

**STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION**

**DT 13-243**

**SPRINT COMMUNICATIONS COMPANY, L.P.**

**Petition to Increase Price for Telecommunications Relay Service**

**Order *Nisi* Approving Price Increase**

**ORDER NO. 25,629**

**February 18, 2014**

**I. PROCEDURAL BACKGROUND**

On August 12, 2013, Sprint Communications Company, L.P. (Sprint) filed a petition to increase the rates at which Sprint provides telecommunications relay service (TRS) and related services in New Hampshire (Petition). Sprint simultaneously filed a motion for confidential and proprietary treatment with respect to certain financial and commercial information, including rate and pricing information, contained in the filed Petition and redacted in the public version of the Petition. On December 6, 2013, Sprint submitted a letter containing additional information in response to Staff inquiries, and simultaneously filed a motion for confidential and proprietary treatment with respect to certain information contained in its letter.

On December 19, 2013, the Commission granted Sprint's motions for confidential and proprietary treatment with respect to the commercially-sensitive pricing, rate and term information contained in the Petition and Sprint's December 6 letter. *Sprint Communications Company, L.P.*, Order No. 25,607 (December 19, 2013). The Commission indicated in its order that, if Sprint's proposed rates were approved, the approved effective rates would be made public consistent with Commission precedent. *Id.* at 3.

On February 7, 2014, Staff filed a memorandum containing an analysis of Sprint's proposed rates and their effect on local exchange customer charges in New Hampshire, and comparing the proposed TRS rates to those in effect in a number of other states.

## **II. BACKGROUND**

TRS relays telephone messages between individuals with speech and/or hearing difficulties and those without such difficulties, typically using a highly trained individual known as a "communications assistant" (CA) as an intermediary. The objective of TRS service is to provide functionally equivalent service to all users. CapTel is an enhanced TRS service that is provided using a specialized telephone with a text display, permitting the user to directly dial and speak to the person called, listen to that person speak, and simultaneously read captions of the conversation. The captions are produced by a CA using special voice recognition technology.

Every carrier providing telephone voice transmission services is required by FCC regulations to provide TRS services throughout the area in which it offers services, whether individually, through designees, through a competitively selected vendor, or in concert with other carriers. In addition, each such carrier is required to conduct ongoing education and outreach programs that publicize the availability of access to TRS in a manner reasonably designed to reach the largest number of consumers possible. *See* 47 C.F.R. §§64.601-64.613.

After an adjudicative hearing, the Commission awarded Sprint the franchise to provide TRS services in New Hampshire following the issuance of a request for proposals in 1991. *See Dual Party Relay Service-Telecommunications Relay Service*, Order No. 20,236 (September 10, 1991). The rates and terms of service have been modified by Commission order from time to time, as needed. The current rate of \$0.76 per session minute and \$7,250 per month for outreach

services, have been in effect since 1999. *See Sprint Communications Company, L.P.*, Order No. 23,178 (March 30, 1999). In 2005, Sprint was authorized and directed to offer CapTel as a feature of its TRS program, at a rate of \$1.40 per session minute. *Sprint Communications Company*, Order No. 24,492 (July 21, 2005).

The New Hampshire TRS program is funded through a trust fund (TRS Trust Fund) established in 1992 by incumbent local exchange carriers. The Commission monitors and oversees the TRS Trust Fund pursuant to the terms of a stipulation among the incumbent local exchange carriers, interested parties and Staff. Currently all local exchange carriers contribute \$0.06 per month, per access line to the TRS Trust Fund. This access line charge is generally collected as part of local service rates. *Telecommunications Relay Service*, Order No. 25,142 (September 3, 2010). All payments to Sprint to cover the cost of providing the relevant TRS and outreach services are drawn from the TRS Trust Fund.

### **III. POSITIONS OF PARTIES AND STAFF**

#### **A. Sprint**

In the Petition, Sprint noted that it has been the approved provider of TRS services in New Hampshire since 1991, and asserted that “rising costs and declining call volumes have made it necessary for Sprint to seek a price adjustment after nine years of stable pricing.” Petition at 2. Sprint maintained that the TRS contracts in other states guarantee pricing for only 3-5 years and the Federal Communications Commission (FCC) adjusts TRS reimbursement rates on an annual basis. Sprint stated that the TRS rate in New Hampshire has remained stable even as FCC Interstate TRS rates have continued to escalate.

In order to address its claimed need to increase rates for TRS services, while presenting the Commission with the opportunity to select a rate structure satisfying the goals of price stability and predictability, Sprint proposed two different pricing options. Option A is structured as a flat rate monthly recurring charge for TRS and outreach services. Option B is a pricing structure similar to the traditional pricing model for TRS and outreach services currently in effect; under Option B, TRS services are priced on a per session minute basis and a monthly recurring charge is assessed for outreach services. Under either of these two options, Sprint would separately provide captioned telephone (CapTel) services at a per session minute rate higher than that currently in effect in New Hampshire. Sprint has committed to provide service at the new rates for a period of five years.

