



80 South Jefferson Road
Whippany, NJ 07981

John A Ricker
Director- Universal
Service Support
PH 973 884-8086
FX 973 884-8469
jricker@neca.org

May 1, 2009

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Room TW-A235
Washington, DC 20554

RE: TRS Fund Administration
CG Docket No. 03-123

Dear Ms. Dortch:

In accordance with 47 C.F.R. § 64.604 (c)(5)(iii)(H), attached is the National Exchange Carrier Association, Inc.'s Annual Submission of TRS Payment and Revenue Requirements, for July 2009 – June 2010.

In accordance with the Commission's rules, this Annual Submission has been filed electronically in the above-referenced docket.

Sincerely,

A handwritten signature in black ink that reads "John A. Ricker". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Enclosures

cc: Cathy Seidel, Consumer and Government Affairs Bureau
Suzanne Tetreault, Consumer and Government Affairs Bureau
Thomas Chandler, Consumer and Government Affairs Bureau
Diane Mason, Consumer and Government Affairs Bureau
Lisa Boehley, Consumer and Government Affairs Bureau
Andrew Mulitz, Consumer and Government Affairs Bureau
James Lande, Wireline Competition Bureau
Mark Stevens, Office of the Managing Director
Michael Smith, Office of the Managing Director
Kent Nilsson, Inspector General
Best Copy and Printing, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served this 1st day of May 2009, by electronic filing and email to the persons listed below.

By: /s/ Elizabeth R. Newson
Elizabeth R. Newson

The following parties were served:

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
(original and 4 copies)

Thomas Chandler
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Thomas.Chandler@fcc.gov

Cathy Seidel
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Cathy.Seidel@fcc.gov

Suzanne Tetreault
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Suzanne.Tetreault@fcc.gov

James Lande
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Jim.Lande@fcc.gov

Mark Stephens
Office of the Managing Director
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Mark.Stephens@fcc.gov

Andy Mulitz
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Andrew.Mulitz@fcc.gov

Lisa Boehley
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Lisa.Boehley@fcc.gov

Diane Mason
Consumer and Governmental Affairs
Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Diane.Mason@fcc.gov

Kent R. Nilsson
Office of Inspector General
Federal Communications Commission
445 12th Street, SW
Washington, DC. 20554
Kent.Nilsson@fcc.gov

Best Copy and Printing, Inc.
Room CY-B402
445 12th Street, SW
Washington, DC 20554
fcc@bcpi.web

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of:)
)
Telecommunications Services for)
Individuals with Hearing and)
Speech Disabilities, and the)
Americans with Disabilities Act)
of 1990)

CC Docket 03-123

**Interstate Telecommunications Relay Services Fund
Payment Formula and Fund Size Estimate**

National Exchange
Carrier Association, Inc.
80 South Jefferson Road
Whippany, NJ 07981
May 1, 2009

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**Before the
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**Payment Formula and Fund Size Estimate
Interstate Telecommunications Relay Services (TRS) Fund
For July 2009 through June 2010**

I. Introduction

The National Exchange Carrier Association, Inc. (NECA), as Interstate Telecommunications Relay Services (TRS) Fund Administrator (the Administrator), herein submits proposed compensation rates, demand projections, projected fund size and proposed carrier contribution factor for the period July 2009 through June 2010, in accordance with section 64.604 of the Federal Communications Commission's (FCC or Commission) rules.¹

The proposed compensation rates and fund size estimate described herein are based on the rate methodologies adopted by the Commission in its November 19, 2007

¹ 47 C.F.R. §64.604 (c)(5)(iii)(H).

*Cost Recovery Order*² The proposed per minute compensation levels, coupled with the demand projections for each service contribute to an overall fund requirement of \$891.2 million for 2009-2010. Calendar year 2008 interstate and international end user revenues totaled \$78.347 billion. The proposed contribution factor for the 2009-2010 fund year, derived from the ratio of estimated fund size to prior calendar year revenues, is 0.01137. Pending approval by the Commission, the Administrator will begin billing carriers for the 2009 – 2010 funding period in July 2009.

II. Interstate TRS Fund Overview

The Interstate TRS Fund (TRS Fund) is designed to compensate eligible relay service providers³ for the reasonable costs of furnishing

telephone transmission services that provide the ability for an individual who has a hearing or speech disability to engage in communications by wire or radio with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability to communicate using voice communications services by wire or radio.⁴

Services that are currently compensated from the TRS Fund include interstate traditional TRS, interstate captioned telephone service (CTS), interstate speech-to-speech (STS), and both intrastate and interstate video relay service (VRS), Internet protocol (IP), and IP captioned telephone service (IP CTS). The Administrator reimburses providers at

² *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Docket No. 03-123, Report and Order and Declaratory Ruling, 22 FCC Rcd 20140 (2007) (Cost Recovery Order)

³ Eligible providers are defined as (1) TRS facilities operated under contract with and/or by certified state TRS programs pursuant to section 64.605; or (2) TRS facilities owned by or operated under contract with a common carrier providing interstate services pursuant to section 64.604; (3) interstate common carriers offering TRS pursuant to section 64.604; or (4) direct certification by the FCC for IP and VRS providers. *See* 47 C.F.R. § 64.604 (c)(5)(iii)(F) and 47 C.F.R. § 64.605 .

⁴ 47 C.F.R. 64.601(21) Definition of Telecommunications Relay Services.

compensation rates computed by the Administrator in accordance with Commission rules, and approved or modified by the Commission. In 2007 the Commission's Cost Recovery Order adopted new methodologies for establishing the reimbursement rates for the various relay services. In June 2008 the Commission also authorized providers' reimbursement for costs associated with implementation of 10-digit numbering and E-911 for relay services; however, due to the uncertain nature of these costs, the Commission decided to adopt a separate mechanism and not include them in the per-minute relay service reimbursement rates.⁵

The Commission's shared funding mechanism for the TRS Fund ensures that the costs of meeting relay service obligations are borne equitably. The TRS Fund requires all interstate telecommunications common carriers to contribute to it on the basis of their relative share of interstate and international end user revenues.⁶ In June 2007 the Commission extended TRS contribution requirements to interconnected Voice over Internet Protocol (VoIP) providers.⁷

⁵ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123; *E911 Requirements for IP-Enabled Service Providers*, WC Docket No. 05-196, Report and Order and Further Notice of Proposed Rulemaking, 23 FCC Rcd 11591 (2008) (*TRS Numbering Order*) at ¶¶ 96-101

⁶ See 47 C.F.R. §64.604(c)(5)(iii)(A)-(B). These contributions are made by carriers offering interstate services including, but not limited to, cellular telephone and paging; mobile radio; operator services; personal communications service (PCS); access (including subscriber line charges); alternative access and special access; packet-switched; WATS; 800; 900; message telephone service; private line; telex; telegraph; video; satellite; intraLATA; international and resale services. See 47 C.F.R. § 64.604 (c)(5)(iii)(A).

⁷ *IP-Enabled Services*, WC Docket No. 04-36; *Implementation of Sections 255 and 251(a)(2), Access to Telecommunications Service, Telecommunications Equipment and Customer Premises Equipment by Persons with Disabilities*, WT Docket No. 96-198; *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123; *Use of N11 and Other Abbreviated Dialing Arrangements*, CC Docket No. 92-105; Report and Order, 22 FCC Rcd 11275 (2007) (*VoIP TRS Order*). The section 64.601

The TRS funding period commences on July 1 and ends June 30 of the following calendar year. For the July 2009 to June 2010 fund year, the Administrator will use the carriers' 2008 interstate and international end user revenues⁸ as the basis for calculating carriers' contributions. Carriers' 2008 revenues were \$78.3 billion; approximately \$1.3 billion lower than reported for 2007.

Upon approval of the contribution factor by the Commission, the Administrator will begin billing carriers for the 2009 – 2010 funding period in July 2009. Annual contributions are due July 26th. Carriers whose contributions are \$1,200 or more may opt to pay in twelve equal monthly installments, due on the 26th of each month. Approximately 4,640 carriers will be billed during the 2009 – 2010 funding period, of which about 63 percent will be eligible to pay on a monthly basis.

Per minute compensation rates will also be effective on July 1st, assuming approval of the proposed rates by the Commission. Providers will be paid approximately forty-five days following the month when the minutes were handled. For example, minutes handled by providers in July 2009 are reported in August 2009, and providers will then receive compensation for those minutes at the new rates, by the middle of September 2009.⁹

rule amendment extending TRS contribution requirements to interconnected VoIP providers became effective October 5, 2007.

⁸ Revenues are reported on the Telecommunications Reporting Worksheet, FCC Form 499-A, on April 1, 2009, and provided to the Administrator by the Universal Service Administrative Company (USAC), the Revenue Data Collection Agent.

⁹ See Exhibit 5 Reporting and Disbursement Schedule. The reporting and disbursement schedule is subject to modification based on direction by the Commission.

III. TRS Formula Development

A. MARS

The *Cost Recovery Order* adopted the Multi-state Average Rate Structure (MARS) plan as the basis for calculating the compensation rate for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate captioned telephone service (CTS) and interstate and intrastate Internet Protocol (IP) captioned telephone service (IP CTS).¹⁰ The Administrator will calculate annually one MARS rate for interstate TRS and STS based on the weighted average of state rates for TRS and STS and a separate MARS rate for interstate CTS and intrastate and interstate IP CTS based on the weighted average of state rates for CTS.¹¹ .

The Commission identified the steps for the Administrator to use to determine MARS-based compensation rates.¹² The Administrator must first collect intrastate traditional TRS, STS, and CTS compensation rate data for the prior calendar year. Accordingly, the Administrator requested the following information from each state TRS administrator and each provider of interstate traditional TRS, STS and CTS for calendar year 2008:¹³

- a. the per-minute compensation rate for intrastate TRS and STS
- b. the per-minute compensation rate for intrastate CTS
- c. whether the rate applies to session or conversation minutes
- d. the number of intrastate session minutes for TRS and STS
- e. the number of intrastate session minutes for CTS
- f. the number of intrastate conversation minutes for TRS and STS
- g. the number of intrastate conversation minutes for CTS

¹⁰ *Cost Recovery Order* at ¶ 16.

¹¹ *Id.*

¹² *Id.* at ¶ 27.

¹³ The Data Collection Form is included at Appendix A.

- h. any amounts paid by the state to the provider for relay service during the previous calendar year that are not included in the contractual per-minute compensation rate

The Administrator must then determine whether there are anomalies in any state's data that will necessitate it being excluded from the MARS calculation,¹⁴ calculate each state's total dollars paid for the year for intrastate traditional TRS, STS, and CTS services, and calculate the final rate by dividing the total dollars paid by all states by the total conversation minutes of all states for TRS and STS and separately for CTS.

1. Traditional TRS and STS Formula Development

From the data collected and follow up discussions with the state contacts, the Administrator found, as the Commission indicated in the *Cost Recovery Order*,¹⁵ that Michigan continues to pay its relay service provider on a flat rate instead of per minute basis and thus does not have data that can be used for MARS calculation purposes. Data for Maine was also excluded from the MARS calculation because Maine compensates its relay provider with a flat rate mechanism as well. The Administrator also found that, while California uses a competitive bidding mechanism to set its provider compensation rates for state relay services, the providers bid to be compensated at a percentage of the interstate compensation rate for the service rather than bidding based on cost to provide the service. Thus, the Administrator has excluded the data for California as well. For the remaining jurisdictions, 47 states and Puerto Rico, the Administrator multiplied each jurisdiction's TRS and STS rate by either the number of intrastate session minutes or

¹⁴ For example, if a state were to pay its TRS provider a flat fee for provision of service, it may not have sufficient data to complete the data request and thus would be excluded from the MARS computation.

¹⁵ *Cost Recovery Order* at ¶ 58.

intrastate conversation minutes, whichever the jurisdiction's rate is based upon.¹⁶ This was done for each jurisdiction and the resulting dollar amounts summed to produce a total dollar amount for each service. If additional amounts paid by the states to the relay service provider(s) during the applicable period were not included in the contractual per-minute compensation rate but were applicable to the provision of relay service, the additional amounts were included in determining the total cost of the service in the final computation.¹⁷ The resulting total dollar amount was divided by the total number of intrastate TRS and STS conversation minutes.¹⁸ The results of this calculation can be found in Exhibit 1-1. Appendix C also summarizes the data provided by the individual state jurisdictions.

The total dollar amount paid out for intrastate TRS and STS during calendar year 2008, including the amounts paid to relay providers not included in the compensation rate, amounted to \$62,832,985.83. The total conversation minutes for intrastate TRS and STS for calendar year 2008 were 34,313,764.29. The proposed compensation rate is developed by dividing the total 2008 intrastate dollar amount by the total 2008 intrastate conversation minutes, resulting in a proposed MARS rate of \$1.8311 per conversation minute for interstate traditional TRS and interstate STS for the 2009 – 2010 funding period. The proposed rate represents an increase of approximately 14.9 percent over the 2008 – 2009 MARS calculation of \$1.5938.

In the *Cost Recovery Order*, the Commission added an additional amount of \$1.131 to the 2007-2008 interstate STS compensation rate to be used by the providers for

¹⁶ *Id.* at ¶ 30

¹⁷ *Id.* at ¶ 31

¹⁸ *Id.*

outreach efforts.¹⁹ The following year, the Commission concurred with the Administrator's recommendation to continue the outreach additive at the same level for the 2008-2009 Fund year because there had not been enough time since the Cost Recovery Order to fully assess the impact of the outreach effort.

The Administrator notes that the demand for STS service continues to decline. It is not clear that the additive applied to the per-minute rate is having the desired result. The Administrator suggests that the Commission may wish to revisit this issue to determine whether there is a more effective way to inform speech impaired users about the availability of this service. For the instant filing, the Administrator has again added the \$1.131 to the MARS-based STS rate resulting in a total proposed STS rate of \$2.9621, an increase of \$0.2373 from the \$2.7248 rate for the 2008-2009 Fund year.

2. CTS Formula Development

The proposed MARS CTS rate was calculated by following the same steps described above but substituting CTS related data for the TRS and STS data. The same exclusions for Michigan and California, described previously, were applicable to CTS. The results of this calculation can be found in Exhibit 1-2. Appendix D summarizes the data provided by the individual state jurisdictions. The MARS CTS rate will also be used to compensate providers for IP CTS.²⁰

The total dollars for intrastate CTS, including the amounts paid to relay providers not included in the compensation rate, totaled \$31,198,612.66 for calendar year 2008. The total conversation minutes for intrastate CTS totaled 18,595,404.22 for calendar year 2008. The total 2008 intrastate dollars divided by 2008 intrastate CTS minutes equals a

¹⁹ *Id.* at ¶ 57

²⁰ *Id.* at ¶ 38.

proposed compensation rate of \$1.6778 per conversation minute for interstate CTS and interstate and intrastate IP CTS for the 2009 – 2010 funding period.

The proposed MARS CTS rate of \$1.6778 represents a modest \$0.0209 increase from the 2008 – 2009 rate of \$1.6569 or approximately 1.26%.

B. Price Cap

1. Internet Protocol Relay

In the *Cost Recovery Order*, the Commission adopted a new cost recovery methodology for Internet Protocol (IP) Relay based on price caps for a three year period beginning with the effective date of the Cost Recover Order.²¹ The price cap methodology applies three factors to a base rate – an Inflation Factor, an Efficiency (or “X”) Factor, and Exogenous Costs. The basic formula takes a base rate and multiplies it by a factor that reflects an increase due to inflation, offset by a decrease due to efficiencies. The Commission determined that the Inflation Factor will be the Gross Domestic Product – Price Index (GDP-PI) and that the Efficiency Factor will be set as a figure equal to the Inflation Factor, less 0.5 percent (or 0.005) to account for productivity gains.²² As a result the rate for a particular year will equal the rate for the previous year, reduced by 0.5 percent. The base rate of \$1.293 applied to the 2007 – 2008 funding year and that rate was reduced to \$1.2865 in the 2008-2009 funding year. None of the providers indicated to the Administrator that they had exogenous changes that would warrant inclusion in the rate for the 2009 – 2010 funding year. Thus application of the price cap methodology to the 2008-2009 funding year rate of \$1.2865 results in a further

²¹ *Id.* at ¶ 109.

²² *Id.* at ¶ 43.

0.5% reduction to account for productivity gains.²³ The proposed compensation rate for interstate and intrastate IP Relay for the 2009 – 2010 funding period is \$1.2801 as displayed in Exhibit 1-3.

