

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held May 24, 2012

Commissioners Present:

Robert F. Powelson, Chairman
John F. Coleman, Jr., Vice Chairman
Wayne E. Gardner
James H. Cawley
Pamela A. Witmer

Recalculation of the Pennsylvania
Telecommunications Relay Service Surcharge

M-2012-2281401
M-00900239

ORDER

BY THE COMMISSION:

Pursuant to our May 29, 1990 Order at Docket No. M-00900239 establishing the Pennsylvania Telephone Relay Service (Relay)¹ and surcharge funding mechanism (TRS surcharge) and subsequent legislation,² we have completed the annual recalculation of the TRS surcharge as it will apply to residence and business wireline access lines for July 1, 2012, through June 30, 2013. The monthly residential and business monthly access line surcharge will remain set at \$0.08.

¹ Additional information on TRS may be found at http://www.puc.state.pa.us/telecom/telecom_relay_service.aspx

² See Act 34 of 1995, 35 P.S. §§ 6701.1 – 6701.4 (the statutory provisions were amended by Act 181 of 2002 to be more inclusive of persons with disabilities), establishing the Telephone Device Distribution Program (TDDP) to be funded by the TRS surcharge and which codified Relay and use of the TRS surcharge funding mechanism; and Act 174 of 2004, 35 P.S. §6701.3a, which established the Print Media Access System Program (PMASP) to be funded in part by the TRS surcharge. PMASP is a reading service for persons with certain vision and physical disabilities. The law is now called the “Universal Telecommunications and Print Media Access Act.”

Background

The annual TRS recalculation is dependent on data from several sources. Local Exchange Carriers (LECs)³ submitted annual wireline access line counts per 52 Pa. Code § 63.37. The Relay Provider, AT&T Communications of Pennsylvania, LLC, submitted the estimated minutes of use and charges for July 1, 2012, through June 30, 2013. Hamilton Telecommunications submitted the estimated minutes of use report for the captioned telephone relay service (CTRS). The Deputy Executive Director of the Office of Vocational Rehabilitation (OVR) in the Department of Labor and Industry submitted the 2012-2013 TDDP budget and the 2012-2013 PMASP budget. The surcharge also funds the TRS Advisory Board activities and Fund administration costs. U.S. Bank,⁴ the Fund Administrator, provided a statement of the financial status of the Fund.⁵

Calculation for 2012 – 2013

Wireline access lines reported by LECs for 2011 and adjusted for Centrex lines are 6,086,670 (4,048,612 Residence and 2,038,058 Business). Based upon the number of access lines, projected program costs (Relay, CTRS, TDDP, and PMASP), anticipated Relay Advisory Board expenses, TRS Fund administration costs, and the financial status of the TRS Fund, the 2012-2013 monthly TRS surcharge rate for both residence and business access lines will continue to be set at \$0.08 per month. All LECs

³ LEC includes both incumbent and competitive local exchange carriers. 190 LECs submitted access line count data as required. Some LECs had not submitted access line counts as of the date of preparation of this order; therefore, access line counts are estimated for surcharge calculation purposes. Noncompliant LECs are referred to the Commission's Bureau of Investigation & Enforcement.

⁴ As a result of mergers, acquisitions, and name changes, Fund administration has been handled by Hamilton Bank (1990), CoreStates Bank N.A. (1995), First Union National Bank (1999), Wachovia Bank, N.A. (2002), and U.S. Bank Institutional Trust & Custody (2006).

⁵ Separate accounts are maintained for the portions of the surcharge allocated to Relay, TDDP, and PMASP. Relay Advisory Board, CTRS, and outreach activities are funded from the Relay account; Fund administration draws from each respective account.

shall continue to remit TRS surcharge revenues to the Fund Administrator.⁶ Since the 2012-2013 surcharge remains the same as the 2011-2012 rate of \$0.08, tariff supplements are not required.

Effective July 1, 2012, the monthly surcharge allocation for each fund account is as follows:⁷

	2012-2013 Monthly Surcharge Percentage	
	<u>Residence %</u>	<u>Business %</u>
Relay	93.0	93.0
TDDP	4.0	4.0
PMASP	<u>3.0</u>	<u>3.0</u>
Total Percentage	100.0	100.0

Operations for 2012 – 2013

We shall continue our active oversight of the operations of the Pennsylvania Relay, (traditional, speech-to-speech, and captioned telephone). Further, in accordance with 35 P.S. §§ 6701.3a & 4, we shall continue to collaborate with OVR and its TDDP administrator⁸ to ensure adequate funding for distribution of TDDP equipment to low-income households. Further, we shall continue to assist OVR in its mission to ensure adequate funding for PMASP.

