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August 12, 2013

David Goyette  
Utility Analyst  
Telecommunications Division  
State of New Hampshire  
Public Utilities Commission  
21 S. Fruit St, Suite 10  
Concord, NH 03301-2429

Subject: Request for Rate Adjustment

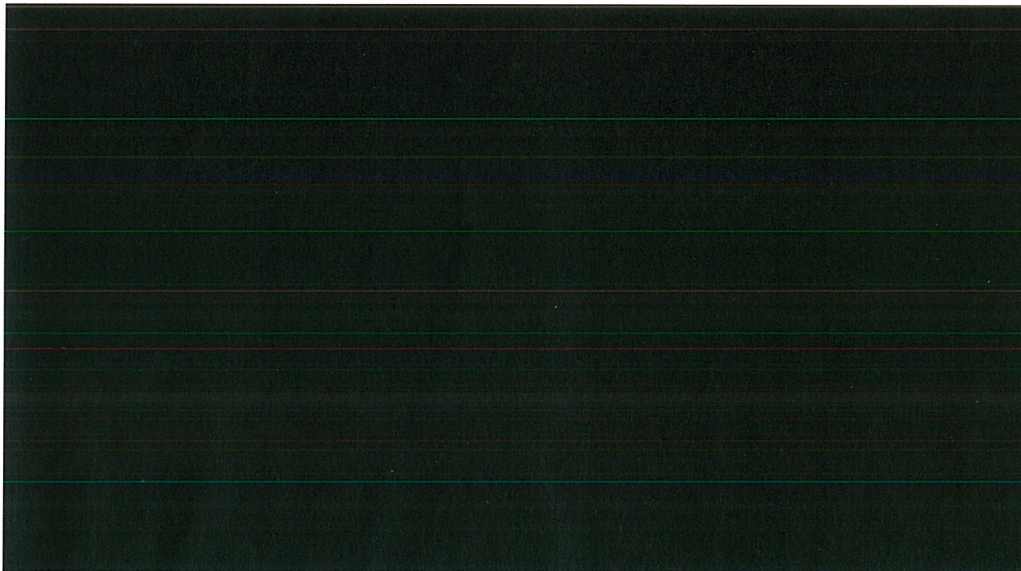
Reference: New Hampshire Telecommunications Relay Services

Dear Mr. Goyette,

Sprint is honored to have served the citizens of New Hampshire since November 1, 1991 providing Telecommunications Relay Services (TRS). Over the past two decades, the way that people communicate over the telecom network has changed dramatically. Likewise, Sprint's TRS and Captioned Telephone (CapTel) services have kept pace with the industry and provide individuals who are deaf, hard of hearing, deaf-blind or have a speech disability with functionality-equivalent access to communication.

One of Sprint's key strategies is to deliver the best-cost value and to ensure that rate payers know what to expect. Most State TRS contracts guarantee pricing for only three (3) to five (5) years and the Federal Communications Commission (FCC) adjusts reimbursement rates on an annual basis. As demonstrated in the figure below, the TRS rate in New Hampshire has remained stable, even as the FCC Interstate TRS rates have continued to escalate. (Please note that the Interstate Rates are reimbursed in conversation minutes rather than session and have been adjusted accordingly).

**[BEGIN CONFIDENTIAL]**



**[END CONFIDENTIAL]**



Sprint works diligently to minimize the impact on the State's budget whenever possible. One example of this was when the FCC increased minimum service standards in 2000, including many items which directly impact the cost of providing the service, Sprint offered the State several payment options to minimize the effects on the State. Ultimately, the State chose to go with a lump sum payment to cover a three-year period. (DT 00-184, Order No. 23,702). [BEGIN CONFIDENTIAL] [REDACTED]

[END CONFIDENTIAL]

Unfortunately, rising costs and declining call volumes have made it necessary for Sprint to seek a price adjustment after nine years of stable pricing. Our goal is to provide the State with options that allow the State to select an option which most closely meets its need for price stability and predictability.