Sprint justified the proposed increases in TRS rates by citing other factors in addition to higher costs, such as required technology investments to preserve service standards and the effect of declining usage on fixed cost recovery. Sprint further asserted that its proposed new prices are competitive when compared to current industry rates. Sprint justified its proposed CapTel rate increase by citing the higher costs of its CapTel service vendor, CapTel, Inc. According to Sprint, this service vendor “remains the sole provider of wireline captioned telephone service in the country.” Petition at 5.

In its supplemental letter filed on December 6, 2013 in response to Staff’s inquiries, Sprint provided additional confidential information to support its assertion that its “proposed rates are extremely competitive with the TRS rates paid by other states.”

**B. Staff**

Staff's memorandum dated February 7, 2014 summarizes its analysis of Sprint's proposed new TRS pricing model rates and terms and CapTel price increases to determine how the Sprint proposals compare to the rates currently in effect and those charged in other states by Sprint and other TRS service providers. Staff conducted a survey of other state commissions and received 27 responses. Based on its analysis of these responses, and additional information provided in subsequent communications with Sprint representatives, Staff concluded that the proposed new rates are reasonable in comparison with other states, falling within a range between the lowest and the highest of such rates. Staff also noted that Sprint's current New Hampshire TRS rates are among the lowest in the country, based on the results of Staff's survey.

In order to determine whether, under either of the proposed Sprint pricing options, an increase in local exchange rates would be needed to maintain a TRS Trust Fund balance sufficient to cover projected expenditures during the next five years, Staff prepared a five-year projection of TRS Trust Fund revenues and expenditures. Based on these forecast projections, Staff concluded that, under either of Sprint's proposed rate options, it appeared that the TRS Trust Fund balance would be sufficient to cover all projected expenditures during the next five years without an increase to the current \$0.06 per access line charge generally collected in local service rates.

Staff also determined that, based on its forecast projections on a monthly basis and overall, charges under Sprint's Option B would be less than under Sprint's Option A and the TRS Trust Fund balance would be significantly greater at the end of the five-year period under

Option B than under Option A. Staff therefore recommended that the Commission approve Sprint's proposed rates under Option B.

#### **IV. COMMISSION ANALYSIS**

We have reviewed Sprint's proposed rate structures and find that the rates and charges proposed under Sprint's Option B, as well as the separate rates proposed for CapTel service, are just and reasonable and should be approved. This conclusion is based on our review and analysis of three factors. First, we note that Sprint's TRS base service rates have not changed in almost 15 years and, according to the data collected by Staff from other states, are currently among the lowest in the country. It therefore seems reasonable that these rates would be due for review and adjustment to reflect cost increases and general inflation occurring over the intervening period. Second, Staff's state survey and analysis support a finding that Sprint's proposed per session minute rates for TRS service fall within the range of rates charged in other states for such services by Sprint and other TRS providers. Third, approval of the proposed rates under the Option B pricing model would not require an increase to the current \$0.06 per access line charge generally collected through local service rates in order to maintain a TRS Trust Fund balance sufficient to cover projected expenditures during the next five years, based on the forecast projection of TRS Trust Fund revenues and expenditures described in Staff's memorandum.

Therefore we will approve, on a *nisi* basis, increases in Sprint's TRS and CapTel rates and will continue the monthly recurring charge for outreach services, all as proposed in Sprint's Petition under Option B, effective during the five-year period beginning on March 1, 2014. Our decision is issued on a *nisi* basis in order to provide any interested party the opportunity to submit comments on Sprint's Petition or to request a hearing. The specific per session minute

rates we approve today will be kept confidential until this Order *Nisi* has become effective and will be made public thereafter, consistent with past practice. *See* Order No. 25,607.

**Based upon the foregoing, it is hereby**

**ORDERED *NISI***, that subject to the effective date below, the increase to Sprint's per session minute rate for TRS as proposed under Sprint's Option B, and the increase to its proposed per session minute rate for CapTel service, are hereby approved for services provided during the five-year period beginning on March 1, 2014; and it is

**FURTHER ORDERED**, that Sprint shall cause a summary of this Order *Nisi* to be published once in a statewide newspaper of general circulation or of circulation in those portions of the state where operations are conducted, such publication to occur no later than February 24, 2014, and to be documented by affidavit filed with the Commission on or before March 11, 2014; and it is

**FURTHER ORDERED**, that all persons interested in responding to this Order *Nisi* be notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than March 10, 2014 for the Commission's consideration; and it is

**FURTHER ORDERED**, that any party interested in responding to such comments or request for a hearing shall do so no later than March 13, 2014; and it is

**FURTHER ORDERED**, that this Order *Nisi* shall be effective March 18, 2014, unless Sprint fails to satisfy the notice and publication obligations set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

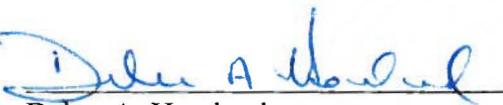
By order of the Public Utilities Commission of New Hampshire this eighteenth day of  
February, 2014.

  
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Amy L. Ignatius  
Chairman

  
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Robert R. Scott  
Commissioner

  
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Martin P. Honigberg  
Commissioner

Attested by:

  
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Debra A. Howland  
Executive Director