

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**Recalculation of the Pennsylvania and  
Telecommunications Relay Service Surcharge**

**Public Meeting May 17, 2018  
2640814-TUS  
Docket No. M-2018-2640814**

**JOINT STATEMENT OF COMMISSIONERS JOHN F. COLEMAN, JR.  
AND NORMAN J. KENNARD**

Before the Commission is the establishment of the Pennsylvania Telecommunications Relay Service (TRS or Relay) surcharge funding mechanism (TRS surcharge) for the period July 1, 2018 through June 30, 2019.

The monthly surcharge is usually set to recover the anticipated costs of providing calling services and equipment to individuals that are deaf, hard of hearing, deaf-blind or have difficulty speaking to make and receive telephone calls. The monthly surcharge funds three individual programs: the Relay service itself, the Telecommunications Device Distribution Program;<sup>1</sup> and the Print Media Access System Program.<sup>2</sup> The current contribution rate to fund these programs is \$0.08 per line per month. The surcharge is assessed only upon the customers of wireline Incumbent Local Exchange Carriers (ILECs) and Competitive Local Exchange Carriers (CLECs).

The fund is massively over collected. Although the per-customer impact of reducing the monthly TRS surcharge is minimal on a per customer basis, the aggregate amount collected is not. Last year, the amount collected was about \$4.5 million. The same \$0.08 surcharge, going forward, is anticipated to recover \$4,368,000 annually.<sup>3</sup> On the other hand, the fund spent \$2,891,663.79 last year, and the budget for next year is \$2,296,400. At the \$0.08 per month surcharge rate, the fund is projected to grow by another \$2,071,600 this year.

Last year, we noted that the fund was over collected and agreed with the staff recommendation at that time to reduce the surcharge to \$0.04. The majority disagreed and, as a result, the excess balance grew a whopping \$1.7 million in one year. As a result, there is a total consolidated cash balance of almost \$10.4 million, greatly in excess – over 10 times – of the \$900,000 operating reserve that we have deemed prudent to ensure operation of these programs and services.

---

<sup>1</sup> This program provides specialized telecommunications devices, such as text telephones and amplifiers, at no charge to qualifying persons who are deaf or hard of hearing, or with speech and language disorders, or with a physical disability that prevents them from using standard telecommunication equipment.

<sup>2</sup> This program is a reading service for persons with certain vision-related physical disabilities.

<sup>3</sup> Estimated Access Lines of 4,550,000 \* \$0.08 \* 12 months = \$4,368,000

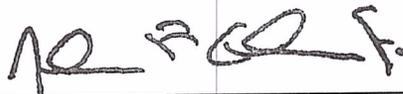
The over collection is so large that the programs and services could be run for four years with no surcharge and still be in the black. This year-after-year increasing surplus constitutes overcharging rate payers for the TRS services currently provided. We would never allow a utility to so grossly over collect (by a factor of four) under any other surcharge and not return the overcollection to the affected ratepayers.

As was recommended last year, staff proposes to lower the TRS surcharge rate to \$0.04 per line per month to reduce the over collection over a very conservative 5-year (or longer) period. This is a reasonable proposal, and we agree.

On the other hand, the Joint Motion proposes to maintain the surcharge rate at \$0.08, which means that the already enormous over collection will become even larger. The rationale in the Joint Motion for setting the TRS surcharge at \$0.08 is threefold. First, there is a concern that the Federal Communications Commission (FCC) *might* shift certain federal TRS program costs to the states. Second, there is a concern that the Commission, in the future, *might* decide to expand what is currently a limited pilot program of distributing iPads into a permanent wireless equipment distribution program.<sup>4</sup> Third, the motion notes that our TRS provider may seek an undefined rate increase this year.

Certainly, facilitating access to TRS for some of Pennsylvania's most vulnerable citizens is a laudable objective. However, we do not support growing the currently excessive surplus on speculative grounds. Moreover, the Commission's ability to respond to a TRS provider rate increase, to respond to any changes to TRS at the federal level, or to proceed with a permanent wireless device distribution program would not be compromised by reducing the surcharge to \$0.04. In fact, staff projects that at the end of the 5-year period, a fund balance of \$7.5 million will remain, which leaves plenty of financial flexibility to address any changes in the TRS landscape. In addition, the TRS surcharge is set on an annual basis, which means that any need for additional funding in the future can be adequately addressed in future surcharge years.

For these reasons, we believe the current four-fold overcollection in the TRS surcharge should begin to be reduced and not expanded. Therefore, we do not support the proposed Joint Motion and will vote to approve the staff recommendation.



JOHN F. COLEMAN, JR.  
COMMISSIONER



NORMAN J. KENNARD  
COMMISSIONER

**DATE: May 17, 2018**

<sup>4</sup> The Commission had a Wireless Equipment Initiative pilot program that recently ended, which was a 2-year pilot program to distribute a limited number of wireless devices to qualified users in the Philadelphia area. The pilot sought to evaluate the use of wireless devices and help determine whether there should be a permanent, statewide wireless device distribution program. The Commission currently is reviewing the results of the pilot and recommendations on next steps.