Option A – [BEGIN CONFIDENTIAL] [REDACTED]

[REDACTED]

[END CONFIDENTIAL]



### Option B – TRS Traditional Pricing Model

Sprint is also offering the State a traditional pricing model for TRS and Outreach services, one that is similar to the one used today. [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] The benefit of this approach is that, as the number of wireline TRS calls continue to decline, the State will see that reflected in its monthly invoice.

Option A – Standard Pricing Plans	
TRS Price (session minute)	Outreach Services (monthly recurring charge)
[BEGIN CONFIDENTIAL] [REDACTED]	[REDACTED] [END CONFIDENTIAL]

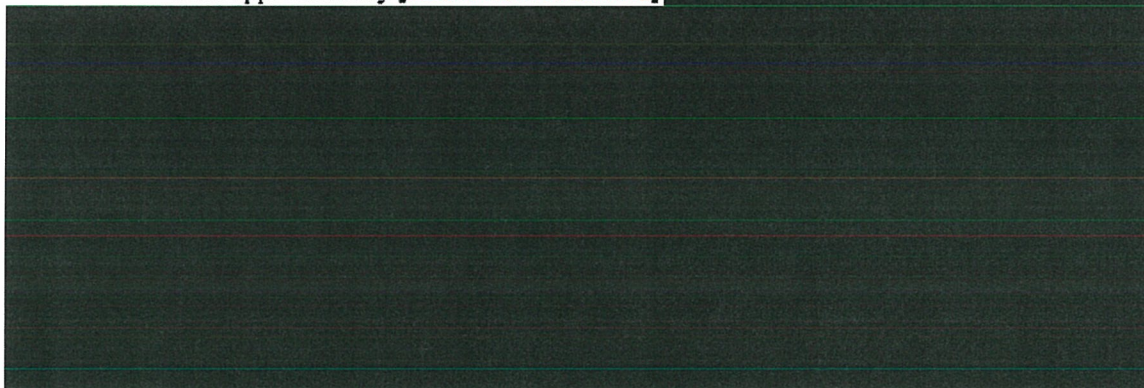
Sprint believes that the new proposed rates are necessary, fair, and competitive for the following reasons:

1. [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]
2. **Investments in technology are necessary to maintain telecommunications on par with standard phone users.** The FCC requires that TRS programs provide the same access to services and features made to traditional phone users unless it can show justification that the solution is technologically infeasible. Sprint has invested [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] in its Relay products over the past [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] to ensure that it fulfills this obligation. As a result, the State of New Hampshire has been granted State certification without fail every five (5) years.

Relay users in New Hampshire have access to the same features as traditional telephone users including Caller ID, answering machine retrieval, access to preferred long distance carriers, operator assistance, directory assistance, and three-way calling.

3. **Fixed costs greatly affect the price per minute as usage declines.** There are many fixed costs to providing TRS service including support functions such as account support, billing, reporting, training and human resource. As the amount of calls decrease, fixed costs are allocated over a smaller number of billable minutes.

As demonstrated in Figure 3, the State's intrastate TRS minutes-of-use have declined from approximately [BEGIN CONFIDENTIAL] [REDACTED]



[END CONFIDENTIAL]



As demonstrated in Figure 3, Sprint projects a continual decline in TRS minutes. Sprint estimates that by 2015, the number of New Hampshire intrastate TRS minutes will be cut [BEGIN CONFIDENTIAL] [END CONFIDENTIAL]

4. **Sprint's new proposed pricing is competitive when compared to industry rates.** Sprint's proposed per minute rate for TRS is highly competitive when compared to other States in the nation.

