

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

Public Meeting held May 22, 2008

Commissioners Present:

Wendell F. Holland, Chairman
James H. Cawley, Vice Chairman
Tyrone J. Christy
Kim Pizzingrilli

Recalculation of the Pennsylvania
Telecommunications Relay Service Surcharge

M-00900239F0017
2037418

ORDER

BY THE COMMISSION:

In accordance with our May 29, 1990 Order at Docket No. M-00900239, which established the Pennsylvania Telephone Relay Service (Relay)¹ and a surcharge funding mechanism (TRS surcharge); and with Act 34 of 1995, 35 P.S. §§ 6701.1 – 6701.4,² which established 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 with 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,³ we have completed the 18th annual recalculation of the TRS surcharge as it applies to residence and business wireline access lines for July 1, 2008, through June 30, 2009. The monthly residential and business monthly wireline access line surcharge will be set at \$0.08 and \$0.08, respectively.

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

² The statutory provisions were also amended by Act 181 of 2002 to be more inclusive of persons with disabilities.

³ 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

As part of their continuing obligations under the TRS surcharge recalculation process, the local exchange carriers (LECs)⁴ have submitted their wireline access line counts. The total number of wireline access lines, adjusted for Centrex lines, is 6,701,695, which includes 4,246,821 residence wireline access lines and 2,454,874 business wireline access lines. The Relay Provider, AT&T Communications of Pennsylvania, LLC, has submitted the estimated minutes of use and charges for July 1, 2008, through June 30, 2009. Hamilton Telecommunications has submitted the estimated minutes of use report for the captioned telephone relay service (CTRS). The Executive Director of the Office of Vocational Rehabilitation (OVR) in the Department of Labor and Industry has submitted the 2008-2009 TDDP budget and the 2008-2009 PMASP budget. The surcharge also funds the TRS Advisory Board activities and Fund administration costs. U.S. Bank,⁵ the Fund Administrator, has provided a statement of the financial status of the Fund.⁶

Calculation for 2008 – 2009

Based upon the number of wireline access lines, the projected costs of the programs (Relay, CTRS, TDDP, and PMASP), anticipated Relay Advisory Board

⁴ LEC includes both incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). This total is further adjusted under a Centrex equivalency formula. One-hundred-forty-eight (148) LECs submitted their current wireline access line counts to the Commission by April 30, 2008. Eighty-three (83) LECs had not submitted their access line counts as of the date of preparation of this order; access line counts for them were estimated for surcharge calculation purposes. If these LECs remain non-compliant, they will be referred to the Commission's Law Bureau prosecutory staff. For the 2007-2008 surcharge year, the Commission's Law Bureau prosecutory staff has issued twenty-eight (28) complaints that are still pending alleging failure to file access line counts.

⁵ 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).

⁶ 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.

expenses and TRS Fund administration costs, and the financial status of the TRS Fund, the 2008-2009 residential and business monthly wireline access line will be set at the surcharge rates of \$0.08 and \$0.08, respectively.⁷ All TRS surcharge revenues shall continue to be remitted to the Fund Administrator.⁸ Since the 2008-2009 surcharge has changed (business rate changed from \$0.09 to \$0.08) from the 2007-2008 surcharge, tariff supplements are required at this time.

Effective July 1, 2008, the monthly surcharge collected shall be remitted and allocated to each fund account on a percentage basis as follows:⁹

	2008-2009 Monthly Surcharge Percentage	
	<u>Residence %</u>	<u>Business %</u>
Relay	98.0	98.0
TDDP	0.0	0.0
PMASP	<u>2.0</u>	<u>2.0</u>
Total Percentage	100.0	100.0

We shall continue our active oversight of the operations of the Pennsylvania Relay, (traditional and captioned telephone) and shall continue to collaborate with OVR and its TDDP administrator¹⁰ to ensure adequate funding for distribution of TDDP equipment to low-income households in accordance with 35 P.S. §§ 6701.3 & 4. We shall also work with OVR to ensure adequate funding for PMASP in accordance with 35 P.S. §§ 6701.3a & 4.

⁷ The annual expense is based on the estimated annual charges submitted by AT&T Relay, estimated annual TRS Advisory Board expenses, estimated annual compensation to the Fund Administrator, estimated annual charges for CTRS use submitted by Hamilton; and the estimated annual budget for the TDDP and PMASP submitted by OVR.

⁸ LECS shall remit surcharge revenues to 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 effective September 11, 2006 can be found on the remittance form.

⁹ The TRS surcharge appears as a single line item on customers' bills but actually has three components (Relay TDDP and PMASP).

¹⁰ 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 has expanded to include the fiscal period ending June 30, 2006. The audit currently includes the 36 months ended April 30, 2006. On August 7, 2003, a Commission Secretarial Letter required AT&T to file, on or before May 1st of each year, a Statement of Actual Underlying Costs of the PA TRS for the period of July 1 of the previous year through June 30 of the current year. The Bureau of Audits is currently auditing the PA TRS underlying costs for the 24 months ended June 30, 2007. The Commission's Bureau of Audits is currently conducting an audit of the TDDP for the 12 months ended June 30, 2007. The results of the audits are reported by Audits.

Conclusion

The Commission has completed the 18th annual recalculation of the TRS Surcharge. The surcharge to be applied beginning July 1, 2008, through June 30, 2009, will be set at \$0.08 for residential and business wireline access lines. This surcharge recalculation factors in costs estimates for TRS, TDDP, and PMASP operations;

THEREFORE,

IT IS ORDERED:

1. That for the period of July 1, 2008, through June 30, 2009, the residence surcharge per wireline access line per month shall be \$0.08 and the business surcharge per wireline access line per month shall be \$0.08, unless we take further action to revise the TRS surcharge prior to June 30, 2009.
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.

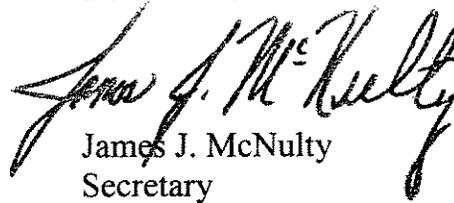
3. That all incumbent local exchange carriers and competitive local exchange carriers are directed to file revised tariff supplements to become effective July 1, 2008, on at least one day's notice, which reflect the residence and business surcharge in accordance with Ordering Paragraph No. 1, above.

4. That a copy of this Order be served upon all local exchange carriers, AT&T Communications Company of Pennsylvania, LLC, 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.

5. That a copy of this Order be published in the *Pennsylvania Bulletin*.

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

BY THE COMMISSION



James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: May 22, 2008

ORDER ENTERED: MAY 29 2008

REMITTANCE FORM FOR MONTHLY TRS SURCHARGE COLLECTIONS
 Effective July 1, 2008 through June 30, 2009 M-00900239F0017 Bp8 CaseID 2037418

All local service providers are required to collect and remit the TRS surcharge revenue monthly, by the 20th of each month. It is advisable to use 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 98.0 percent _____
 TDDP 0.0 percent _____
 PMASP 2.0 percent _____

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

Allocated:
 TRS Relay 98.0 percent _____
 TDDP 0.0 percent _____
 PMASP 2.0 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 Eric Jeschke at (717) 783-3850 or ejeschke@state.pa.us.