C. Cost Basis

I. Video Relay Service – Tiered Rates

The *Cost Recovery Order* concluded that the VRS rate would continue to be based on the providers' projected costs and minutes of use, and other data submitted to the Administrator by the providers.²⁴ However, the *Cost Recovery Order* made two modifications to the VRS compensation rate methodology. First, it established a tiered rate structure for compensation based on monthly minutes of use. In addition, it set base compensation rates for three tiers to be in effect for a three year period and reduced annually by 0.5 percent to reflect productivity gains.²⁵

The base rates set by the Commission applied to the 2007 – 2008 funding year. For the 2008 - 2009 and 2009 – 2010 funding years, the *Cost Recovery Order* required the Administrator to reduce the base rates each year by 0.5 percent and permitted the providers to seek exogenous cost adjustments if new costs are imposed that are beyond the providers' control. None of the VRS providers submitted a request that exogenous costs be included in the calculation of the 2009 – 2010 compensation rates.

²³ Based on historical cost data submitted by the providers, the actual weighted average cost of providing IP Relay was \$1.075 in calendar 2007 and \$1.042 in calendar 2008.

²⁴ *Cost Recovery Order* at ¶ 47.

²⁵ *Id.* at ¶ 56

The 2008-2009 approved rates and the proposed compensation rates for VRS for the 2009 – 2010 funding period are displayed in Table 1 below. The calculations are displayed in Exhibit 1-4.

Table 1 Proposed VRS Tier Rates

VRS	MOU	2008-2009 Rates	2009-2010 Proposed Rates
Tier 1	<50,000	\$ 6.7362	\$ 6.7025
Tier 2	50,001 to 500,000	\$ 6.4675	\$ 6.4352
Tier 3	>500,000	\$6.2685	\$6.2372

II. Video Relay Service – Supplemental Analysis of Actual Cost Data

The *Cost Recovery Order* required providers of IP and VRS to continue to submit actual and projected cost and demand data to the Administrator.²⁶ The *Cost Recovery Order* stated that this information, which includes actual costs for prior years, will be helpful in reviewing the reasonableness of rates adopted for each tier, and whether they reasonably correlate with projected costs and prior actual costs. This information will also be utilized to evaluate rates every three years.

Table 2 displays the actual weighted average costs, as submitted by the providers, for calendar years 2006, 2007 and 2008.

²⁶ *Id.* At n. 170

Table 2 Historical VRS Cost Summary

	2006 ²⁷	2007 ²⁸	2008 ²⁹
Weighted Average	\$4.5568	\$3.9950	\$4.1393

In the annual data submission, included as Appendix B, providers are required to generally categorize their costs into five expense categories (Category A through E) and separately identify their capital investment. Each of the expense categories are further subdivided to provide more specificity for the costs incurred. For example, Category E- Other Expense is subdivided into Marketing Expense, Outreach Expense, and Subcontractor Expense.

Historically, the Administrator has analyzed the actual and projected cost data across providers using eight separate categories, Land and Buildings Expense, Interpreter Expense (including Subcontractor Expense), Non-Interpreter Relay Center Expense, Indirect Expense, Depreciation Expense, Marketing Expense, Outreach Expense, and Return on Capital Investment_(at 11.25%).³⁰ Figure 1 displays the composition of the actual weighted average VRS Cost per minute for 2007 and 2008 using the eight categories described above.

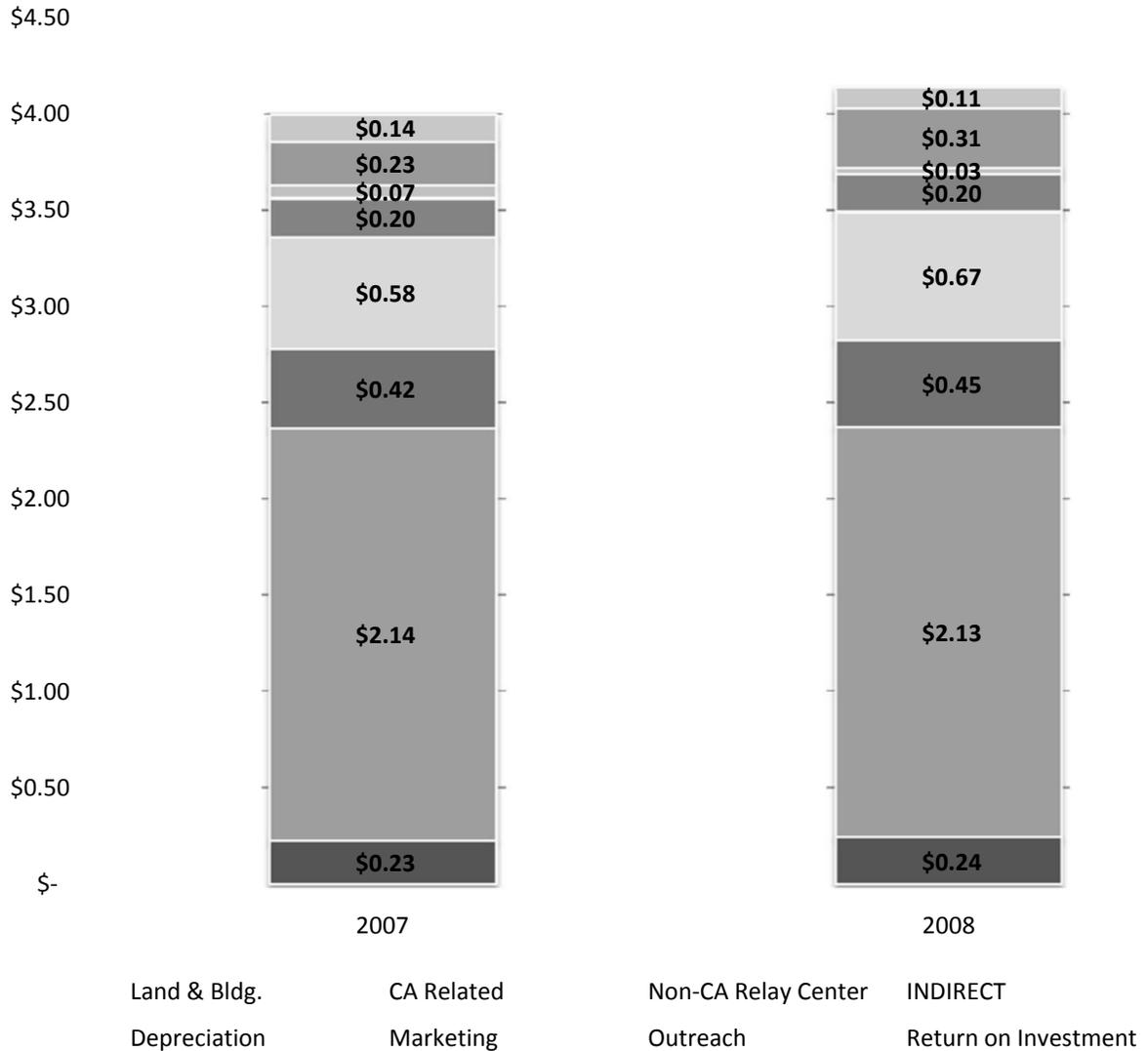
²⁷ Interstate Telecommunications Relay Services Fund, Payment Formula and Fund Size Estimate, CG Docket No. 03-123 (filed May 1, 2007) at p19

²⁸ The data for calendar year 2007 was initially reported as \$4.00 in the Administrator's May 1, 2008 filing in CG Docket No. 03-123 at n 27, but has been updated here to reflect additional information provided to the Administrator since that filing.

²⁹ Adjusting the 2008 weighted average historical cost using the 2008 annual inflation rate of 3.85% would yield an expected cost per minute of \$4.299 for 2009 and \$4.464 for 2010.

³⁰ See e.g., May 1, 2006 Annual Submission.

Figure 1 VRS Cost Composition



Interestingly, the per minute cost for video relay interpreters actually decreased by approximately one cent, indicating that the higher actual weighted average cost for 2008 was driven by factors other than interpreter costs. The providers' actual cost data show that, in the aggregate, VRS providers spent over \$30 million in marketing and outreach in 2008 (up from approximately \$20 million in 2007). The data also reflects that that total legal and regulatory expenses for 2008 (included in the indirect cost category) were

approximately \$8.9 million (up \$4.0 million from legal and regulatory expenses reported for 2007).

IV. Demand Projection Methodology

In order to estimate the annual funding requirement and propose a contribution factor, an estimate of the interstate funding requirement for each of the services is required. However, providers of services being compensated using the MARS-based rate methodology, (i.e. traditional TRS, STS and CTS), are no longer required to submit demand projections.

As was done in the Administrator's November 30, 2007 supplemental filing for the 2007-2008 funding year,³¹ and the 2008-2009 fund year filing³², actual historical demand was used to estimate the demand for traditional interstate TRS, STS and CTS. Using the linear trend forecast capability of Microsoft Office Excel, the Administrator projected demand for the 2009 – 2010 fund year using data for the eight months of actual data available to the Administrator at the time the filing is due to the Commission.³³ To test the validity of the forecast, the Administrator shared the projected demand for the 2009 – 2010 funding year with the TRS providers seeking their feedback on the projections. To the extent that providers' business plans warranted modification to the projections the information was incorporated into the demand forecast. For each of these

³¹ *Interstate Telecommunications Relay Service Fund, Supplement to Annual Filing for TRS Contribution Factor Increase*, CG Docket No. 03-123 (Nov. 30th Filing)

³² *Interstate Telecommunications Relay Services Fund, Payment Formula and Fund Size Estimate*, CG Docket No. 03-123 (filed May 1, 2008) at 11.

³³ July 2008 through February 2009 minutes.

services, the Administrator projected demand and an estimated funding requirement based on the proposed compensation rates for the funding year.

The Administrator used the same trend methodology to test the validity of the forecasts submitted by the providers for IP and VRS services. The total minutes reported by the providers of these services are comparable to the results of the Administrator's trends.³⁴ As a result, the Administrator used the providers' minute forecasts for IP and VRS minutes of use for the 2009 – 2010 funding year and the tiered reimbursement rates to calculate the funding requirements for these services.

V. **Additional Funding Requirements**

In the *TRS Numbering Order* the Commission adopted a system for assigning users of Internet-based Telecommunications Relay Services (TRS), specifically Video Relay Service (VRS) and Internet Protocol (IP) Relay, ten-digit telephone numbers linked to the North American Numbering Plan. In that *Order*, the Commission identified two types of costs that are compensable from the interstate TRS Fund.

Because the Commission now requires Internet-based TRS providers to offer ten-digit numbering and E911 services, the Commission has determined that providers of these services are entitled to recover their reasonable costs of complying with the new requirements. To that end, the Commission concluded that because the amount of these costs is presently uncertain, and may vary among the providers, compensation for these costs would be handled separately from the per-minute compensation rates. The Commission stated that it will permit direct compensation of these provider costs until

³⁴ Exhibit 6 displays a comparison between provider projected demand and administrator projected demand for VRS and IP Relay service for the fund year.

such time as new compensation rates are adopted that include the costs of complying with the requirements or the Commission otherwise re-addresses this issue.³⁵ The Commission also determined that the start-up expenses related to the database and the administration of the database should be compensated by the Fund. The Commission authorized the TRS Fund Administrator to pay the reasonable costs of providing necessary services consistent with this *Order* directly to the database administrator.³⁶

For the 2009-2010 Fund year, the Administrator projects reimbursement for the providers and compensation for the data base administrator will total \$5.19 million.

VI. Contribution Factor Calculation

In addition to the funding requirements for the five relay services, administrative expenses of approximately \$3.02 million, including fund administration, the Interstate TRS Fund Advisory Council (Advisory Council) meeting costs, the cost of an annual audit by an independent auditor, and provider audits conducted by an external audit firm have been included in the projected total TRS Fund requirement.³⁷ Interest on invested funds for the July 2009 – June 2010 period is projected to be approximately \$1.0 million and is used to offset on-going fund requirements.

³⁵ *TRS Numbering Order* at ¶ 99

³⁶ *Id.* at 101

³⁷ The Commission currently has an open solicitation for an entity to perform the role of TRS Fund Administrator. (SOL09000002) It is currently unclear when this process will be complete, what the ultimate contract price will be, and whether a transition period will be required during which the Fund will be supporting the costs of two Fund Administrators. The Commission has indicated in its response to questions from prospective bidders that the Fund will pay the expense associated with the data collection agent, provider audits conducted by independent auditors and an audit of the Fund itself by an outside entity

Historically, the Administrator has recommended that the TRS Fund include an additional component to protect the Interstate TRS program from running short of available funds before the end of the TRS Fund period. As a result of the Commission's positive action in increasing the contribution factor for the current fund year, it is anticipated that there will be a surplus of approximately \$90 million, i.e. after June 2009 minutes are paid. In its 2008 Rate Order, the Commission accepted the Administrator's recommendation to include a surplus of one month's projected distributions to providers be included in the funding requirement.³⁸ The Administrator recommends for the 2009-2010 and future funding years the continued use of a surplus of one month's projected distributions to providers be included in the funding requirement.³⁹ Because the current fund year is projecting a surplus, the Administrator proposes supplementing this amount by an amount necessary to attain a one-month surplus.⁴⁰

The total projected funding requirement for the 2009-2010 funding year is \$891.2 million, as displayed in Exhibit 2.

Based on the 2009-2010 demand projections and the proposed rates contained herein coupled with the calendar year 2008 revenue base, the Administrator estimates that the contribution factor will need to be 0.01137.

³⁸ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Order, CG Docket No. 03-123, FCC DA 08-1476 (Rate Order)

³⁹ One month's average distribution equates to approximately 8.3% which is less than the 10% surplus approved in prior funding years.

⁴⁰ For example, given an anticipated surplus of \$90 million after June 2009 minutes have been paid for the existing funding year and a projected average monthly distribution to providers of (annual/12), the additional funding requirement would represent the amount required to build the surplus up to or reduce the surplus to equal one-month's distribution. The projected funding requirement for the providers for the 2009 – 2010 fund year is \$898.8 million. Thus, one twelfth of \$898.8 million provider payments equals \$75.0 million. Adjusting this amount for the anticipated surplus for the current funding year (\$90 million) results in a reduction to the fund surplus by \$15.0 million to maintain the one month reserve.

VII. Program Administration

A. Interstate TRS Fund Advisory Council Report

Pursuant to section 64.604 of the Commission's rules, the Advisory Council advises the Administrator on interstate TRS cost recovery matters.⁴¹ The Advisory Council includes non-paid volunteers from the hearing and speech disability community, TRS users (voice and text telephone), state regulators and relay administrators, interstate service providers, and TRS providers. Appendix E, contains a listing of current Advisory Council members.⁴²

On March 27, 2008, the Advisory Council met in Washington, DC, to review the proposed TRS, STS, IP and VRS reimbursement rates, potential fund size and carrier contribution factor for the July 2008 – June 2009 funding period prior to submission of the filing to the FCC on May 1, 2008. The Administrator presented the results of the annual TRS provider data collection and proposed compensation rates for each service based on the TRS Cost Recovery Order to the Advisory Council.

The Advisory Council met in Chicago, IL on October 28, 2008 at which time the Administrator presented the TRS Fund status and demand for interstate relay services. Appendix F contains meeting minutes for the March 2008 and October 2008 Advisory Council meetings.

⁴¹ 47 C.F.R. § 64.604 (c)(5)(iii)(H).

⁴² In a July 1999 Order, the FCC authorized the addition of a position in the hearing and speech disability community category for a representative from the speech disability community. *See Appointment of the Telecommunications Relay Services (TRS) Fund Administrator and Composition of the Interstate TRS Advisory Council*, CC Docket No. 90-571, Memorandum Opinion and Order, 14 FCC Rcd 10553 (1999).

On April 2, 2009, the Advisory Council met in Washington, DC, to review the proposed reimbursement rates, potential fund size and carrier contribution factor for the July 2009 – June 2010 funding period prior to submission to the FCC on May 1, 2009. The Administrator presented preliminary proposed compensation rates for each service and demand projections to the Advisory Council⁴³.

B. Audit Report

Included in Appendix G is a copy of the financial statements of the TRS Fund for its fifteenth year of operation, together with reports from an independent certified accounting firm in accordance with sections 64.604(c)(5)(iii)(D) and (H) of the FCC's rules.⁴⁴ It is anticipated that the audit of the October 2008 – September 2009 fiscal period, will begin in October 2009 and the financial statements will be submitted to the Commission in late December 2009.

⁴³ Minutes for the April 2, 2009 meeting will not be available until they have been reviewed and approved by the Advisory Council at its fall 2009 meeting.

⁴⁴ 47 C.F.R. § 64.604 (c)(5)(iii)(D) and (H).

