATE:** August 5, 2010  
**AT (OFFICE):** NHPUC

**FROM:** David Goyette, Utility Analyst III - Telecommunications

**SUBJECT:** Staff Recommendation to Increase Telecommunications Relay Service Rate to 6 Cents per Access Line

**TO:** Commissioners  
Debra Howland, Executive Director  
Kate Bailey, Division Director - Telecommunications

Staff recommends increasing the Telecommunications Relay Service (TRS) rate to 6 cents per access line.

Since the time of the most recent change to the monthly contribution rate to the TRS Trust fund (the Fund) made by Local Exchange Carriers, a decrease from 4 cents to 2 cents per access line effective April 1, 2007<sup>1</sup>, the Fund balance has been continually declining. Prior to the Commission's order implementing the current rate, Staff submitted a memorandum<sup>2</sup> notifying the Commission that the Fund balance greatly exceeded expenditure requirements and, to correct this, recommended decreasing the rate to 2 cents. Aware that, at the 2 cent per line rate, the balance would decline continually and eventually be depleted, Staff also recommended that the TRS rate be increased when it was expected that only 6 months of trust expenditures would be covered by the balance, which it forecasted would occur within 3 years, or so. Currently, based on Staff's analysis the Fund balance is expected to cover only 6 months of expenditures on or about November 1, 2010, so an increase to the rate is warranted.

Staff has observed a gradual decline in overall carrier contributions to the Fund. Based on the most recent 12 months for which data is available (June, 2009 to May, 2010), contributions have declined roughly 6.5% when compared with the prior 12 months (June, 2008 to May, 2009). This downward trend is likely the result of landline reductions in recent years, since the number of access lines is the basis for contributions and only landline carriers contribute to the Fund. Because of this declining base for contributions, which is expected to continue, Staff believes a 4 cent increase to the current rate is needed so that overall contributions reasonably cover expected trust expenditures. Based on Staff's analysis, if the increase is less than 4 cents, expenditures will exceed contributions and the Fund will be depleted. If greater, the balance will again grow to an amount in excess of Fund requirements.

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<sup>1</sup> The current rate of 2 cents per access line became effective pursuant to Order No. 24,731, dated February 16, 2007 in Docket No. DT 07-019.

<sup>2</sup> Staff's memorandum dated February 14, 2007, in Docket No. DT 07-019.

In summary, to avoid exhaustion of the Fund and to ensure future contributions sufficiently cover Fund expenditures, Staff now proposes setting the TRS rate at 6 cents per line (3 cents for seasonal lines) and, to provide adequate notice to carriers, recommends this become effective November 1, 2010.