

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: February 7, 2014**AT (OFFICE):** NHPUC*David***FROM:** David Goyette, Utility Analyst III - Telecommunications**SUBJECT:** DT 13-243 Recommendation to Approve Sprint Communications Company L.P. Petition to Increase Price for Telecommunications Relay Service**TO:** Commission
Debra Howland, Executive Director

On August 8, 2013, Sprint Communications Company L.P. (Sprint) filed a petition to increase the rate per session minute for the provision of telecommunications relay service (TRS). Sprint requested confidential treatment of certain information in the petition. In its petition, Sprint states that rising costs and declining call volumes make it necessary to request a price increase. In 1991 Sprint was awarded the franchise to provide TRS to NH customers after a competitive bidding process. At that time, the Commission authorized a rate of \$.66 per session minute and \$6,250 a month for Outreach Services (Outreach) in Order No. 20,236, in Docket No. DE 90-225. Since that time, Sprint has requested and received one increase to the rate per minute and monthly Outreach charges it bid for the provision of TRS, which became effective in 1999 under Order No. 23,178, in Docket No. DE 98-182. Pursuant to the order, Sprint's TRS rates were increased to \$0.76 per session minute and the charge for Outreach was increased from \$6,250 per month to \$7,250 per month. In 2005 the Commission authorized a rate of \$1.40 per session minute for the addition of Captioned Telephone service (CapTel) in Order No. 24,492, in Docket No. DT 04-213.

Sprint's current monthly TRS invoice is comprised of four separate services: 1) TRS, 2) Speech-to-Speech (STS), 3) Captioned Telephone (CapTel), and 4) Outreach. The current rates for those services are as follows:

TRS:	\$0.76 per session minute
STS:	\$0.76 per session minute
CapTel:	\$1.40 per session minute
Outreach:	\$7,250 per month

Sprint proposes two options to increase rates: Option A, for which the description was redacted and cannot be described here, and Option B, the TRS Traditional Pricing Model. Under Option B, which is similar to the billing model used currently, the monthly billing for TRS services would decrease as the number of TRS minutes continues to decline.

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Staff reviewed both options to determine if the proposed TRS rates are reasonable. Staff conducted a survey of other states to compare the proposed rates with those of other states who periodically issue requests for proposals for TRS. The survey asked respondents to provide the current rates for intrastate TRS and the charge for Outreach. Staff received responses from 27 states. The compiled results of the survey are shown in Exhibit A.

On November 26, 2013, Staff held a conference call with Sprint to discuss the survey and Staff's analysis of the survey responses, and to obtain answers to questions regarding the basis for the proposed rate increase and the reasonableness of the proposed new rates. Sprint provided adequate responses to Staff's inquiries. On December 6, 2013, Sprint filed a summary of the discussion held during the call and provided additional information in response to Staff's questions. Sprint requested confidential treatment for much of the information contained in this filing.

Based on analysis of the information obtained through the survey and discussions and correspondences with Sprint, Staff believes the proposed new rates are reasonable in comparison to those of other states. The proposed rates are not the lowest, but are also not the highest among the range of rates of survey respondents. It should be noted that, based on the survey results, it appears that the current rates charged by Sprint for TRS service are among the lowest in the country.

Staff prepared a five-year projection to determine whether or not, under either of the proposed pricing options, an increase in the amount collected in local exchange rates would be needed to maintain a TRS Trust Fund¹ balance sufficient to cover projected expenditures during the next five years. Based on Staff's forecast, under either of Sprint's proposed rate options it appears that the TRS Trust Fund balance would be sufficient to cover all projected expenditures during the coming five years without an increase to the six cents (\$0.06) per access line currently collected in local exchange rates.

Staff determined that, based on its forecasted projections, the charges under Sprint's Rate Option B would be less than under Rate Option A. Also, the TRS Trust Fund balance would be significantly greater at the end of the five year period under Rate Option B than under Rate Option A. Staff believes the per session minute rate proposed is reasonable and will not require an increase in retail rates and therefore recommends that the Commission approve Sprint's proposed rates under Rate Option B.

¹ The TRS Trust Fund was established in 1992 by local exchange carriers and an investment corporation for the purpose of receiving funds from telephone utilities and paying the TRS provider for the provision of functionally equivalent telephone service to all customers. Pursuant to the terms of a stipulation between these carriers, other interested parties, and Staff, dated May 28, 1991, the PUC monitors the trust fund transactions and determines the amount which local exchange carriers collect in local rates and remit to the TRS Trust Fund each month to pay for TRS.

Exhibit A

NH versus Other States¹ TRS Rates, Per Session Minute

	Per Survey		Rate, Per Session Minute
	Rate	Per Minute Basis	
			0.60
CO	\$1.54	Session	\$1.54
DC	1.05	Session	1.05
FL	0.76	Session	0.76
GA	1.20	Session	1.20
HI	1.19	Session	1.19
IA	1.88	Conversation ²	1.13
KY	0.87	Session	0.87
MA	3.79	Conversation ²	2.27
MN	1.77	Conversation ²	1.06
MO	0.80	Session	0.80
MS	0.89	Session	0.89
MT	1.77	Conversation ²	1.06
NC	0.85	Session	0.85
NE	1.12	Session	1.12
NJ	1.18	Session	1.18
NM	1.50	Session	1.50
OH	0.97	Session	0.97
OR	1.05	Conversation ²	0.63
TX	1.39	Conversation ²	0.83
VT	1.34	Conversation ²	0.80
WI	1.27	Conversation ²	0.76
WY	1.05	Session	1.05
Average rate, per session minute			\$1.07

NH, current rate, per session minute	\$0.76
NH, proposed rate, per session minute	[REDACTED]

1-Maine responded to Staff's survey but is not shown here because it is under a flat-fee arrangement.

2-Per-minute conversation rate converted to session minute rate by multiplying by .60 conversion factor.

.60 is ratio, roughly, of total conversation to total session minutes for NH from 2007 to 2012.