As a part of the annual establishment of the TRS Interstate Rates, all States disclose their reimbursement rate. In the 2012 data collection process, state reimbursement rates ranged from [BEGIN CONFIDENTIAL] [END CONFIDENTIAL]

This current Multiple Average Rate Structure (MARS) reimbursement formula is used to calculate the country's average reimbursement rate and the FCC interstate rate for the upcoming year. The most recent rate (applicable as of July 1, 2013) has been set at \$2.1647 per conversation minute [BEGIN CONFIDENTIAL]

[REDACTED]

[END CONFIDENTIAL]

5. [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] The FCC and some states have adopted higher reimbursement rates for STS due to the specialized training, personnel, and services required. For example, the 2013 reimbursement rate for STS for the FCC Interstate Fund is \$3.2957 per conversation minute [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL]

[BEGIN CONFIDENTIAL] [REDACTED]

<sup>1</sup> Some states report prices per billable conversation minute. A standard adjustment has been applied to convert conversation minutes to session minutes using a standard conversion factor for ease of understanding.



[END CONFIDENTIAL]

#### CapTel Pricing Model

Since introducing Captioned Telephone (CapTel) services in the State of New Hampshire almost eight years ago, Sprint has been able to maintain its initial price to the State. [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

CapTel Pricing	
CapTel Price Per Session Minute	
[BEGIN CONFIDENTIAL]	[END CONFIDENTIAL]

Sprint understands that stable pricing is important to the State and [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

1. **Sprint's vendor, CapTel, Inc. (CTI), is the innovator of CapTel and remains the sole provider of wireline captioned telephone service in the country.** [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

Since introducing this service in New Hampshire, CapTel has experienced phenomenal growth in the number of users and the features offered including the following:

- **Call Center expansion** from a single call center processing to a network of three redundant call centers operated by CTI – including a warm-weather center located in Orlando, Florida. This expansion provides greater reliability and redundancy for New Hampshire CapTel users.
- **State-centric upgrades** have been put into place to allow the State to have greater visibility to its CapTel usage and service through the transition from equipment serial number (ESN) reporting to reporting based on the telephone numbers of the users, which is in line with other TRS services. In addition, state-specific performance reporting is now offered rather than a national average.
- **User-centric features and enhancements** have been launched to meet FCC requirements and improve the users' experience including the launch of Caller ID, the ability to select a preferred long distance carrier of choice, state-specific reporting, and phone hardware improvements including a larger screen, customizable fonts, and built-in answering machine. In fact, four new series of CapTel phones have been launched since 2005 including the USB phone, 800 series, 840 series and a new 880 series for visually-impaired CapTel users.
- **Customer Service support** has been upgraded. Now New Hampshire CapTel users have direct access to CTI support 24/7 (minus holidays). Previously, CapTel users and potential customers only had access to CTI Customer Service during business hours. It is also easier for New Hampshire CapTel users to reach Customer Service as more options are available, including one-button phone access, online chat, website form, email, fax and mail. CTI has also expanded Customer Service to support Spanish-speaking CapTel users.

2. [BEGIN CONFIDENTIAL]

[REDACTED]

[REDACTED]

[END CONFIDENTIAL]

Since 2005, Sprint has launched multiple internet-based solutions including:

- **WebCapTel:** Sprint has developed this online CapTel application that allows New Hampshire CapTel users to utilize the service using a personal computer and internet access with no specialized equipment (i.e., CapTel phone).
- **Internet models of CapTel phones:** Sprint supports internet models of CapTel phones which utilize a phone line and internet connection to provide captions. These phones offer the additional benefit of allowing CapTel users to receive incoming calls directly (i.e., voice callers dial the CapTel users number rather than a toll-free access number).
- **Exclusive Telikin Application:** Sprint has worked with Telikin to develop a WebCapTel application on its touch-screen computers which are designed specifically for senior citizens to be simple and easy to use.
- **Development of Wireless-based applications** offers New Hampshire CapTel users true mobility while saving the State money. Like internet-based CapTel solutions, minutes associated with wireless CapTel services are billed to the TRS Interstate fund rather than the State. As an added benefit, Sprint's Wireless CapTel application is the only one currently available that works on multiple wireless carriers and does not require a simultaneous voice and data connection.