VIII. Exhibits

- 1-1 Displays sample data collected from states, interstate providers and the proposed MARS rate for interstate TRS and STS conversation minutes for the 2009 - 2010 funding period.
- 1-2 Displays sample data collected from states, interstate providers and the proposed MARS rate for interstate CTS conversation minutes for the 2008 - 2010 funding period.
- 1-3 Displays the proposed compensation rate for interstate and intrastate IP Relay Service conversation minutes for 2009 - 2010 funding period based on the price cap methodology.
- 1-4 Displays the proposed compensation rates for interstate and intrastate VRS conversations minutes for the 2009 – 2010 funding period for each tier.
- 2 Displays the projected fund size and contribution factor for 2009 - 2010 funding period.
- 3 Displays actual Fund performance and projections for the funding period 1993 through June 2010. Each annual period for funding includes twelve monthly increments. In 2000, the period changed from April through the following March to July through the following June. Separate pages, 3-1 through 3-8 display TRS, IP, STS, CTS, IP CTS and VRS fund requirements.
- 4 Displays month by month expenses incurred by the Administrator in performance of its required duties related to the TRS Fund.
- 5 Displays the providers' schedule for reporting interstate TRS, interstate STS, interstate CTS and intrastate and interstate VRS and IP conversation minutes of use to the Administrator, and the schedule for disbursing associated payments for July 2009 through June 2010.
- 6 Displays a comparison between provider projected demand and administrator projected demand for VRS and IP Relay service for the fund year.

Traditional and STS Proposed MARS Rate Calculation

Traditional and STS Proposed MARS Rate Calculation

Sample Data from Certified State Programs and Providers

State	Per-Minute Intrastate Compensation Rate	Based on Session or Conversation Minutes	Total Intrastate Conversation Minutes	Total Intrastate Session Minutes	Total
A	\$ 1.26	CM	860,269.07	1,529,497.00	\$ 1,083,939.03
B	\$ 0.85	SM	141,312.42	189,595.98	\$ 161,156.58
C	\$ 0.93	SM	57,071.00	85,445.00	\$ 79,463.85
D	\$ 1.30	CM	926,051.13	1,466,050.19	\$ 1,199,236.21
Other costs not reflected in rate					\$ 100,000.00

Total

34,313,764

\$ 62,832,986

Proposed rate calculation: \$62,832,986 divided by 34,313,764 = **\$1.8311**

The data above (A through D) is provided as an example of the data collected from states and interstate providers. Each state's rate is multiplied by the number of either intrastate session or intrastate conversation minutes, whichever the state rate is based upon. The total amount for each state rate is totaled, including other costs not reflected in the rate. This number will become the numerator in the final calculation. The total dollar amount for all states is divided by the total intrastate conversation minutes for all states (even if some states do not base their rate on conversation minutes) to determine the MARS rate to be applied to interstate conversation minutes.

Captioned Telephone Service Proposed MARS Rate Calculation

Captioned Telephone Service Proposed MARS Rate Calculation

Sample Data from Certified State Programs and Providers

State	Per-Minute Intrastate Compensation Rate	Based on Session or Conversation Minutes	Total Intrastate Conversation Minutes	Total Intrastate Session Minutes	Total
A	\$ 1.44	SM	45,215.00	52,594.00	\$ 75,735.36
B	\$ 1.65	CM	100,178.00	118,330.33	\$ 165,293.70
C	\$ 1.70	SM	32,050.53	36,509.04	\$ 62,065.37
D	\$ 1.45	CM	60,702.00	69,331.00	\$ 88,017.90
Other costs not reflected in rate					\$ 50,000.00

Total

18,595,404

\$ 31,198,613

Proposed rate calculation: \$31,198,613 divided by 18,595,404 = **\$1.6778**

The data above (A through D) is provided as an example of the data collected from states and interstate providers. Each state's rate is multiplied by the number of either intrastate session or intrastate conversation minutes, whichever the state rate is based upon. The total amount for each state rate is totaled, including other costs not reflected in the rate. This number will become the numerator in the final calculation. The total dollar amount for all states is divided by the total intrastate conversation minutes for all states (even if some states do not base their rate on conversation minutes) to determine the MARS rate to be applied to interstate conversation minutes.

**INTERNET PROTOCOL (IP)
2009 - 2010 FUND YEAR**

Exhibit 1-3

2008 - 2009	2009 - 2010
IP Base Rate Second Year	Rate
\$1.2865 x (1 - .005)	
\$1.2865 x 0.995 =	\$1.2801

**VIDEO RELAY SERVICE (VRS)
2009 - 2010 FUND YEAR**

Exhibit 1-4

VRS Monthly Minute Tiers	2008 - 2009		2009 - 2010
	Base Rate	Second Year	Rate
First 50,000 monthly minutes	\$6.7362	x (1 - .005)	
	\$6.7362	x 0.995	= \$6.7025
Monthly minutes between 50,001 and 500,000	\$6.4675	x (1 - .005)	
	\$6.4675	x 0.995	= \$6.4352
Monthly minutes above 500,000	\$6.2685	x (1 - .005)	
	\$6.2685	x 0.995	= \$6.2372

TRS FUND PERFORMANCE
(Actuals, January 2002 thru March 2009)

Date	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
2002 Totals	\$64,191,919	\$64,801,231	\$393,238	\$2,109,067	\$538,250	\$711,950	\$65,706,337	\$61,007,585
2003 Totals	\$89,713,423	\$90,470,097	\$848,486	\$2,200,879	\$440,082	\$276,393	\$100,308,375	\$116,620,837
2004 Totals	\$270,132,368	\$266,542,510	\$172,503	\$5,963,240	\$717,790	\$574,240	\$205,793,138	\$211,001,162
2005 Totals	\$368,523,086	\$366,157,691	\$190,260	\$8,518,898	\$750,304	\$2,265,033	\$315,641,161	\$328,667,536
2006 Totals	\$450,612,164	\$434,982,111	\$1,046,379	\$25,195,330	\$975,195	\$6,113,539	\$431,585,480	\$418,957,624
2007 Totals	\$491,639,271	\$505,854,834	\$840,242	\$11,820,009	\$999,158	\$5,243,554	\$511,910,395	\$547,939,901
01/08	\$41,538,299	\$42,352,943	\$8,958	\$11,014,323	\$73,658	\$232,696	\$53,789,335	\$50,098,323
02/08	\$41,987,328	\$42,852,752	\$0	\$10,148,899	\$69,916	\$135,212	\$54,905,388	\$57,247,826
03/08	\$73,660,763	\$70,720,207	\$0	\$13,089,455	\$68,730	\$95,300	\$56,021,441	\$52,923,035
04/08	\$59,051,354	\$61,565,599	\$414,837	\$10,990,047	\$170,103	\$57,178	\$55,659,889	\$53,050,409
05/08	\$58,348,807	\$59,273,268	\$101,357	\$10,166,944	\$81,512	\$75,557	\$56,717,888	\$52,873,492
06/08	\$58,662,559	\$58,342,857	\$691,318	\$11,177,964	\$91,510	\$119,768	\$57,775,888	\$54,229,907
07/08	\$154,057,996	\$120,668,038	\$53,194	\$44,621,116	\$80,299	\$172,758	\$58,835,296	\$54,892,667
08/08	\$46,162,515	\$67,304,233	\$7,372	\$23,486,768	\$130,586	\$250,087	\$58,895,362	\$58,063,416
09/08	\$59,227,927	\$60,074,589	\$0	\$22,640,106	\$80,398	\$243,555	\$60,659,979	\$57,690,587
10/08	\$63,898,845	\$66,582,134	\$33,066	\$19,989,883	\$82,094	\$202,009	\$59,826,022	\$59,443,241
11/08	\$60,693,293	\$64,125,475	\$81,579	\$16,639,279	\$93,609	\$158,529	\$62,798,814	\$61,819,370
12/08	\$61,043,629	\$62,213,632	\$16,210	\$15,485,487	\$167,870	\$115,167	\$61,170,329	\$54,742,454
2008 Totals	\$778,333,315	\$776,075,728	\$1,407,891	\$15,485,487	\$1,190,285	\$1,857,815	\$697,055,632	\$667,074,727
01/09	\$60,552,325	\$55,894,220	\$124,006	\$20,267,599	\$98,408	\$97,218	\$63,508,831	\$60,710,060
02/09	\$61,970,986	\$64,852,343	\$4,350	\$17,390,592	\$505,721	\$74,638	\$68,022,034	\$65,168,594
03/09	\$60,552,681	\$62,073,949	\$47,401	\$15,916,726	\$145,256	\$65,001	\$63,696,217	\$61,006,088
2009 Totals	\$183,075,993	\$182,820,512	\$175,758	\$15,916,726	\$749,385	\$236,857	\$195,227,082	\$186,884,741
7/93 - 3/09								
Totals	\$3,024,352,456	\$3,014,292,960	\$5,857,228	\$15,916,726	\$9,926,616	\$26,020,183	\$2,847,998,752	\$2,837,465,111

MISCELLANEOUS FUND STATISTICS

of FCC 499A forms used to calculate TRS base: 4,640

2008 End user interstate & int'l revenues: \$78,347,148,238

Number of TRS/IP/TS/VRS providers currently receiving reimbursement: 13

**Traditional TRS Interstate Minutes
Fund Requirements For January 1, 2002 Thru June 30, 2010**

Exhibit 3-2

Date	Actual Reported Minutes	Interstate Minutes	Toll Free Minutes	900 Min.	Int'l Min.	Total TRS Minutes	Disbursements
2002	30,332,278	12,801,690	17,527,658	2,930	0	30,332,278	\$47,083,892
2003	25,953,616	11,488,936	14,321,315	1,667	141,698	25,953,616	\$37,619,912
2004	24,413,054	10,895,482	13,330,382	942	186,248	24,413,054	\$33,270,912
2005	21,936,135	10,606,884	11,133,338	2,761	193,152	21,936,135	\$31,115,363
2006	18,814,054	9,163,969	9,477,594	979	171,512	18,814,054	\$25,744,759
2007	17,480,792	9,378,911	7,968,885	157	132,502	17,480,455	\$22,567,266
Jan 2008	1,557,284	822,417	722,298	21	12,548	1,557,284	\$2,010,454
Feb	1,407,939	761,921	635,249	4	10,765	1,407,939	\$1,817,649
Mar	868,482	351,486	513,149	0	3,847	868,482	\$1,382,623
April	824,272	319,279	497,691	4	7,298	824,272	\$1,312,241
May	819,868	333,576	480,088	2	6,202	819,868	\$1,305,230
June	803,689	324,115	473,286	8	6,280	803,689	\$1,279,473
Jul	830,230	336,133	489,613	5	4,479	830,230	\$1,323,221
Aug	787,511	323,607	459,236	53	4,615	787,511	\$1,255,135
Sep	777,909	316,583	455,644	0	5,682	777,909	\$1,239,831
Oct	776,303	317,248	453,878	24	5,153	776,303	\$1,237,272
Nov	718,452	312,438	400,055	7	5,952	718,452	\$1,145,069
Dec	784,479	329,862	449,542	2	5,073	784,479	\$1,250,303
2008	10,956,418	4,848,665	6,029,729	130	77,894	10,956,418	16,558,500
Jan 2009	767,454	323,343	439,473	29	4,609	767,454	\$1,223,168
Feb	656,434	274,197	378,894	13	3,330	656,434	\$1,046,225
Date	Projected Minutes					Total Projected TRS Minutes	Projected Payment Obligations (proj. min *1.5938)
March	788,769					788,769	\$1,257,140
April	776,849					776,849	\$1,238,142
May	764,930					764,930	\$1,219,145
June	753,010					753,010	\$1,200,147
Date	Projected Minutes					Total Projected TRS Minutes	Projected Payment Obligations (proj. min *1.8311)
July 2009	660,103					660,103	\$1,208,715
Aug	650,054					650,054	\$1,190,314
Sept	640,012					640,012	\$1,171,927
Oct	629,979					629,979	\$1,153,554
Nov	619,953					619,953	\$1,135,196
Dec	609,935					609,935	\$1,116,851
Jan 2010	599,924					599,924	\$1,098,521
Feb	589,541					589,541	\$1,079,509
Mar	579,925					579,925	\$1,061,900
Apr	569,936					569,936	\$1,043,610
May	559,955					559,955	\$1,025,333
June	549,981					549,981	\$1,007,070
Totals	7,259,298					7,259,298	\$13,292,500.00

**Internet Protocol Minutes
Fund Requirements For April 22, 2003 Thru June 30, 2010**

Date	Actual Reported Minutes	Non Int'l Non Toll Free Non 900 Minutes	Toll Free Minutes	Total IP Minutes	Disbursements
2003	40,452,414	32,746,694	7,119,906	40,452,414	\$57,805,855
2004	63,532,869	51,897,569	11,634,428	63,532,869	\$86,567,580
2005	77,358,035	62,844,873	14,513,162	77,358,035	\$98,863,569
2006	82,082,203	63,286,193	18,796,005	82,082,203	\$105,533,984
2007	79,369,359	59,691,989	19,677,370	79,369,359	\$102,624,581
Jan 2008	6,704,482	4,916,988	1,787,494	6,704,482	\$8,668,895
Feb	5,859,948	4,271,725	1,588,223	5,859,948	\$7,576,913
Mar	5,390,302	3,838,056	1,552,246	5,390,302	\$6,969,660
Apr	5,333,213	3,814,197	1,519,016	5,333,213	\$6,895,844
May	5,579,159	3,951,880	1,627,279	5,579,159	\$7,213,853
June	5,547,088	3,882,144	1,664,944	5,547,088	\$7,172,385
July	5,932,638	4,140,911	1,791,727	5,932,638	\$7,632,339
Aug	5,703,307	3,922,103	1,781,204	5,703,307	\$7,337,304
Sept	5,475,810	3,698,312	1,777,498	5,475,810	\$7,044,630
Oct	5,631,953	3,851,580	1,780,373	5,631,953	\$7,245,508
Nov	5,000,077	3,478,166	1,521,911	5,000,077	\$6,432,599
Dec	5,400,543	3,717,230	1,683,313	5,400,543	\$6,947,799
2008	67,558,520	47,483,292	20,075,228	67,558,520	\$87,137,729
Jan 2009	5,573,797	3,895,997	1,677,800	5,573,797	\$7,170,690
Feb	5,303,967	3,723,298	1,580,669	5,303,967	\$6,823,554
Date	Projected Minutes		Total Projected IP Minutes	Projected Payment Obligations (proj. min * 1.2865)	
Mar	6,490,672		6,490,672	\$8,350,250	
Apr	5,841,848		5,841,848	\$7,515,537	
May	6,203,569		6,203,569	\$7,980,892	
June	6,275,204		6,275,204	\$8,073,050	
Date	Projected Minutes		Total Projected IP Minutes	Projected Payment Obligations (proj. min * 1.2801)	
July 2009	5,702,787		5,702,787	\$7,300,137	
Aug	5,794,207		5,794,207	\$7,417,164	
Sept	5,436,917		5,436,917	\$6,959,797	
Oct	5,665,167		5,665,167	\$7,251,981	
Nov	5,472,814		5,472,814	\$7,005,749	
Dec	5,554,395		5,554,395	\$7,110,181	
Jan 2010	5,713,353		5,713,353	\$7,313,663	
Feb	5,571,468		5,571,468	\$7,132,036	
Mar	5,742,382		5,742,382	\$7,350,823	
Apr	5,544,493		5,544,493	\$7,097,506	
May	5,701,763		5,701,763	\$7,298,827	
June	5,711,240		5,711,240	\$7,310,959	
Totals	67,610,985		67,610,985	\$86,548,823	