⁶ U.S. Bank Institutional Trust & Custody, Attn: Sue Massey, EX-PA-WBSP, 50 South 16th Street, 20th Floor, Philadelphia, PA 19102, payable to the “PA Relay Service Fund” and designated for Relay. Wire instructions can be found on the remittance form.

⁷ The TRS surcharge appears as a single line item on customers’ bills but actually has three components (Relay TDDP and PMASP).

⁸ As of January 1, 2007, the TDD program is administered by Pennsylvania’s Initiative on Assistive Technology (PIAT), Institute on Disabilities, Temple University (IDT).

Audits

On May 29, 2003, the Commission authorized an audit of the TRS fund. The scope of this audit was expanded to include additional fiscal periods. On August 7, 2003, a Commission Secretarial Letter required AT&T Communications of Pennsylvania, LLC, to file, on or before May 1st of each year, a Statement of Actual Underlying Costs of the PA TRS for the prior completed period of July 1 through June 30. The Bureau of Audits could not complete this audit because AT&T could not produce adequate supporting documentation to the submitted statements. The Bureau of Audits did issue a report April 6, 2011, at Docket No. D-2009-2090893, that disclaimed an opinion on the submitted statements due to reasons discussed in the audit report. Audits could not state that the statements presented fairly, in all material respects, the underlying costs of the TRS rates.

Also, the Bureau of Audits did complete the audit on the Telecommunications Device Distribution Program and Print Media Access Program for the twelve-month period ended June 30, 2009 and June 30, 2008. The audits of the TDDP and PMASP for the twelve-month period ended June 30, 2011 and June 30, 2010 are currently in progress.

Conclusion

The Commission has completed the annual recalculation of the TRS Surcharge. The surcharge to be applied beginning July 1, 2012 through June 30, 2013 will remain at \$0.08 for residential and business access lines; **THEREFORE,**

IT IS ORDERED:

1. That for the period of July 1, 2012 through June 30, 2013 the monthly TRS surcharge rate shall be \$0.08 for residence and business, unless we take further action to revise the TRS surcharge prior to June 30, 2013.
2. That all local exchange carriers are directed to use the attached form to remit the monthly TRS surcharge collections to U.S. Bank, Institutional Trust & Custody. All local exchange carriers are required to collect and remit the TRS surcharge revenue monthly by the 20th of each month.
3. That a copy of this Order be served upon all local exchange carriers, AT&T Communications Company of Pennsylvania, LLC, Hamilton Telecommunications, U.S. Bank Institutional Trust & Custody, the Office of Vocational Rehabilitation in the Department of Labor and Industry, the Office of Consumer Advocate, the Office of Small Business Advocate, and the Pennsylvania Telephone Association.
4. That a copy of this Order be published in the *Pennsylvania Bulletin*.

5. That a copy of this Order be posted to the Commission's website.

BY THE COMMISSION

A handwritten signature in cursive script, reading "Rosemary Chiavetta".

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: May 24, 2012

ORDER ENTERED: May 25, 2012

REMITTANCE FORM FOR MONTHLY TRS SURCHARGE COLLECTIONS

Effective July 1, 2012 through June 30, 2013

M-2012-2281401

All local exchange carriers are required to collect and remit the TRS surcharge revenue monthly, by the 20th of each month using the following format for the monthly remittance:

Pennsylvania TRS Surcharge

For the Month Ending _____

Number of **Residential** access lines _____
X \$0.08 per line _____

Allocated:
TRs Relay 93.0 percent _____
TDDP 4.0 percent _____
PMASP 3.0 percent _____

Number of **Business** access lines _____
X \$0.08 per line _____

Allocated:
TRs Relay 93.0 percent _____
TDDP 4.0 percent _____
PMASP 3.0 percent _____

Total Remittance _____

Make check payable to: Pennsylvania TRS Fund

Mail Report and payment to:	Wire Instructions:
U.S. Bank Institutional Trust & Custody Sue Massey EX-PA-WBSP 50 South 16 th Street, 20 th Floor Philadelphia, PA 19102	BANK U.S. Bank N.A ADDRESS 60 Livingston Avenue, St Paul MN 55107-2292 ABA 091 000 022 BNF ITC Depository South & East ACCOUNT 173 103 781 832 OBI PA Relay ATTN: Sue Massey

Remittance for: Company Name(s): _____
Contact Person: _____
Voice Phone Number: (____) _____ FAX: (____) _____
E-mail address _____

Authorized Signature: _____ *Date:* _____

Please direct any questions regarding the TRS Surcharge remittance to Mr. Eric Jeschke at (717) 783-3850 or ejeschke@.pa.gov.