• [BEGIN CONFIDENTIAL]

[REDACTED]

[END CONFIDENTIAL]

• [BEGIN CONFIDENTIAL]

[REDACTED]

[END CONFIDENTIAL]



3. CapTel reimbursement rates have escalated since the original contract was signed in 2005. As the cost to provide CapTel has risen, the per-minute rate charged to States and the Federal Government has also increased. As demonstrated in Figure 5 below, the FCC's reimbursement rate for interstate CapTel service has rose over 23% since 2005, [BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

### FCC CapTel Reimbursement Rate History

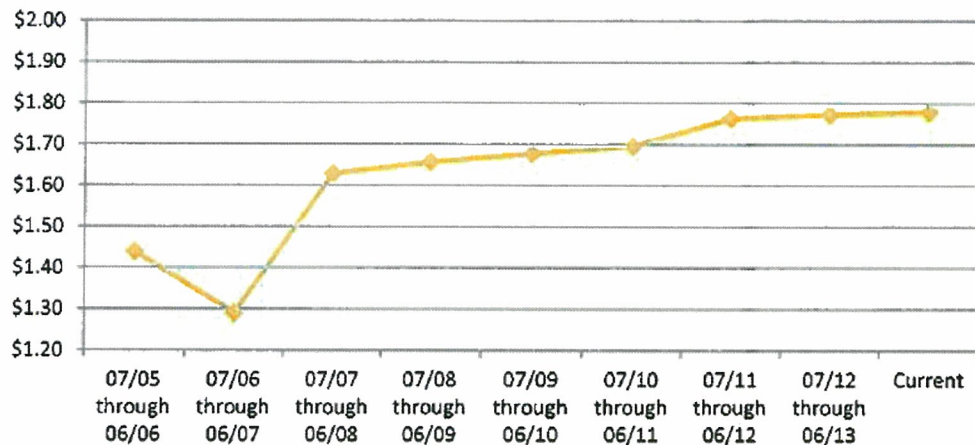


Figure 5 – CapTel Intrastate Conversation Rates

4. [BEGIN CONFIDENTIAL] [END CONFIDENTIAL] Figure 6 below provides CapTel pricing for several States which have completed competitive bid processes and publicly released each bidder's bid price. These states offer solutions which are similar to the State of New Hampshire and do not include outreach costs.

Competitive State CapTel Pricing	
Governing Agency	Competitor CapTel Price (session minutes)
Regulatory Commission of Alaska	\$1.95
Missouri Public Service Commission	\$1.67

Figure 6 – CapTel Intrastate Conversation Rates

#### Outreach and Support

[BEGIN CONFIDENTIAL]

[END CONFIDENTIAL]

Sprint is proud of its long history serving New Hampshire callers since the first service began on November 1, 1991. We take great pride in the fact that we have been able to offer these services that meet, and in many cases, exceed the minimum mandatory requirements at a stable and competitive price. Sprint greatly values our relationship with the New Hampshire Public Utilities Commission, the New

Hampshire Relay Advisory Board and the New Hampshire Relay user communities and look forward to continuing to serve you over the next five (5) years.

Sprint is also attaching our our standard Master Services Agreement (MSA) that is used in several of our states for your consideration. Should the Customer decide not to use this vehicle, Sprint reserves the right to negotiate in good faith to execute a definitive agreement for these services.

If you have any questions concerning this extension offer, please contact Andrew Brenneman at (703) 592-4641 or by e-mail at [Andrew.Brenneman@sprint.com](mailto:Andrew.Brenneman@sprint.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Clairmonte", is positioned above the printed name and title.

Michaela Clairmonte  
Manager, Contracts Negotiations & Management

CC: Kate Bailey, New Hampshire Public Utilities Commission  
Amanda Noonan, New Hampshire Public Utilities Commission  
Ben Aron, Sprint Government Affairs