**Speech to Speech Interstate Minutes
Fund Requirements For March 1, 2001 Thru June 30, 2010**

Exhibit 3-4

Date	Actual Reported Minutes	Interstate Minutes	Toll Free Minutes	900 Min.	Int'l Minutes	Total STS Minutes	Disbursements
2001	74,448	21,118	53,330	0	0	74,448	\$240,218
2002	88,920	29,586	59,311	23	0	88,920	\$284,954
2003	119,297	38,129	80,891	98	179	119,297	\$376,448
2004	130,479	41,732	87,876	263	608	130,479	\$255,180
2005	135,401	43,044	90,808	642	907	135,401	\$214,949
2006	195,691	58,828	120,259	303	16,301	195,691	\$292,265
2007	189,830	48,664	133,987	22	7,157	189,830	\$267,470
Jan 2008	14,705	3,449	10,781	0	475	14,705	\$20,719
Feb	13,393	3,523	9,499	0	371	13,393	\$18,871
Mar	13,649	2,787	10,786	0	76	13,649	\$37,166
Apr	14,921	2,455	12,417	0	49	14,921	\$40,630
May	15,045	4,479	10,512	0	54	15,045	\$40,968
June	12,212	3,289	8,861	0	62	12,212	\$33,253
July	13,059	3,515	6,512	2,855	177	13,059	\$35,583
Aug	13,118	2,926	10,156	0	36	13,118	\$35,744
Sep	10,987	2,011	8,957	1	18	10,987	\$29,937
Oct	10,805	2,160	8,561	0	84	10,805	\$29,441
Nov	9,246	2,459	6,776	0	11	9,246	\$25,193
Dec	11,210	2,767	8,413	0	30	11,210	\$30,545
2008	152,350	35,820	112,231	2,856	1,443	152,350	378,051
Jan 2009	11,953	1,899	10,011	0	43	11,953	\$32,570
Feb	9,777	1,444	8,248	0	85	9,777	\$26,640
Date	Projected Minutes					Total Projected STS Minutes	Projected Payment Obligations (proj. min*2.7248)
Mar	12,437					12,437	\$33,888
Apr	12,336					12,336	\$33,613
May	12,235					12,235	\$33,338
June	12,133					12,133	\$33,060
Date	Projected Minutes					Total Projected STS Minutes	Projected Payment Obligations (proj. min*2.9621)
July 2009	10,968					10,968	\$32,488
Aug	10,944					10,944	\$32,417
Sept	10,919					10,919	\$32,342
Oct	10,894					10,894	\$32,270
Nov	10,870					10,870	\$32,199
Dec	10,846					10,846	\$32,127
Jan 2010	10,821					10,821	\$32,052
Feb	10,797					10,797	\$31,981
Mar	10,772					10,772	\$31,909
April	10,747					10,747	\$31,834
May	10,723					10,723	\$31,763
June	10,699					10,699	\$31,691
Totals	130,000					130,000	\$385,073

**Interstate Captioned Telephone Service Minutes Fund Requirements for
March 01, 2008 Thru June 30, 2010**

Date	Actual Reported Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Disbursements
Mar 2008	561,405	400,690	7,090	132,425	0	21,200	\$914,529
Apr	529,098	373,677	7,298	126,344	0	21,779	\$861,901
May	558,112	402,198	5,440	127,931	0	22,543	\$909,164
June	535,268	381,065	6,643	124,921	0	22,639	\$871,952
July	547,475	382,247	7,407	134,074	0	23,747	\$907,111
Aug	551,769	396,569	6,777	128,946	0	24,002	\$914,226
Sept	549,394	383,724	9,091	131,368	0	25,211	\$910,291
Oct	572,114	398,147	7,663	140,395	0	25,909	\$947,936
Nov	599,079	433,025	7,696	131,846	0	26,512	\$992,614
Dec	656,293	467,750	8,718	149,939	0	29,886	\$1,087,412
2008	5,660,007	4,019,092	73,823	1,328,189	0	243,428	9,317,135
Jan 2009	646,352	457,677	7,261	150,472	0	30,942	\$1,070,941
Feb	587,427	413,532	6,525	139,124	0	28,246	\$973,308
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Projected Payment Obligations (proj. min * 1.6569)
Mar 2009	825,721						\$1,368,137
Apr	845,949						\$1,401,653
May	866,177						\$1,435,169
June	886,404						\$1,468,683
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Projected Payment Obligations (proj. min * 1.6778)
July 2009	700,988						\$1,176,117
Aug	714,193						\$1,198,274
Sept	727,399						\$1,220,430
Oct	740,605						\$1,242,587
Nov	753,811						\$1,264,744
Dec	767,017						\$1,286,901
Jan 2010	780,223						\$1,309,058
Feb	793,428						\$1,331,214
Mar	806,634						\$1,353,371
Apr	819,840						\$1,375,528
May	833,046						\$1,397,685
June	846,252						\$1,419,841
Totals	9,283,437						15,575,750

**Internet Protocol Captioned Telephone Service Minutes Fund Requirements for
March 01, 2008 Thru June 30, 2010**

Date	Actual Reported Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Disbursements
Mar 2008	31,307	29,899		1,408		31,307	\$50,999
Apr	41,482	33,754		7,728		41,482	\$67,574
May	53,191	44,765		8,426		53,191	\$86,648
June	57,810	46,817		10,993		57,810	\$94,172
July	67,474	53,499		13,975		67,474	\$111,798
Aug	70,553	59,444		11,109		70,553	\$116,899
Sept	80,969	68,402		12,567		80,969	\$134,158
Oct	87,677	75,962	7	11,708		87,677	\$145,272
Nov	89,784	76,116	10	13,658		89,784	\$148,763
Dec	97,411	80,178		17,233		97,411	\$161,400
2008	677,658	568,836	17	108,805	0	677,658	\$1,117,684
Jan 2009	99,005	82,399		16,606		99,005	\$164,041
Feb	98,035	81,991		16,044		98,035	\$162,434
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Projected Payment Obligations (proj. min * 1.6569)
Mar 2009	20,600						\$34,132
Apr	20,600						\$34,132
May	20,600						\$34,132
June	20,600						\$34,132
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Projected Payment Obligations (proj. min * 1.6778)
July 2009	127,611						\$214,105
Aug	132,463						\$222,247
Sept	137,316						\$230,389
Oct	142,169						\$238,531
Nov	147,021						\$246,672
Dec	151,874						\$254,814
Jan 2010	156,726						\$262,956
Feb	161,579						\$271,097
Mar	166,432						\$279,239
Apr	171,284						\$287,381
May	176,137						\$295,523
June	180,990						\$303,664
Totals	1,851,602						\$3,106,618

Video Relay Service Minutes

Exhibit 3-7

Fund Requirements For January 1, 2002 Thru June 30, 2010

Date	Total VRS Minutes							Disbursements
2002	530,053							\$9,034,753
2003	2,843,916							\$31,000,704
2004	11,135,363							\$85,262,163
2005	27,217,857							\$191,195,519
2006	44,326,554							\$295,033,976
2007	65,293,087							\$433,807,270
Jan 2008	7,005,984							\$46,547,758
Feb	6,548,706							\$43,509,603
Mar	6,853,465							\$43,695,431
Apr	6,853,948							\$43,695,301
May	7,010,569							\$44,674,044
June	7,129,678							\$45,441,432
July	7,580,792							\$48,053,365
Aug	7,577,678							\$48,031,278
Sept	7,903,179							\$50,084,394
Oct	8,242,652							\$52,213,941
Nov	7,270,422							\$45,998,215
Dec	8,087,897							\$51,232,601
2008	88,064,970							\$563,177,364
Jan 2009	8,766,660							\$55,507,187
Feb	8,204,242							\$51,973,927
Date	Total Projected VRS Minutes	Projected VRS Minutes 0-50,000	Projected VRS Minutes 50,001-500,000	Projected VRS Minutes >500,000	Projected VRS \$ 0-50,000	Projected VRS \$ 50,001-500,000	Projected VRS \$ >500,000	Projected Payment Obligations
					\$6.7700	\$6.5000	\$6.3000	
Mar	9,401,177	457,527	2,326,755	6,616,895	\$ 3,081,993	\$ 15,048,288	\$ 41,478,006	\$ 59,608,288
April	9,385,155	457,035	2,366,470	6,561,650	\$ 3,078,679	\$ 15,305,145	\$ 41,131,703	\$ 59,515,527
May	9,790,017	455,942	2,383,215	6,950,860	\$ 3,071,317	\$ 15,413,443	\$ 43,571,466	\$ 62,056,225
June	9,643,547	456,140	2,386,472	6,800,935	\$ 3,072,650	\$ 15,434,508	\$ 42,631,661	\$ 61,138,819
Date	Total Projected VRS Minutes	Projected VRS Minutes 0-50,000	Projected VRS Minutes 50,001-500,000	Projected VRS Minutes >500,000	Projected VRS \$ 0-50,000	Projected VRS \$ 50,001-500,000	Projected VRS \$ >500,000	Projected Payment Obligations
					\$6.7025	\$6.4352	\$6.2372	
July 2009	9,797,165	384,611	2,014,989	7,397,565	\$ 2,577,855	\$ 12,966,857	\$ 46,140,092	\$ 61,684,805
Aug	9,922,365	387,217	2,032,761	7,502,387	\$ 2,595,322	\$ 13,081,224	\$ 46,793,888	\$ 62,470,434
Sept	9,896,782	388,461	2,075,069	7,433,252	\$ 2,603,660	\$ 13,353,484	\$ 46,362,679	\$ 62,319,823
Oct	10,333,738	392,567	2,140,931	7,800,240	\$ 2,631,180	\$ 13,777,319	\$ 48,651,657	\$ 65,060,156
Nov	9,890,288	389,326	2,072,562	7,428,400	\$ 2,609,458	\$ 13,337,351	\$ 46,332,416	\$ 62,279,225
Dec	10,420,911	398,579	2,142,073	7,880,259	\$ 2,671,476	\$ 13,784,668	\$ 49,150,751	\$ 65,606,895
Jan 2010	10,389,838	412,348	2,154,491	7,822,999	\$ 2,763,762	\$ 13,864,580	\$ 48,793,609	\$ 65,421,952
Feb	9,739,990	419,426	2,149,815	7,170,749	\$ 2,811,203	\$ 13,834,489	\$ 44,725,396	\$ 61,371,088
Mar	10,731,358	434,266	2,271,339	8,025,753	\$ 2,910,668	\$ 14,616,521	\$ 50,058,227	\$ 67,585,415
April	10,669,801	443,262	2,262,338	7,964,201	\$ 2,970,964	\$ 14,558,598	\$ 49,674,314	\$ 67,203,876
May	11,057,792	440,332	2,273,404	8,344,056	\$ 2,951,325	\$ 14,629,809	\$ 52,043,546	\$ 69,624,681
June	10,994,638	458,798	2,304,172	8,231,668	\$ 3,075,094	\$ 14,827,808	\$ 51,342,560	\$ 69,245,461
Totals	123,844,666	4,949,193	25,893,944	93,001,529	\$ 33,171,966	\$ 166,632,708	\$580,069,137	\$ 779,873,811

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2010)

Date	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
2002 Totals	\$64,191,919	\$64,801,231	\$393,238	\$2,109,067	\$538,250	\$711,950	\$65,706,338	\$61,007,585
2003 Totals	\$89,713,423	\$90,470,097	\$848,486	\$2,200,879	\$440,082	\$276,393	\$100,308,377	\$116,620,837
2004 Totals	\$270,132,368	\$266,542,510	\$172,504	\$5,963,241	\$717,791	574,238	\$205,793,138	\$211,001,161
2005 Totals	\$368,523,087	\$366,157,691	\$190,261	\$8,518,898	\$750,303	\$2,265,033	\$315,641,161	\$328,667,536
2006 Totals	\$450,612,164	\$434,982,110	\$1,046,379	\$25,195,331	\$975,197	\$6,113,537	\$431,585,480	\$418,957,624
2007 Totals	\$491,639,271	\$505,854,834	\$840,242	\$11,820,010	\$999,158	\$5,243,555	\$511,910,395	\$547,939,901
01/08	41,538,299	42,352,943	8,958	11,014,324	73,658	232,696	53,789,335	50,098,323
02/08	41,987,328	42,852,752	0	10,148,900	69,916	135,212	54,905,388	57,247,826
03/08	73,660,763	70,720,207	0	13,089,456	68,730	95,300	56,021,441	52,923,035
04/08	59,051,354	61,565,599	414,837	10,990,048	170,103	57,178	55,659,889	53,050,409
05/08	58,348,807	59,273,268	101,357	10,166,944	81,512	75,557	56,717,888	52,873,492
06/08	58,662,559	58,342,857	691,318	11,177,965	91,510	119,768	57,775,888	54,229,907
07/08	154,057,996	120,668,038	53,194	44,621,116	80,299	172,758	58,835,296	54,892,667
08/08	46,162,515	67,304,233	7,372	23,486,769	130,586	250,087	58,895,362	58,063,416
09/08	59,227,927	60,074,589	0	22,640,107	80,398	243,555	60,659,979	57,690,587
10/08	63,898,845	66,582,134	33,066	19,989,883	82,094	202,009	59,826,022	59,443,241
11/08	60,693,293	64,125,475	81,579	16,639,280	93,609	158,529	62,798,814	61,819,370
12/08	61,043,629	62,213,632	16,210	15,485,487	167,870	115,167	61,170,329	54,742,454
2008 Totals	778,333,315	776,075,728	1,407,891	15,485,487	1,190,285	1,857,815	697,055,632	667,074,727
01/09	60,552,325	55,894,220	124,006	20,267,600	98,408	97,218	63,508,831	60,710,060
02/09	61,970,986	64,852,343	4,350	17,390,593	505,721	74,638	68,022,034	65,168,594
03/09	60,552,681	62,073,949	47,401	15,916,726	145,256	65,000	63,696,217	61,006,088
04/09	59,472,716	37,694,721	0	37,694,721	83,333	125,000	70,651,835	70,651,835
05/09	59,472,716	48,583,719	0	48,583,719	83,333	125,000	69,738,605	69,738,605
06/09	59,472,716	54,028,217	0	54,028,217	83,333	125,000	72,758,901	72,758,901
07/09	196,760,750	125,394,484	0	125,394,484	684,125	83,333	72,031,224	72,031,224

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2010)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/09	63,111,939	94,253,211	0	94,253,211	684,125	83,333	71,616,367	71,616,367
09/09	63,111,939	78,682,575	0	78,682,575	684,125	83,333	72,530,850	72,530,850
10/09	63,111,939	70,897,257	0	70,897,257	684,125	83,333	71,934,708	71,934,708
11/09	63,111,939	67,004,598	0	67,004,598	684,125	83,333	74,979,079	74,979,079
12/09	63,111,939	65,058,268	0	65,058,268	684,125	83,333	71,963,785	71,963,785
2009 Totals	873,814,585	824,417,562	175,758	65,058,268	5,104,134	1,111,857	843,432,436	835,090,095
01/10	63,111,939	64,085,103	0	64,085,103	684,125	83,333	75,407,769	75,407,769
02/10	63,111,939	63,598,521	0	63,598,521	684,125	83,333	75,438,202	75,438,202
03/10	63,111,939	63,355,230	0	63,355,230	684,125	83,333	71,216,925	71,216,925
04/10	63,111,939	63,233,584	0	63,233,584	684,125	83,333	77,662,657	77,662,657
05/10	63,111,939	63,172,761	0	63,172,761	684,125	83,333	77,039,735	77,039,735
06/10	63,111,939	63,142,350	0	63,142,350	684,125	83,333	79,673,812	79,673,812
07/10							79,318,686	79,318,686
2010 Totals	378,671,632	380,587,550	0	63,142,350	4,104,750	500,000	535,757,786	535,757,786
Totals	\$4,093,762,680	\$4,036,477,560	\$5,857,230	\$63,142,350	\$18,386,118	\$27,395,778	\$4,031,961,907	\$4,021,428,252

(July 1993 thru June 2010)

Fund Balance Calculation	
Total Fund	\$4,093,762,680
NECA Expenses	(\$18,386,118)
Interest Income	\$27,395,778
Payments	(\$4,021,428,252)
Fund Balance	\$81,344,088

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2009 through June 2010 calculated using \$1.8311 per interstate traditional TRS minute, \$1.2801 per intrastate and interstate IP minute, \$2.9621 per interstate STS minute, \$1.6778 per interstate CTY minute, \$1.6778 per intrastate and interstate IPCTV minute, and a tiered rate of \$6.7025 per minute for first 50,000 monthly VRS minutes, \$6.4352 per minute between 50,001 and 500,000 monthly VRS minutes and \$6.2372 per minute for monthly minutes above 500,000.

