

PUBLIC NOTICE



FEDERAL COMMUNICATIONS COMMISSION

445 12th STREET, S.W.

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Proposed Payment Formula And Fund Size Estimate For The Interstate Telecommunications Relay Services (TRS) Fund For July 2002 Through June 2003

CC Docket No. 90-571

In this Public Notice, the Wireline Competition Bureau announces the proposed contribution factor, payment formula, and fund size estimate for the Interstate TRS Fund, for the funding year running from July 1, 2002 to June 30, 2003. If the Commission takes no action regarding the contribution factor and payment formulas proposed herein within the 14-day period following release of this Public Notice, the contribution factor and payment formulas shall be deemed approved by the Commission.

Rules for Calculating the TRS Fund Contribution Factor and Payment Formulas

Contributions to the TRS Fund are determined using an annual contribution factor calculated by the TRS Fund Administrator and approved by the Commission. Under section 64.604(c)(5)(iii)(A) – (B) of the Commission's rules, every carrier providing interstate telecommunications services shall contribute to the TRS Fund on the basis of its relative share of interstate and international end-user telecommunications revenues, and the contribution factor shall be based on the ratio between expected TRS Fund expenses to interstate and international end-user telecommunications revenues.¹ The annual payment formula is likewise calculated by the Administrator and approved by the Commission, and is designed to compensate TRS providers for the reasonable costs of providing interstate TRS.² The payment formula is based on total monthly interstate TRS minutes of use.³

¹ 47 C.F.R. § 64.604(c)(5)(iii)(A) – (B).

² 47 C.F.R. § 64.604(c)(5)(iii)(E).

³ *Id.*

NECA Projections of Demand and Administrative Expenses

On May 1, 2002, pursuant to section 64.604(c)(5)(iii)(H) of the Commission's rules,⁴ the National Exchange Carrier Association (NECA), the current TRS Fund Administrator, submitted the payment formula and fund size estimate for the TRS Fund for the period July 1, 2002 through June 30, 2003.⁵ Based on cost data filed by TRS providers, NECA proposes a payment rate for traditional TRS of \$1.528 per completed interstate conversation minute, a speech to speech (STS) reimbursement rate of \$4.045 per completed interstate conversation minute, and a video relay service (VRS) reimbursement rate of \$17.044 per completed interstate or intrastate conversation minute.

Based on the data filed by TRS providers, NECA also projects (a) 41,315,016 interstate minutes of traditional TRS use, plus \$7,014,372 in uncollectible allowances, resulting in \$70,143,716 of reimbursement to TRS providers; (b) 212,854 minutes of STS use, plus \$95,666 in uncollectible allowances, resulting in \$956,660 of reimbursement; and (c) 1,027,260 minutes of VRS use, plus \$1,945,402 in uncollectible allowances, resulting in \$19,454,022 of reimbursement. NECA also projects \$440,428 in administrative costs and \$696,000 in interest income from invested TRS funds for the funding period. NECA thus projects that the total Fund requirement is \$90,298,826. NECA states, however, that a surplus TRS Fund balance of \$26,142,780 exists, and therefore the total Fund requirement for the July 1, 2002 – June 30, 2003 will be \$64,156,046.

Contribution Factor

To calculate the contribution factor for the TRS Fund, consistent with section 64.604(c)(5)(iii)(A) of the Commission's rules, NECA used the carriers' 2001 interstate and international end-user revenues reported on the FCC Form 499-A on April 1, 2002, and provided to NECA by its Data Collection Agent. The annual Fund requirement of \$64,156,046 was divided by total end-user revenues of \$79,919,372,345 to arrive at a proposed carrier contribution factor of **0.00080**. NECA states that the payment formulas and contribution factor are proposed to become effective on July 1, 2002 and will remain in effect through June 30, 2003.

Effective Date of the Contribution Factor and Payment Formulas

If the Commission takes no action regarding the proposed contribution factor within the 14-day period following release of this Public Notice, the contribution factor and payment formulas shall be deemed approved by the Commission, and become effective on July 1, 2002, and will remain in effect through June 30, 2003.

⁴ 47 C.F.R. § 64.604(c)(5)(iii)(H).

⁵ *In the Matter of Administration of Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Payment Formula and Fund Size Estimate Interstate Telecommunications Relay Services (TRS) Fund for July 2002 through June 2003* (filed May 1, 2002) (NECA Filing).

Pursuant to the Commission's rules, every carrier providing interstate services, including, but not limited to, cellular telephone and paging, mobile radio, operator services, personal communication service, access (including subscriber line charges), alternative access and special access, packet-switched, WATS, 800, 900, message telephone service (MTS), private line, telex, telegraph, video, satellite, intraLATA, international, and resale services, shall contribute to the TRS Fund based on their relative share of interstate and international end-user revenues.⁶ Contributors whose annual contribution exceeds \$1200 have the option of dividing their contribution into equal monthly payments.⁷ Contributors failing to pay contributions in a timely fashion may be subject to the enforcement provisions of the Communications Act of 1934, as amended, and any other applicable law. In addition, contributors may be billed by NECA for reasonable costs of collecting overdue or improperly filed contributions.⁸

Pursuant to the Commission's rules, TRS providers must submit reports of minutes of use to NECA in order to receive payments for providing interstate TRS.⁹ NECA shall verify payment claims, and may suspend or delay payments if a TRS provider fails to provide adequate verification of payment upon reasonable request, or if directed by the Commission to do so.¹⁰ NECA shall make payments only to eligible TRS providers operating pursuant to the mandatory minimum standards set forth at 47 CFR §64.604.¹¹

For further information, contact Andy Firth, Telecommunications Access Policy Division, Wireline Competition Bureau, at (202) 418-2694, TTY (202) 418-0484, e-mail: afirth@fcc.gov.

⁶ 47 C.F.R. § 64.604(c)(5)(iii)(A).

⁷ 47 C.F.R. § 64.604(c)(5)(ii)(A).

⁸ See 47 C.F.R. § 64.604(c)(5)(iii)(B).

⁹ 47 C.F.R. § 64.604(c)(5)(iii)(E).

¹⁰ *Id.*

¹¹ *Id.*