Exhibit 4

Pg 3 of 3

JUL '08
THRU
JUN '09

**DETAILED ADMINISTRATOR EXPENSES
(JULY 2008 TO JUNE 2009)**

(000's)

CODE	Actual												Projection				
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jun '09 PROJECTION				
DEPRECIATION/AMORT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DEPRECIATION/AMORT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COST ALLOCATION	40.5	89.9	42.2	51.1	47.0	65.5	57.4	35.6	61.9	71.8	37.0	35.3	35.3	35.3	37.0	37.0	35.3
COST ALLOCATION	40.5	89.9	42.2	51.1	47.0	65.5	57.4	35.6	61.9	71.8	37.0	35.3	35.3	35.3	37.0	37.0	35.3
TOTAL EXPENSES	80.3	130.6	80.4	82.1	93.6	167.8	98.4	79.1	113.7	136.9	82.1	79.1	79.1	79.1	82.1	82.1	1224.0
MANAGER	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FORCE	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
CONTRACT LABOR	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
TRIPS	0	0	0	1	0	0	0	0	0	1	1	0	0	0	0	0	3

**Interstate Telecommunications Relay Service (TRS) Fund
2009 - 2010 Monthly Schedule for Reporting Minutes and Associated Disbursement Dates**
Includes TRS, CTS, IP, IP CTS, STS and VRS

Data Month Adjustment Months Reporting Dates Disbursement Dates Definitions

2009

No Later Than*

July	April, May, June	August 11	September 25	
August	May, June, July	September 10	October 23	
September	June, July, August	October 9	November 24	
October	July, August, September	November 12	December 24	
November	August, September, October	December 9	January 25, 2010	
December	September, October, November	January 12, 2010	February 22, 2010	

Reporting Date:

Date reports are due
(7th work day of the following month)

Data Month:

Calendar month for which data
is to be reported

2010

January	October, November, December	February 9	March 19	
February	November, December, January	March 9	April 23	
March	December, January, February	April 9	May 21	
April	January, February, March	May 11	June 25	
May	February, March, April	June 9	July 23	
June	March, April, May	July 12	August 20	

Adjustment Months:

Prior data months for which
corrections can be submitted

* Contingent upon sufficient funds and data processing time requirements

**Demand Projection for VRS and IP
for July 2009 through June 2010**

	VRS	IP		
Provider demand	123,844,666	67,610,985		
Administrator demand	117,010,220	63,967,076		
Difference	6,834,446	3,643,908	5.5%	5.4%

Appendices

- A. Data Collection Form and Instructions for MARS services. Separate pages A-1 through A-6 display the individual forms
- B. Data Collection Form and Instructions for IP and VRS services. Separate pages B-1 through B-6 display the individual forms
- C. TRS and STS Intrastate Rate Data for 2008
- D. CTS Intrastate Rate Data for 2008
- E. Interstate TRS Advisory Council Members
- F. Interstate TRS Advisory Council 2008 Meeting Minutes
- G. Interstate Telecommunications Relay Services Fund Financial Statements with Independent Auditors' Report

General Information

On November 19, 2007, the Federal Communications Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. For traditional TRS, STS, and CTS, the Commission adopted the MARS Plan. One MARS rate is calculated that applies to Interstate TRS and STS, and one MARS rate is calculated that applies to Interstate CTS (and currently all IP CTS).

Under the MARS plan each January the Fund Administrator will request each state TRS administrator, and each provider of TRS, STS, and CTS to provide the following data for the previous calendar year: (1) per-minute compensation rates for intrastate traditional TRS, STS, and CTS; (2) whether the rate applies to session minutes or conversation minutes; (3) the number of intrastate session minutes for traditional TRS, STS, and CTS; and (4) the number of intrastate conversation minutes for traditional TRS, STS, and CTS. If the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year. The state and the provider should indicate what information should be considered confidential.

The intrastate minutes requested in IA and B also includes allocated 800-number, 900-number, and inbound two-line CTS minutes allocated as intrastate minutes (FCC DA 08-1476¶15). These allocated intrastate minutes must be included in the MARS calculation to ensure the rate reflects all intrastate minutes compensated by the states.

Please email completed responses on or before **February 16, 2009** to:

Jeff Henderson jhender@neca.org and Jill Cardoso jcardos@neca.org
NECA TRS Fund Administration

Questions concerning the data request should be referred to Jill Cardoso at 973-884-8124 or via email to jcardos@neca.org. Also, Jeff Henderson at 973-884-8261 or via e-mail at jhender@neca.org is available to answer questions.

Form Instructions

I. Traditional TRS, STS, CTS intrastate rate, conversation and session minute data for the annual MARS methodology

A. Per the Commission Report and Order FCC 07-186, each state TRS administrator and each provider of interstate TRS and STS is to provide the following data for the previous calendar year: **per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.**

1. Per-minute compensation rate for intrastate traditional TRS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.
2. Per-minute compensation rate for intrastate STS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.
3. Number of intrastate conversation minutes for TRS and or STS.

4. Number of intrastate session minutes for TRS and or STS.

B. Per the Commissions Report and Order FCC 07-186, each state administrator and each provider of CTS and IP CTS is to provide the following data for the previous calendar year: **per-minute compensation rates for intrastate CTS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for CTS; and the number of intrastate conversation minutes for CTS.**

- 1. Per-minute compensation rate for intrastate CTS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.
- 2. Number of intrastate conversation minutes for CTS.
- 3. Number of intrastate session minutes for CTS.

II. Additional Costs paid by the State for Intrastate TRS, STS and CTS for the annual MARS methodology

Per the Commissions Report and Order FCC 07-186, if the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year.

- A.**Itemize additional costs paid by the State for Intrastate TRS and or STS. List each cost separately, one cost per line.
- B.**Itemize additional incentives or services with costs paid by the provider that the state was not required to pay for, for intrastate TRS and/or STS. List each cost separately, one cost per line
- C.**Itemize additional costs paid by the state for Intrastate CTS. List each cost separately, one cost per line
- D.**Itemize additional incentives or services with costs paid by the provider that the state was not required to pay for, for captioned telephone services. List each cost separately, one cost per line.

III. Contact Information

Please complete the state contact information indicating state, form completion date, contact name, title, email address, telephone number, and mailing address.

Intrastate Rate and Minute Data for TRS and STS MARS Methodology

Provider Name:

State:

Providers complete one form for each state

I. Annual TRS / STS Rate and Demand Data

A. Traditional Telecommunications Relay Service (TRS) and STS

Contract Term From date: To date:

2008 Minute and Rate Information	Actual TRS Conversation Rates	Actual STS Conversation Rates	Actual TRS Session Rates	Actual STS Session Rates
1. Per-minute compensation rate for intrastate traditional TRS. List conversation or session rate.				
2. Per-minute compensation rate for intrastate STS. List conversation or session rate.				
	Actual TRS Conversation Minutes	Actual STS Conversation Minutes	Actual TRS Session Minutes	Actual STS Session Minutes
3. Number of intrastate conversation minutes for TRS and or STS.				
4. Number of intrastate session minutes for TRS and or STS.				

If the intrastate compensation rate(s) paid for these services changed during the calendar year, or the provider changed indicate each rate separately and indicate the time period in which the rate was effective, whether the rate applied to session or conversation minutes, and the number of conversation and session minutes associated with each period below. Use additional forms if necessary.

Contract Term From date: To date:

2008 Minute and Rate Information changes	Actual TRS Conversation Rates	Actual STS Conversation Rates	Actual TRS Session Rates	Actual STS Session Rates
1. Per-minute compensation rate for intrastate traditional TRS. List conversation or session rate.				
2. Per-minute compensation rate for intrastate STS. List conversation or session rate.				
	Actual TRS Conversation Minutes	Actual STS Conversation Minutes	Actual TRS Session Minutes	Actual STS Session Minutes
3. Number of intrastate conversation minutes for TRS and or STS.				
4. Number of intrastate session minutes for TRS and or STS.				

Please indicate below what information should be considered confidential:

Intrastate Rate and Minute Data for CTS MARS Methodology

Provider Name:

State:

Providers complete one form for each state

I. Annual Captioned Telephone / IP Captioned Telephone

B. Captioned Telephone additional costs paid by the state to the provider

Contract Term

From date:

To date:

2008 Minute and Rate Information	Actual CT Conversation Rates	Actual CT Session Rates
1. Per-minute compensation rate for intrastate Captioned Telephone. List conversation or session rate.		
	Actual CT Conversation Minutes	Actual CT Session Minutes
2. Number of intrastate conversation minutes for CTS.		
3. Number of intrastate session minutes for CTS.		

If the intrastate compensation rate(s) paid for these services changed during the calendar year, or the provider changed indicate each rate separately and indicate the time period in which the rate was effective, whether the rate applied to session or conversation minutes, and the number of conversation and session minutes associated with each period below. Use additional forms if necessary.

Contract Term From date:

To date:

2008 Minute and Rate Information changes	Actual CT Conversation Rates	Actual CT Session Rates
1. Per-minute compensation rate for intrastate Captioned Telephone. List conversation or session rate.		
	Actual CT Conversation Minutes	Actual CT Session Minutes
2. Number of intrastate conversation minutes for CTS.		
3. Number of intrastate session minutes for CTS.		

Please indicate below what information should be considered confidential:

Additional Costs paid by the State for Intrastate TRS and STS for the MARS Methodology

Provider Name:

State:

Providers complete one form for each state

II. Annual TRS / STS

A. Traditional Telecommunications Relay Service (TRS) and STS additional costs paid by the state to the provider

Contract Term

From date:

To date:

If the contractual per-minute compensation rate does not include all the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year below.

Use additional forms if necessary.

Description of 2008 Costs that were not included in the per-minute compensation rate that was paid to the provider	TRS \$ Amount	STS \$ Amount

B. Traditional Telecommunications Relay Service (TRS) and STS additional costs paid by the provider

Please identify any incentives or services that the TRS provider paid for or provided, during the calendar year 2008, that the state was not required to pay for.

Use additional forms if necessary.

Description of 2008 Costs that were not included in the per-minute compensation rate that was paid for by the provider	TRS \$ Amount	STS \$ Amount

Please indicate below what information should be considered confidential:

Additional Costs paid by the State for Intrastate CTS for the MARS Methodology

Provider Name:

State:

Providers complete one form for each state

II. Annual Captioned Telephone / IP Captioned Telephone

C. Captioned Telephone additional costs paid by the state to the provider

Contract Term

From date:

To date:

If the contractual per-minute compensation rate does not include all the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year below. Use additional forms if necessary.

Description of 2008 Costs that were not included in the per-minute compensation rate that was paid to the provider	CT \$ Amount

D. Captioned Telephone additional costs paid by the provider

Please identify any incentives or services that the TRS provider paid for or provided, during the calendar year 2008, that the state was not required to pay for.

Use additional forms if necessary.

Description of 2008 Costs that were not included in the per-minute compensation rate that was paid for by the provider	CT \$ Amount

Please indicate below what information should be considered confidential:

III. State Contact Information

State:	
Date:	
Contact name:	
Title:	
Email Address:	
Tel. Number:	

Mailing Address

Address1:	
Address2:	
Address3:	
City:	
State:	
Zip Code:	



B1
Jill Cardoso
Manager, TRS Fund
Administration
PH 973-884-8124
FX 973-884-8262
jcardos@neca.org

January 15, 2009

TO: Providers of Telecommunications Relay Service (TRS), Captioned Telephone VCO Service (CTV), IP Captioned Telephone (IP CTS), Internet Protocol Service (IP), Speech-to-Speech Service (STS), and Video Relay Service (VRS), and All Sub-Contractors

SUBJECT: Annual Relay Services Data Request, distributed via email only

FILING DEADLINES:

- **All data requested for the annual MARS methodology must be filed by February 16, 2009.**
- **Actual and projected demand data for IP and VRS must be filed by February 16, 2009.**
- **Historical (actual) costs for calendar years 2007 and 2008 and projected costs for calendar years 2009 and 2010 for IP and VRS must be filed by April 1, 2009**

On November 19, 2007, the Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. The Order also clarified the nature and extent that certain categories of costs are compensable from the Fund.

For interstate traditional TRS, interstate Speech-to-Speech (STS), interstate captioned telephone service (CTS), and interstate and intrastate Internet Protocol captioned telephone service (IP CTS) the compensation rates shall be based on the MARS plan. For Internet Protocol (IP) Relay, the compensation rate shall be based on price caps. For Video Relay Service (VRS), the compensation rates shall be tiered rates based on call volume.

The Commission requires providers of IP and VRS to file annual cost and demand data with the Fund Administrator as they have in the past (FCC 07-186¶56 note 170). This information, which includes actual costs for prior years, will be helpful in reviewing the reasonableness of the compensation rates adopted for IP Relay and VRS under the new methodologies, and whether they reasonably correlate with projected costs and prior actual costs.

For traditional TRS and STS, under the MARS plan each January the Fund Administrator will request each state TRS administrator, and each provider of interstate TRS, STS, and CTS to provide the following data for the previous calendar year: (1) per-minute compensation rates for intrastate traditional TRS, STS, and CTS; (2) whether the rate applies to session minutes or conversation minutes; (3) the number of intrastate session minutes for traditional TRS, STS, and CTS; and (4) the number of intrastate conversation minutes for traditional TRS, STS, and CTS. If the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year. The state and the provider should indicate what information should be considered confidential.

As mandated by the Commission (FCC), the Fund administrator's annual May 1st filing must still address all the payment formulas, the resulting rates that they have calculated for each form of TRS under those methodologies that will be effective in the upcoming Fund year, and the Fund size and carrier contribution factor that results from those rates and the Fund administrator's projected demand for each service. The new rates will become

effective July 1, 2009 upon Commission approval. Providers will receive reimbursement at the new rates for minutes handled from July 1, 2009 through June 30, 2010.

Even though sub-contractors will be providing cost and demand data to NECA directly, providers' data should also include their sub-contractors' data.

All data provided in the Data Request is treated as proprietary and confidential. Data is not disclosed to anyone other than authorized NECA staff, the auditor of the TRS Fund, or the FCC without prior notice and consent of those providing the data.

Your effort and cooperation contribute to the success of this annual process. Please contact Jeff Henderson, at jhender@neca.org or 973-884-8261, or me with any questions you may have on the Data Request.

Yours truly,

A handwritten signature in cursive script, appearing to read "Jeff Henderson".

Attachment

Cc: Relay Services Provider/Sub-Contractor Distribution List

RELAY SERVICES DATA REQUEST INSTRUCTIONS

FILING DEADLINES:

- **All data requested for the annual MARS methodology must be filed by February 16, 2009.**
- **Actual and projected demand data for IP and VRS must be filed by February 16, 2009.**
- **Historical (actual) costs for calendar years 2007 and 2008 and projected costs for calendar years 2009 and 2010 for IP and VRS must be filed by April 1, 2009.**

Return completed responses to:

Jill Cardoso
NECA TRS Fund Administration
80 South Jefferson Road, Room N3097
Whippany, New Jersey 07981

The **original signed forms must be returned** to NECA. Questions concerning the data request should be referred to Jill Cardoso at 973-884-8124 or via email to jcardos@neca.org. Also, Jeff Henderson at 973-884-8261 or via e-mail at jhender@neca.org is available to answer questions. This data will be the basis for determining the total fund size requirement. Carrier revenue information to determine the contribution base will be filed on April 1, 2009 via the FCC Form 499-A, Telecommunications Reporting Worksheet. NECA will use the provider rate and demand information and the carrier revenue information to calculate the carrier contribution factor and fund size. **On May 1, 2009, NECA will file with the FCC payment formulas, its proposed fund size requirement, carrier contribution factor and projected demand for each service for the fund year July 1, 2009 through June 30, 2010.**

A. GENERAL INFORMATION

On November 19, 2007, the Commission released a Report and Order (FCC 07-186) adopting new cost recovery methodologies for the various forms of TRS. The Order also clarified the nature and extent that certain categories of costs are compensable from the Fund.

For interstate traditional TRS, interstate Speech-to-Speech (STS), interstate captioned telephone service (CTS), and interstate and intrastate Internet Protocol captioned telephone service (IP CTS) the compensation rates shall be based on the MARS plan. For Internet Protocol (IP) Relay, the compensation rate shall be based on price caps. For Video Relay Service (VRS), the compensation rates shall be tiered rates based on call volume.

The Commission requires providers of IP and VRS to file annual cost and demand data with the Fund Administrator as they have in the past (FCC 07-186 ¶56 note 170). This information, which includes actual costs for prior years, will be helpful in reviewing the reasonableness of the compensation rates adopted for IP Relay and VRS under the new methodologies, and whether they reasonably correlate with projected costs and prior actual costs.

For traditional TRS and STS, under the MARS plan each January the Fund Administrator will request each state TRS administrator, and each provider of interstate TRS, STS, and CTS to provide the following data for the previous calendar year: (1) per-minute compensation rates for intrastate traditional TRS, STS, and CTS; (2) whether the rate applies to session minutes or conversation minutes; (3) the number of intrastate session minutes for traditional TRS, STS, and CTS; and (4) the number of intrastate conversation minutes for traditional TRS, STS, and CTS. If the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year. The state and the provider should indicate what information should be considered confidential.

The Order also provided that:

- **Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity's revenues that are derived from the provision of TRS. (FCC 07-186, ¶74-75).**

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- **Start-up expenses are compensable, but must be amortized in accordance with generally accepted accounting rules (FCC 07-186, ¶76-77).**
- **All costs submitted must directly support the provision of relay service (FCC 07-186, ¶75).**
- **Reasonable executive compensation for persons who directly support the provision of TRS is compensable from the Fund (FCC 07-186, ¶79). For example, if executives of a company that provides a variety of services in addition to TRS do not personally work on TRS issues, no part of their salaries can be included in the company's TRS cost submission (FCC 07-186, ¶75).**
- **Financial transaction costs or fees unrelated to the provision of relay service are not compensable as reasonable costs of providing service. Such costs include costs and fees relating to a change in ownership of the entity providing relay service, the sale of the entity, the spin off of part of the entity, or any other transaction directed at the ownership, control, or structure of the relay provider (FCC 07-186, ¶80).**
- **Costs attributable to relay hardware and software used by the consumer, including installation, maintenance costs, and testing are not compensable from the Fund. Compensable expenses do not include expenses for customer premises equipment – whether for the equipment itself, equipment distribution, or installation of the equipment or necessary software (FCC 07-186, ¶82).**
- **Do not include profit or tax allowances in expenses. (FCC 04-137, ¶179-182)**
- **Only expenses to meet the non-waived mandatory minimum standards should be included. (FCC 04-137, ¶188-190)**
- **Capital investment data, if applicable, must be submitted by service. (FCC 04-137, ¶177-182)**
- **If depreciated expenses are reported, the year end net book value of the capital investment from which depreciation was computed must be reported in Section F.**
- **STS providers must include a report detailing specific outreach efforts directly attributable to the additional support for STS outreach**
- **The following costs are not compensable from the fund: 1. Costs associated with an Internet-based TRS consumers' acquisition of a ten-digit geographic telephone number 2. costs associated with an Internet-based consumers' acquisition and usage of a toll free telephone number 3. E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56)**

TRS providers must submit the following data:

- **total annual expenses** of providing IP Relay and VRS
- reported in only **one category**; the section total of expense categories should reflect the total expenses of providing each service (i.e. IP and VRS).
- **actual annual 2007 and 2008 expenses** and **projected** annual expenses for **2009 and 2010**.

Please complete the appropriate expense page for each of the services performed. Each expense form is identified by service type on the first line of the form.

All reasonable expenses of providing eligible relay services, whether as part of a state-contracted service or a stand-alone service, **are reportable**.

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

B. FORM INSTRUCTIONS**Provider Identification**

- A. Service Provider/Administrator:** Provide the requested information about the service provider -- the entity responsible for providing TRS/IP/STS/VRS/CTV and IP CTS. The contact name requested is the name of the person who will serve as the official provider interface for the interstate TRS Fund Administrator.
- B. Data Request Response:** List the name and contact information for the person to whom questions and requests for clarification regarding the data request response should be directed.
- C. Changes, Activities & Improvements:** If significant changes have occurred or are expected to occur with this service, please provide an explanation.
- D. Other Information:** Provide the requested information for each state served. The rate information is confidential and will not be shared with anyone outside of NECA and the Commission.
- E. Center Location:** Please provide address, city and state, and the hours of operation for each relay center and list the services provided in that center.
- F. Subcontractors, etc.:** Please provide a listing of all subcontractors, marketing entities, websites, and any other entities through which relay services are provided.

I. Total Video Relay Service Expenses

Include **reasonable expenses attributable to providing Video Relay Service** in English as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the interexchange carrier. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

A. Annual Recurring Fixed/Semi-Variable Expenses

- 1. Rent:** Annual payments solely for land and/or buildings rented for the provision of TRS.
- 2. Utilities:** Expenses associated with land and buildings, such as water, sewerage, fuel, T1 lines, internet connectivity and power. **Telephone service expenses, such as center toll free numbers, local and foreign exchange should also be included here. Also see ITEM B. 4.**
- 3. Building Maintenance:** Expenses for maintenance and repair.
- 4. Property Tax (if owned):** Taxes paid on property owned and used for the provision of TRS.
- 5. Furniture (if leased):** Lease or rental expenses associated with center furnishings.
- 6. Office Equipment (if leased):** Lease or rental expenses associated with office equipment.

Subtotal Section A expenses.

B. Annual Recurring Variable Expenses (Direct TRS Operating Expenses)

- 1. Salaries and Benefits:** Compensation to *non-management employees (persons performing communications assistant and interpreter activities)*, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers' compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **Included in this**

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

expense is the cost of “contract interpreters and/or communication assistants” who are not employees.
ADDITIONAL DATA REQUIRED – see Appendix 1

2. **Salaries and Benefits:** Compensation to *management employees (relay center managers & supervisors)*, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers’ compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA REQUIRED – see Appendix 1**
See discussion of executive compensation at paragraphs 78-79 of the Commission’s Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).
3. **Salaries and Benefits:** Compensation to *relay center staff*, such as wages, salaries, commissions, bonuses, incentive awards and termination payments; payroll related benefits paid on behalf of employees, such as pensions, savings plans, workers’ compensation required by law, insurance plans (life, hospital, medical, dental, vision); and social security and other payroll taxes. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Telecommunications Expenses:** Expenses associated with inspecting, testing, analyzing and correcting trouble; repairing or reporting on telecommunications plant (switching, transmission, operator, cable and wire) to determine need for repairs, replacements, rearrangements, and changes; expenses for activities, such as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work. **Note: expenses reported here are in addition to the telephone service expenses reported in Section A 2.**
5. **Billing Expenses:** Rating of toll messages and billing functions not recovered from other sources.
6. **Relay Center Expenses:** Expenses not included in other accounts, such as providing food services, libraries, archives, mail service, procuring office equipment, office supplies, materials and repairs.

Subtotal Section B expenses.

C. Annual Administrative Expenses

Indirect overhead costs are not reasonable costs of providing TRS. Appropriate overhead costs are those costs directly related to, and directly support, the provision of relay service. Indirect overhead costs may not be allocated to TRS by an entity that provides services other than TRS based on the percentage of the entity’s revenues that are derived from the provision of TRS. (FCC 07-186, ¶74-75).

1. **Finance/Accounting:** Expenses incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting, tax accounting, auditing, capital and operating budget and control, and general accounting. Financial services include banking operations, cash management, and benefit investment fund management, etc. **ADDITIONAL DATA REQUIRED - see Appendix 1**
2. **Legal/Regulatory:** Expenses incurred for legal and regulatory services. Legal services include conducting and coordinating litigation, providing guidance on regulatory and labor matters, court expenses, filing fees, cost of counsel, etc. Regulatory services include preparing and presenting information for regulatory purposes, such as responding to this data request. **ADDITIONAL DATA REQUIRED - see Appendix 1**
3. **Engineering:** Expenses incurred in the general day to day engineering operation of the TRS telecommunications plant and /or IP network to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Research and Development:** Expenses incurred for R&D required to meet applicable non-waived mandatory minimum standards. **ADDITIONAL DATA REQUIRED – see Appendix 1**
5. **Operations Support:** Expenses that ensure the sustainability of service including troubleshooting, customer service and technical support.
6. **Human Resources:** Expenses incurred in performing personnel administration activities, including recruiting, hiring,

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

forecasting, planning, training, scheduling, counseling employees and reporting. **ADDITIONAL DATA REQUIRED – see Appendix 1**

7. **Billing:** Administrative expenses of rating and providing billing information to interexchange and exchange carriers, if not recovered by other means. **ADDITIONAL DATA REQUIRED - see Appendix 1**
8. **Contract Management:** Expenses of managing activities required by the provider contracts. **ADDITIONAL DATA REQUIRED – see Appendix 1**
9. **Risk Management:** Management expenses associated with workmen's compensation, payments in settlement of accident and damage claims, insurance premiums against losses and damages, sickness and disability payment, etc.
10. **Other Corporate Overhead:** Other administrative expenses of providing TRS not included in previous categories. All costs over \$10,000 should be itemized. **ADDITIONAL DATA REQUIRED – see Appendix 1**
See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

Subtotal Section C expenses.

D. Annual Depreciation/Amortization Associated with Capital Investment

Depreciation listed in this section **MUST** tie to the capital investment reported in Section F.

1. **Furniture & Fixtures:** Depreciation expense on furniture and/or fixtures. **ADDITIONAL DATA REQUIRED – see Appendix 1**
2. **Telecommunications Equipment:** Depreciation expense associated with capitalized expenses of telecommunications equipment including switching equipment, operator services equipment, cable and wire facilities, transmission equipment, and power equipment. **ADDITIONAL DATA REQUIRED – see Appendix 1**
3. **Leasehold:** Amortization of leasehold improvements – improvements which become a permanent part of a building, like walls or carpeting. **ADDITIONAL DATA REQUIRED – see Appendix 1**
4. **Other Capitalized:** depreciation expense not accounted for in other categories. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Subtotal Section D expenses.

E. Other Expenses

1. **Marketing/Advertising:** Marketing/Advertising is defined as being the expenditures by the provider to persuade users to choose their particular relay service over that of other relay service providers. **All costs over \$10,000 should be itemized.** The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are NOT to be reported as expenses. **ADDITIONAL DATA REQUIRED – see Appendix 1. See discussion at paragraph 82, Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).**
2. **Outreach:** Defined as educational outreach via the following methods: newspapers, TV, internet, community forums, etc. to inform the general community of the availability of TRS service in its various forms and future forms as technology evolves. Outreach is more generic, teaching and educating the community at large about relay, how to use it, how to call and receive calls from deaf and hard of hearing people. **ADDITIONAL DATA REQUIRED – see Appendix 1. See discussion at paragraph 82, Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).**
3. **Sub Contactor:** 3rd party costs associated with a contract to provide IP and VRS services. **Do not include profit or tax allowances of sub-contractor.**
4. **Other:** Expenses not previously reported. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Subtotal Section E expenses.

Total Video Relay Services Expenses (A-E only).

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F. Capital Investments

Please provide the year end net book value of capital investments by categories listed in Section F from which the depreciation expenses in Section D was calculated. **ADDITIONAL DATA REQUIRED – see Appendix 1**

Total Section F. (Do not add the Capital Investments total to the Total Expenses.)

II. Total Internet Protocol Expenses

Include **reasonable expenses attributable to providing IP Relay** as required under Part 64 of the FCC rules, such as gathering traffic, the center itself, and handing off calls to the carrier. When reporting expenses, please **round only to the next dollar**; report all amounts in whole dollars.

Follow the same instructions for Sections A through F as listed above in Total Video Relay Services Expense Data.

III. Annual Relay Service Demand Data

All minute data should be reported in **conversation** minutes. Conversation minutes are measured in terms of conversation time, i.e., from calling party connection to called party to the disconnect of both parties. **Do not include** time for call set-up, call ringing, waiting for an answer, calls that reach busy numbers or receive no answers, and call wrap-up. **2007 minutes** should be **actual** conversation minutes. Provide actual **2008 conversation minutes** for 12 months (January through December 2008). Minutes for **2009 and 2010** should be **projected** conversation minutes by month. The projected minutes should reflect reasonable growth rates and include other considerations that might increase or decrease the minutes handled by a center, such as adding a new state to a center. Include a description of the methodology used to determine the projected minutes for 2009 and 2010

Provide annual and projected minutes as follows:

Total Interstate Internet Protocol (IP) minutes: 2007 and 2008 actual minutes and 2009 and 2010 projected minutes by month

Total Interstate Video Relay Services (VRS) Minutes: 2007 and 2008 actual minutes and 2009 and 2010 projected minutes by month

IV. Traditional TRS, STS, CTS intrastate rate, conversation and session minute data for the annual MARS methodology

A. Per the Commission Report and Order FCC 07-186, each state TRS administrator and each provider of interstate TRS and STS is to provide the following data for the previous calendar year: **per-minute compensation rates for intrastate traditional TRS and STS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for traditional TRS and STS; and the number of intrastate conversation minutes for traditional TRS and STS.**

1. Per-minute compensation rate for intrastate traditional TRS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.
2. Per-minute compensation rate for intrastate STS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

- 3. Number of intrastate conversation minutes for TRS and or STS.
- 4. Number of intrastate session minutes for TRS and or STS.

B. Per the Commissions Report and Order FCC 07-186, each state administrator and each provider of interstate CTS and interstate and intrastate IP CTS is to provide the following data for the previous calendar year: **per-minute compensation rates for intrastate CTS; whether the rate applies to session minutes or conversation minutes; the number of intrastate session minutes for CTS; and the number of intrastate conversation minutes for CTS.**

- 1. Per-minute compensation rate for intrastate CTS. Indicate whether the rate is conversation or session by completing the appropriate box on the form.
- 2. Number of intrastate conversation minutes for CTS.
- 3. Number of intrastate session minutes for CTS.

V. Additional Costs paid by the State for Intrastate TRS, STS and CTS for the annual MARS methodology

Per the Commissions Report and Order FCC 07-186, if the contractual per-minute compensation rate does not include all of the costs paid by the state to the provider for the relay service, the state should also list other amounts paid to the provider during the relevant calendar year.

- A.** Itemize additional costs paid by the State for Intrastate TRS and or STS. List each cost separately, one cost per line.
- B.** Itemize additional incentives or services with costs paid by the provider that the state was not required to pay for, for Intrastate TRS and or STS. List each cost separately, one cost per line.
- C.** Itemize additional costs paid by the State for Intrastate CTS. List each cost separately, one cost per line.
- D.** Itemize additional incentives or services with costs paid by the provider that the state was not required to pay for, for captioned telephone services. List each cost separately, one cost per line.

VI. STS provider specific outreach efforts directly attributable to the additional support for STS outreach

Per the Commissions Report and Order (FCC 07-186¶61) and the 2008-2009 TRS Rate order (FCC 08-1476¶13), STS providers must file a report annually with NECA and the Commission on their specific outreach efforts directly attributable to the additional support for STS outreach

- 1) Provide STS minutes reimbursed for the period of March 2008- December 2008
- 2) Provide dollars received from the Interstate TRS fund for the support of STS outreach – March 2008 through December 2008
- 3) Provide itemized list and description of specific outreach efforts attributable to the additional sums paid for outreach

VII. Certification

An officer or responsible accounting officer must certify the Center Data Request response. Please read the certification and sign accordingly.

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

APPENDIX 1 For IP and VRS

This Appendix applies to each service separately

SECTION B Annual Recurring Variable Expenses

1. Salaries and Benefits

A. Provide a detailed schedule of the number of full-time employees or part-time equivalent employees – *Non-management (persons performing communications assistant and interpreter activities)*, and the components of their compensation, including salaries and benefits. This includes the cost of contract interpreters and/or communication assistants. The schedule should tie to the actual and projected demand for 2007-2010.

Please provide data for each center.

B. Provide a detailed schedule of the occupancy and utilization percentages used to develop the number of employees required to meet call volumes. The schedule should tie to the schedule requested in A above.

Occupancy Percentage = # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up) / # of available minutes (payroll time)

Utilization Percentage = # of conversation minutes(does not include set-up, wrap-up) / # of minutes a CA/Interpreter is occupied processing a call(including set-up, wrap-up)

Please also include information on the normal workday length and the amount of time CAs/interpreters are at their desks waiting to take calls (available/payroll time minus lunch, breaks, vacation).

C. Provide the speed of answer you are staffing to meet for each center.

2. Salaries and Benefits

Provide a detailed schedule of the number of employees – *Management employees (relay center managers & supervisors)*, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2007 - 2010. **Please provide data for each center and job description for each employee. See discussion of executive compensation at paragraph 75, 78-79 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).**

3. Salaries and Benefits

Provide a detailed schedule of the number of employees – *Relay Center Staff (clerical staff and others who perform non communications assistant and interpreter activities)*, and the components of their compensation, including salaries and benefits. The schedule should tie to the actual and projected demand for 2007-2010. **Please provide data for each center and job description for employee.**

SECTION C Annual Administrative Expenses

1. Finance/Accounting

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions for finance/accounting staff
- c) Provide other expenses incurred in providing accounting and financial services.

2. Legal/ Regulatory

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

b) Provide other expenses incurred in providing legal services **and a description of those expenses.**

3. Engineering (day to day operations)

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions for engineering staff.
- c) Describe Engineering activities and explain how it relates to meeting the non - waived mandatory minimum standards.
(See FCC 04-137, ¶ 188-190)

4. Research and Development

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions for Research and Development staff.
- c) Describe each TRS related Research and Development project and explain how it relates to meeting the non - waived mandatory minimum standards. (See FCC 04-137, ¶ 188-190)

6. Human Resources

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions for Human Resources staff.
- c) Provide other expenses incurred in performing personnel administration activities. This includes forecasting, planning, recruiting and reporting.

7. Billing

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide other administrative expenses incurred in rating and providing billing information to exchange and interexchange carriers if not recovered by other means.

8. Contract Management

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions of employees.
- c) Provide expenses of managing activities required by provider contract and a description of those activities.

10. Other Corporate Overheads

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions of employees.
- c) Identify and explain the expenses included in corporate overhead.

d) Itemize any costs over \$10,000.

See discussion of overhead costs at paragraphs 74-75 of the Commission's Report and Order and Declaratory Ruling, released on November 19, 2007 (FCC 07-186).

SECTION D Annual Depreciation/Amortization Associated with Capital Investment

Depreciation method and period applied should be included. Departures from traditional depreciation methods should be explained in detail. **We emphasize that the depreciable life, depreciation method, and depreciation expense must be categorized by items listed in Section D.**

SECTION E Other Expenses

1. Marketing/Advertising

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits. This includes product management expenses associated with managing product lifecycle.

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

- b) Provide job descriptions of marketing/advertising staff.
- c) Identify and explain the expenses included in marketing/advertising.
- d) Itemize any costs over \$10,000.
- e) The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are **NOT** to be reported in any expenses.
- f) Expenses associated with installation and training on the equipment are **NOT** to be reported.

2. Outreach

- a) Provide a detailed schedule of the number of employees and the components of their compensation, including salaries and benefits.
- b) Provide job descriptions of outreach staff.
- c) Identify and explain the expenses included in outreach.
- d) The cost of equipment given to, sold to, and/or used by relay callers, and call incentives are **NOT** to be reported in any expenses.
- e) Expenses associated with installation and training on customer premises' equipment are **NOT** to be reported.

See discussion of at paragraph 82 and Declaratory Ruling at paragraphs 89-94 of the Commission's Report and Order and Declaratory Ruling , released on November 19, 2007 (FCC 07-186).

4. Other**Do not include "Profit or Tax Allowances".**

List and explain expenses not stated in other categories.

SECTION F Capital Investments

Support data for capital investment should include where appropriate, among other things: all capital equipment purchased in order to provide each form of TRS, itemized by equipment class, gross book values, accumulated depreciation, and net book values. **Only report the year end net book value in Section F.**

Only include capital investment items that are long term in nature and subject to depreciation. Items such as office supplies should be listed in Section B. 6. Relay Center Expenses.

-NECA PROPRIETARY-

Relay Services Data Request

Please read the attached instructions carefully before completing the data request.

Provider Identification

A. Service Provider/Administrator

Provider: _____

Contact Name: _____ Email ID: _____

Address: _____

City/State: _____ Zip: _____

Telephone: _____ Fax: _____

B. Data Request Response

Contact Name: _____ Email ID: _____

Telephone: _____ Fax: _____

The information included in this data request is true, accurate and complete to the best of my knowledge.

Contact Signature: _____ **Date:** _____

C. To assist NECA in understanding your data, please summarize any service changes/activities/improvements since the 2008 filing, or planned for 2009/2010, that caused/may cause substantial changes in cost and/or demand data. Include the methodology used to determine the projected minutes for 2009-2010. Examples: addition of a state; loss of a state contract; increase in volumes due to specific outreach program; call volume decrease due to use of internet or other non-TRS technology; decrease in minutes due to new, time saving technology; changes in volumes due to abnormal weather conditions; etc. Include any characteristics unique to a particular service or changes in the relay services marketplace as a whole.

Relay Services Data Request

D. Other Information

If additional space is required in responding to this section, please make copies of this page.

Current State/Entity Contract and Funding Information

List all states and applicable service type where you have a contract to perform that service.

State/Entity: _____

Contract Dates From: _____ To: _____

Per TRS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per STS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per IP CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes ____ No ____

If yes, please indicate other source of recovery:

State/Entity: _____

Contract Dates From: _____ To: _____

Per TRS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per STS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per IP CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Are there any costs for interstate TRS or STS minutes, or all IP or VRS minutes currently being recovered by a means other than the TRS Fund? Yes ____ No ____

If yes, please indicate other source of recovery:

State/Entity: _____

Contract Dates From: _____ To: _____

Per TRS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per STS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Per IP CTS Minute Contract Rate: _____ Completed/conversation: ____ Total/session: ____

Relay Services Data Request

F. Subcontractors, etc. - Please provide a listing of all subcontractors, marketing entities, websites, and any other entities through which TRS services are provided. Use additional forms if needed.

Subcontractor Name: _____

Address: _____

City, State & Zip code: _____

Email Address: _____

Service Provided: _____

Subcontractor Name: _____

Address: _____

City, State & Zip code: _____

Email Address: _____

Service Provided: _____

VII. Certification

I hereby certify that I have overall responsibility for the preparation of accounting data for

(TRS, STS, IP, IP CTS, IP CTS, and/or VRS PROVIDER)

Relay Services Data Request

I certify that I am an officer of the above-named reporting entity that I have examined the foregoing report and, to the best of my knowledge, information and belief, all statements of fact contained in this Relay Services Data Request are an accurate statement of the affairs of TRS. In addition, I swear, under penalty of perjury, that all requested information has been provided and is accurate.

Date: _____

Signature: _____

Name: _____

Title: _____

PROVIDER'S NAME:

B4

Relay Services Data Request
III. Annual TRS Demand Data

1. Interstate Internet Protocol (IP) Conversation Minutes

Minutes	2007 Actuals	2008 Actuals
Total IP Minutes		

2009 IP Projected Minutes Total Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
													-
2010 IP Projected Minutes Total Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
													-

2. Video Relay Service (VRS) Conversation Minutes

Minutes	2007 Actuals	2008 Actuals
Total VRS Minutes		

2009 VRS Projected Minutes Total Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
													-
2010 VRS Projected Minutes Total Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
													-

Relay Services Data Request

I. Total Video Relay Services Expense Data	2007 Actuals	2008 Actuals	2009 Projections	2010 Projections
A. Annual Recurring Fixed Expenses				
1. Rent				
2. Utilities				
3. Building Maintenance				
4. Property Tax				
5. Furniture (if leased)				
6. Office Equipment (if leased)				
Subtotal	0	0	0	0
B. Annual Recurring Variable Expenses				
1. Salaries & Benefits (Relay Center: Non - Management)				
2. Salaries & Benefits (Relay Center: Management)				
3. Salaries & Benefits (Relay Center Staff)				
4. Telecommunications Expenses				
5. Billing Expenses				
6. Relay Center Expenses				
Subtotal	0	0	0	0
C. Annual Administrative Expenses				
1. Finance/Accounting				
2. Legal/Regulatory				
3. Engineering				
4. Research and Development				
5. Operations Support				
6. Human Resources				
7. Billing				
8. Contract Management				
9. Risk Management				
10. Other Corporate Overheads				
Subtotal	0	0	0	0
D. Annual Depreciation Associated with Capital Investment				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Other Capitalized				
Subtotal	0	0	0	0
E. Other TRS Expenses				
1. Marketing/Advertising Expenses				
2. Outreach Expenses				
3. Sub Contractor Expenses				
4. Other				
Subtotal	0	0	0	0
Total Video Relay Services Expenses (Sections A - E only)	0	0	0	0
F. Capital Investments				
1. Furniture & Fixtures				
2. Telecommunications Equipment				
3. Leasehold				
4. Other Capitalized				
Total Video Relay Services Capital Investments (Section F only)	0	0	0	0

II. Total Internet Protocol Expense Data		2007	2008	2009	2010
		Actuals	Actuals	Projections	Projections
A. Annual Recurring Fixed Expenses					
1. Rent					
2. Utilities					
3. Building Maintenance					
4. Property Tax					
5. Furniture (if leased)					
6. Office Equipment (if leased)					
Subtotal		0	0	0	0
B. Annual Recurring Variable Expenses					
1. Salaries & Benefits (Relay Center: Non - Management)					
2. Salaries & Benefits (Relay Center: Management)					
3. Salaries & Benefits (Relay Center Staff)					
4. Telecommunications Expenses					
5. Billing Expenses					
6. Relay Center Expenses					
Subtotal		0	0	0	0
C. Annual Administrative Expenses					
1. Finance/Accounting					
2. Legal/Regulatory					
3. Engineering					
4. Research and Development					
5. Operations Support					
6. Human Resources					
7. Billing					
8. Contract Management					
9. Risk Management					
10. Other Corporate Overheads					
Subtotal		0	0	0	0
D. Annual Depreciation Associated with Capital Investment					
1. Furniture & Fixtures					
2. Telecommunications Equipment					
3. Leasehold					
4. Other Capitalized					
Subtotal		0	0	0	0
E. Other TRS Expenses					
1. Marketing/Advertising Expenses					
2. Outreach Expenses					
3. Sub Contractor Expenses					
4. Other					
Subtotal		0	0	0	0
Total Internet Protocol Expenses (Sections A - E only)					
		0	0	0	0
F. Capital Investments					
1. Furniture & Fixtures					
2. Telecommunications Equipment					
3. Leasehold					
4. Other Capitalized					
Total Internet Protocol Capital Investments (Section F only)		0	0	0	0

TRS and STS Intrastate Rate Data for 2008

	Per-Minute Rate	Conversation or Session Minutes
State X	\$ 1.06	Conversation
State X	\$ 1.09	Conversation
State X	\$ 1.13	Conversation
State X	\$ 1.14	Conversation
State X	\$ 1.17	Conversation
State X	\$ 1.17	Conversation
State X	\$ 1.21	Conversation
State X	\$ 1.26	Conversation
State X	\$ 1.27	Conversation
State X	\$ 1.28	Conversation
State X	\$ 1.29	Conversation
State X	\$ 1.30	Conversation
State X	\$ 1.31	Conversation
State X	\$ 1.35	Conversation
State X	\$ 1.36	Conversation
State X	\$ 1.40	Conversation
State X	\$ 1.43	Conversation
State X	\$ 1.72	Conversation
State X	\$ 2.88	Conversation
State X	\$ 3.79	Conversation
State X	\$ 0.73	Session
State X	\$ 0.74	Session
State X	\$ 0.75	Session
State X	\$ 0.76	Session
State X	\$ 0.76	Session
State X	\$ 0.80	Session
State X	\$ 0.81	Session
State X	\$ 0.85	Session
State X	\$ 0.85	Session
State X	\$ 0.86	Session
State X	\$ 0.88	Session
State X	\$ 0.89	Session
State X	\$ 0.89	Session
State X	\$ 0.89	Session
State X	\$ 0.89	Session
State X	\$ 0.90	Session
State X	\$ 0.90	Session
State X	\$ 0.92	Session
State X	\$ 0.92	Session
State X	\$ 0.92	Session
State X	\$ 0.93	Session
State X	\$ 0.94	Session
State X	\$ 0.94	Session
State X	\$ 0.95	Session
State X	\$ 0.95	Session
State X	\$ 0.95	Session
State X	\$ 0.95	Session
State X	\$ 0.95	Session
State X	\$ 0.97	Session
State X	\$ 1.05	Session
State X	\$ 1.06	Session
State X	\$ 1.06	Session
State X	\$ 1.10	Session
State X	\$ 1.11	Session
State X	\$ 1.11	Session
State X	\$ 1.11	Session
State X	\$ 1.11	Session
State X	\$ 1.13	Session
State X	\$ 1.13	Session
State X	\$ 1.24	Session
State X	\$ 1.24	Session
State X	\$ 1.45	Session
State X	\$ 1.50	Session
State X	\$ 1.55	Session
State X	\$ 1.90	Session
State X	\$ 2.25	Session
State X	\$ 2.27	Session
State X	\$ 2.78	Session
State X	\$ 3.33	Session
State X	\$ 4.77	Session

There were a total of 50 states, plus the District of Columbia, US Virgin Islands, and Puerto Rico. Three of those entities were excluded either because they were paid a flat amount, or calculated a rate based on the interstate rate. Eighteen entities had one or more rate changes during calendar year 2008.

Captioned Telephone Service Intrastate Rate Data For 2008

	Per-Minute Rate	Conversation or Session Minutes
State X	\$ 1.29	Conversation
State X	\$ 1.40	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.47	Conversation
State X	\$ 1.47	Conversation
State X	\$ 1.56	Conversation
State X	\$ 1.56	Conversation
State X	\$ 1.56	Conversation
State X	\$ 1.59	Conversation
State X	\$ 1.60	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.64	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.70	Conversation
State X	\$ 1.37	Session
State X	\$ 1.40	Session
State X	\$ 1.40	Session
State X	\$ 1.40	Session
State X	\$ 1.40	Session
State X	\$ 1.40	Session
State X	\$ 1.43	Session
State X	\$ 1.44	Session
State X	\$ 1.44	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.45	Session
State X	\$ 1.47	Session
State X	\$ 1.47	Session
State X	\$ 1.47	Session
State X	\$ 1.48	Session

Captioned Telephone Service Intrastate Rate Data For 2008

State X	\$	1.48	Session
State X	\$	1.49	Session
State X	\$	1.50	Session
State X	\$	1.52	Session
State X	\$	1.52	Session
State X	\$	1.52	Session
State X	\$	1.53	Session
State X	\$	1.55	Session
State X	\$	1.55	Session
State X	\$	1.55	Session
State X	\$	1.60	Session
State X	\$	1.61	Session
State X	\$	1.63	Session
State X	\$	1.82	Session
State X	\$	1.90	Session

There were a total of 50 states, plus the District of Columbia, US Virgin Islands, and Puerto Rico. Seven of those entities were excluded either because they did not provide CTS, were paid a flat amount, or calculated a rate based on the interstate rate. Fourteen entities had one or more rate changes during calendar year 2008.

INTERSTATE TRS ADVISORY COUNCIL MEMBERSHIP LIST

E

NAME	REPRESENTING/TERM	ADDRESS	TEL. & FAX N0s.	EMAIL ID
Robert W. Lichtenberg Assistant Director Office of the Deaf and Hard of Hearing Olympia, WA	Hearing/speech disability community 4/08 – 3/12	18331 McLean Road S.W. Vashon, WA 98070 Mailing: P.O. Box 2727		rlchtr@dshs.wa.gov
Jack R. Cassell TRS Contract Administrator Wisconsin Department of Administration Division of Enterprise Technology	State regulatory – relay administration 8/07 – 7/11	101 E. Wilson St., 8 th floor, Madison, WI 53707-7844	800-901-8389 608-267-6934 tty 608-266-2164 fax	jack.cassell@wisconsin.gov
Brenda Kelly-Frey Director MD Relay State of Maryland, Dept. of Budget & Management	State regulatory – relay administration 4/08 – 3/12	301 W. Preston Street, Suite 1008A Baltimore, MD 21201	410-767-5891 V/TTY 1-800-552-7724 V/TTY 410-767-4276 fax	frey@dbm.state.md.us
Lawrence J. Brick Retired	TRS users 4/05-3/13	3017 Midvale Avenue Philadelphia, PA 19129-1027	1-877-467-4877 ext. 42338 267-612-4017 hearing users 309-410-2233 fax	pro@ga-sk.com lcjb.no-ip.com videophones
Monica Martinez Commissioner Michigan Public Service Commission	State regulatory 1/07 – 12/11	6545 Mercantile Way Suite 7 Lansing, MI 48911	517-241-6195 517-241-6189 fax	martinezm@michigan.gov
Sheila Conlon-Mentkowski Vice-Chair Deaf Consumer	Deaf and Hard of Hearing community, 4/06 – 3/10	7502 Windbridge Drive #100 Sacramento, CA 95831	916-263-7372 work 916-263-7464 fax	s.mentkowski@comcast.net
Phil Erli Gen. Mgr., Ringgold Telephone Co.	Interstate service providers 3/06 – 2/10	7449 Nashville Street Ringgold, Georgia 30736	706-965-1253 706-965-2906	perli@rtctel.com
Sharon Gillett Commissioner Massachusetts Department of Telecommunications and Cable	State regulatory 2/08 – 2/12	One South Station 4th Floor Boston, Massachusetts 02110	617-305-3769	Sharon.Gillett@state.ma.us
Kelby Brick Chair Vice President, Regulatory & Strategic Policy Purple Communications Inc.	TRS providers 4/07 – 3/11	2118 Stonewall Road Catonsville, MD 21228	443-341-4139	kelby.brick@purple.us
Gail Sanchez TRS Product Manager, AT&T	Interstate service providers 8/07 – 7/11	15240 Main Street - 1st Floor Harvey, IL 60426	(708) 210-2238	gvsanchez@att.com
Dixie Ziegler Vice Pres. Relay, Hamilton Relay Svc.	TRS providers 4/06-3/10	1001 Twelfth Street Aurora, NE 68818	402-694-5101 402-694-5037 fax	dixie.ziegler@hamiltonrelay.com
Ron Bibler Secretary Bibler Financial Group	TRS users 10/07-9/11	Suite 412 - 600 Central Plaza Great Falls, MT 59401	(406) 727-7851 (via 2- Line CapTel)	ron@biblerfinancial.com
Rebecca Ladew Speech disabled consumer NECA STAFF	Hearing/speech disability community 8/06 – 7/10	1608 Roundhill Road Baltimore, MD 21218-2213	410-467-0967	rebecca.ladew@verizon.net
John Ricker Director, Universal Svc Support Prog. Jill Cardoso TRS Fund Administration Jeff Henderson Federal Fund Financials – Sr. Analyst Marina Aparicio Assoc. Mgr – Federal Funds Billing	TRS Fund Administrator July 26, 1999 – July 25, 2003 Extended 7/03 on a month-to- month basis.	80 S. Jefferson Road Whippany, NJ 07981 Room N 3004 Room N 3096 Room N 3098 Room N 3097	973-884-8262 fax 973-884-8085 973-884-8124 973-884-8261 973-884-8334	jricker@neca.org jcardos@neca.org jhenderson@neca.org maparic@neca.org

Interstate TRS Advisory Council

Meeting Minutes March 27, 2008

ATTENDEES	
Council Members	REPRESENTING
Warren Barnett	Deaf and Hard of Hearing Community
Clayton Bowen	State Relay Administrators
Larry Brick	TRS Users
Gail Sanchez	TRS Fund Service Providers
Sheila Conlon-Mentkowski	Deaf and Hard of Hearing Community
Commissioner Monica Martinez	State Regulatory
Dr. Bob Segalman (alternate for Rebecca Ladew)	Hearing/Speech Disabled Community
Kelby Brick	TRS Providers
Jack R. Cassell	State Relay Administrators
Ron Bibler	TRS Users
Phil Erli	TRS Fund Service Providers
Commissioner Sharon Gillett	State Regulatory
NECA	
John Ricker	TRS Fund Administration
Jill Cardoso	TRS Fund Administration
Tracey Saltenberger	Attorney
Jeff Henderson	TRS Fund Administration
Pamela Kenworthy	Meeting Coordinator
FCC	
Tom Chandler	CGB - DRO
Diane Mason	CGB
Traci Randolph	CGB
Audience	
Anne Girard	Hamilton Relay
Julie A. Miron	CAC
Mike Maddix	Sorenson Communications
Toni Acton	AT&T
Brenda Kelly-Frey	Maryland Relay
Pam Stewart	Maryland Relay
Al Sonnenstrahl	Self

Attendance

The Interstate Telecommunications Relay Services (TRS) Fund Advisory Council met in Washington DC, on March 27, 2008. Council members attending as well as other attendees who signed in are listed above.

Convene

Mr. Warren Barnett, Council Chair, convened the meeting around 8:50 a.m. Mr. Barnett asked council members and other attendees to introduce themselves. After the introductions, the council adopted the meeting agenda.

Council Committee Meeting

Council member and subcommittee member, Gail Sanchez, provided an update on the committee meeting held in Chicago November 2007. At the meeting, Neustar and AT&T/HandsOn presented their proposals for numbering for internet based services to the committee. The committee had an opportunity to ask questions and left the meeting with a better understanding of what types of challenges the providers were facing. Overall the committee felt that there were more similarities in the plans than differences. Based on the recommendations of the committee, the TRS Advisory Council filed a letter with the FCC and encouraged them to move quickly in adopting one of the numbering proposals. Council member

Jack Cassell questioned if there was any response from the FCC. Mr. Ricker, Director of Universal Service Programs Support, responded to the inquiry. He explained that the FCC recently requested to refresh the record on a number of issues including numbering for internet based relay services. The FCC would be releasing an order by the end of this quarter and expected that it would go into effect before the end of the year.

March 29, 2007 Meeting Minutes

After the update on the committee meeting, the minutes from the March 29, 2007 meeting were discussed by the council. Ms. Dixie Ziegler had some questions about the March 29, 2007 meeting minutes. NECA assisted Ms. Ziegler in identifying these items and a resolution. These matters were discussed outside of the meeting and, although Ms. Ziegler was not present today, she had agreed to the March 29, 2007 meeting minutes and that today's meeting minutes would reflect and capture that discussion as follows: As a result of the administrator's follow-up visit with the FCC prior to the May 1, 2007 filing, the following items were not included in the filing: 1. the administrator's projected demand for IP as well as Historical non-interpreter cost data and projected interpreter cost data with the administrator's demand. 2. providers did not provide projected demand for IP Captel and having neither a provider indication that there would be demand for the service nor any history to base a projection on, the administrator did not include any projected IP Captel minutes in the forecast. 3. actual VRS costs as an average. 4. charts for each service displaying percentage of costs by category by provider were distributed to all council members and providers. 5. an adjusted VRS rate that kept provider interpreter costs the same but used the administrator's demand. The council approved the March 29, 2007 meeting minutes.

October 2, 2007 Meeting Minutes

Immediately following the approval of the March 29, 2007 meeting minutes, the council approved the October 2, 2007 meeting minutes.

FCC Update

Tom Chandler, Chief of the Disabilities Rights Office, delivered the FCC update. He went on to discuss what the FCC has done since the October 2007 meeting. Mr. Chandler's discussion included the following: October 2007 VOIP order and a Public Notice seeking further comment on VOIP issues. In October the Commission released an order, as a result of some of the technical challenges surrounding this order, waiving requirements for six months and also included a Public Notice seeking additional comment on these issues. The six-month waivers expire April 9, 2008.

In December 2007, the Commission addressed all of the waivers for VRS and IP relay providers that were scheduled to expire at the end of 2007. On December 26 the Commission issued an order extending many of the waivers for one year and allowed some waivers to expire. On January 8, the FCC released a short order that also granted a temporary waiver, until April 30, 2008, of speed dialing for VRS based on a request from Snap and Verizon who pointed out that they still couldn't offer speed dialing for VRS.

On January 10th, the Commission issued a Public Notice seeking comment on applications for recertification of state TRS programs. February 4, 2008, the FCC released a Public Notice seeking comment on whether IP speech to speech should be recognized as a form of TRS compensable by the fund. This Public Notice sought comment on a petition filed by Hawk Relay in December 2007 that requested clarification that IP speech to speech is a form of TRS, eligible for compensation from the fund. In addition, the Public Notice sought comment that assuming that IP speech to speech qualifies as a form of TRS what other issues are involved, jurisdictional separation of costs, other mandatory minimum standards that would have to be waived for the service, and how exactly would it be provided.

On February 6, 2008, the Commission issued an order revising the TRS fund size and the carrier contribution factor. This order was released in response to NECA, who made three points as to why the fund size needed to be revised upward. One was the demand for certain services, particularly VRS and how it surpassed NECA's initial projections. Second, in the November 2007, Cost Recovery Order, the Commission adopted new rates pursuant to those new cost recovery methodologies, so those rates affected the compensation that would be paid for the remainder of the fund year. And third the June 2007 VoIP Order applied the TRS rules to interconnected VoIP providers also required VoIP providers to pay money into the fund. The fund was increased over \$83 million to its current size of nearly \$640 million, which, when you add the safety margin in, means that the present fund size for the remainder of this fund year is about \$675 million.

In January 2008, Sorenson filed a petition for review of certain aspects of the November 2007 Declaratory Ruling that paragraphs 95 and 96 violate the First Amendment rights of providers because they restrict the providers from using these databases to contact their consumers. Sorenson also sought a stay of these paragraphs pending their appeal, in the United States Court of Appeals for the Tenth Circuit. In response to Sorenson's filings, in February 2008, the Commission granted a 90-day stay of the effectiveness of paragraphs 95 and 96. On March 17th, GoAmerica also challenged portions of

that order in the Court of Appeals. They filed a petition for review in the United States Court of Appeals in the District of Columbia. It challenges not just the prohibition on contacting consumers but also the marketing rules themselves.

On February 28th, the Commission released a Public Notice clarifying the eligibility requirements for providers offering IP captioned telephone service. These providers had to either seek certification from the Commission pursuant to the Commission's certification rules 64.605, or become part of a state certified program, or, subcontract with some entity that was part of after certified state program. Providers currently eligible to be compensated for other forms of TRS did not automatically confer eligibility for offering IP captioned telephone service.

On March 19, the Commission released the VRS 911 Order and Public Notice on numbering. The Commission adopted emergency call handling requirements for the internet based forms of TRS.

Additional updates: In January, the Commission sent letters to IP relay providers addressing the old violations of the speed of answer rules from May 2005 to April 2006. The letter indicated some potential liability and that they were not entitled to compensation for those days they missed the speed of answer. The providers all filed responses either giving reasons or seeking waivers of the rule. In January, revised letters were sent to providers, setting forth the revised amounts that we believed that they owed. Several of the providers have now paid these amounts and the providers that we have not heard from will be hearing from us soon.

The Cost Recovery Order from November 2007 adopts new cost recovery methodologies for traditional TRS, speech to speech and captioned telephone service based on the MARS plan, multi-state average rate structure proposed by Hamilton. The commission adopted a methodology that is based on price caps for VRS that involves tiered rates; a different rate for depending on your volume of minutes.

On August 2007, the Commission released a Public Notice seeking comment on the issue of VRS employment contracts with Communications Assistants and the use of "do not compete" clauses. This was in response to a petition filed in May of 2007 by five VRS providers seeking a Declaratory Ruling that providers cannot use "do not compete" clauses that basically say if a CA gets hired and then leaves working for that particular provider, that they can't work for another provider for some period of time. We are reviewing the comments and hope in the near future issuing some order resolving that issue and that practice.

A petition was filed by Hawk Relay on whether a service called deaf blind relay service is a form of TRS that should be recognized by the commission and compensable by the fund. The question is, does it follow this particular statute that Congress passed and therefore is it eligible to be paid out of this fund. Hawk Relay also filed a petition seeking reconsideration of the VRS speed of answer rules and requesting the Commission revisit whether there should be tighter speed of answer rules for VRS.

VRS minutes keep growing. They are up 40 percent in the last year, from 5 million to 7 million a month, roughly which is not a bad thing if they are legitimate. The Commission has to vigilantly address any indications that there are improper minutes being billed to the fund or otherwise being created.

Mr. Chandler read to the council from the section on the role of the council included in the November 2007 Cost Recovery Order:

"We believe the advisory council can continue to play an important role in the oversight of TRS. We recognize that in the past the Commission has directed the council, along with the Fund Administrator to develop cost recovery guidelines for the various forms of TRS. The council has also played a role in the TRS Fund Administrator's annual proposal for the compensation rates for the various forms of TRS. In view of the adoption of a MARS plan, we believe the council can play a role in monitoring and reviewing the implementation of that methodology in raising unforeseen issues that may arise. We also believe with respect to VRS the council could play a role in identifying cost categories that may need to be more specifically defined in order to ensure the providers are compensated for their reasonable actual costs and to further address whether there is still a better cost recovery methodology for VRS. Finally, we believe the counsel can address other matters assigned by the Commission including for example, cost recovery issues relating to the possible adoption of a numbering regime for VRS and implementation of a way VRS users can access emergency services".

Mr. Chandler addressed questions from the audience on the following topics:

- FCC consideration of including Internet service providers as contributors to the fund
- Reorganization of the FCC rules
- Internet VoIP providers contribute to the Fund based on the June 2007 Order
- E911 and numbering

STS outreach
 Workshop conducted on E911 and numbering
 Relay service providers providing ASL translation in other languages besides Spanish
 Reimbursable costs to comply with E911 and numbering
 Growth in the number of users of TRS services and relationship to increase in minutes

Adjourned for Break

After reconvening the meeting, council member Ms. Sheila Mentkowski made a motion for the council to draft a letter to the FCC Chairman supporting the TRS rule reorganization project and how helpful this would be. The council voted to support this motion. Sheila would draft the letter and NECA would forward it to the FCC.

NECA Staff Reports

Mr. Jeff Henderson, Senior Financial Analyst with NECA, provided an update on the Fund Status and Projection Report as of February 29, 2008. The current fund balance of \$72.7 Million, contributions received \$386.4 Million, receivables of \$256 Million and provider payments of \$401 Million. Payment to NECA for administrative expenses \$670 Thousand with \$24 Thousand of that for council expenses. Mr. John Ricker, clarified that the new projection was used prior to February minutes per the council's request in conjunction with the November filing when the fund was projected to run out of money. There was discussion concerning the terms IP Captel and Web Captel and these terms are used interchangeably to describe what the FCC has called IP Captel.

Ms. Jill Cardoso, Manager, TRS Fund Administration provided the council with preliminary MARS rates for TRS, STS and Captel as well as an explanation of the data collected and the calculation of the rates. The same information was also provided to the council for both IP and VRS Relay. Various charts depicting actual minute demand vs. projected demand for the various relay service types were presented to the council. A discussion pursued among the council on whether or not STS demand would increase once the TRS providers were reimbursed for STS outreach.

Ms. Cardoso described the methodology for calculating demand for the services using historical data and comparing that, if applicable, to the demand provided by the TRS providers. Conversations were still ongoing with the TRS providers to arrive at the most accurate demand projection for the May 1 filing. Lastly, Ms. Cardoso provided the fund size and contribution factor for the 2008-2009 Fund year. There was some discussion on IP Captel demand and whether the number projected should be changed and where to obtain demand information since there a lack of historical data available for this service. It was determined that if there was a demand error or the demand was under projected for IP Captel, the Fund surplus would be sufficient to absorb it.

Old Business / New Business

Ms. Pam Stewart, from NASRA, suggested that the next TRS Advisory Council meeting be held in conjunction with NASRA in Massachusetts during September. Mr. Ricker proposed to move the fall meeting to the middle of October – November time frame for the following reasons: the NECA Expo is held during September, the FCC auditors are auditing the fund and it is the Fund's fiscal year end with numerous requests for documentation. The council discussed several options for the next meeting location and narrowed their choice to either San Francisco or Chicago for the next meeting location. The council vote selected Chicago as the next meeting location with the meeting to be held around October 29th.

Warren Barnett, Chairperson, acknowledged new council members: Sharon Gillett and Ron Bibler. Mr. Barnett also reminded the council that this would be his last meeting. One of the council members inquired whether there would be an election now or would the council wait until the fall for the election? Mr. Barnett stated that according to the bylaws, elections are to be held in the fall in odd numbered years and so we will hold the elections in the fall.

A comment and concern was made by an audience member concerning TRS provider videophone equipment, different video phones from different providers, how many ten-digit numbers would be needed and provided to one individual and who is responsible for replacing broken videophone equipment.

Mr. Bob Segalman, acting as an alternate for TRS council member Rebecca Ladew, was concerned that only a small percentage of the people with speech disabilities are using STS. Mr. Segalman made a motion that the FCC continue the outreach funding for STS for the new Fund year. The council voted in favor of the motion. Mr. Segalman has several ideas for outreach that he shared with the council.

An audience member questioned whether IP Captel was a mandated service and Mr. Tom Chandler answered that it was not.

Adjourn

The meeting was adjourned at approximately noon.

Respectfully submitted,

By Jill Cardoso, NECA

Warren Barnett, Chair

Larry Brick

Ron Bibler

Commissioner Monica Martinez

Clayton Bowen, Sect'y

Dr. Bob Segalman (alternate for Rebecca Ladew)

Sheila Conlon-Mentkowski

Commissioner Sharon Gillett

Kelby Brick

Phil Erli

Gail Sanchez

Jack R.Cassell

Interstate TRS Advisory Council
Draft Meeting Minutes October 28, 2008

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Attendees:

Council Members

Kelby Brick Chair - TRS providers

Sheila Conlon-Mentkowski Vice-Chair - Deaf and Hard of Hearing community

Ron Bibler Secretary - TRS users

Robert W. Lichtenberg - Hearing/speech disability community

Jack R. Cassell - State regulatory –relay administration

Brenda Kelly-Frey - State regulatory –relay administration

Lawrence J. Brick - TRS users

Monica Martinez - State regulatory

Phil Erli - Interstate service providers

Sharon Gillett - State regulatory

Gail Sanchez - Interstate service providers

Anne Girard alternate for Dixie Ziegler - TRS providers

Bob Segalman alternate for Rebecca Ladew - Hearing/speech disability community

NECA

John Ricker

Jill Cardoso

Tracey Saltenberger

FCC

Michael Jacobs

Convene

As the Council had no sitting officials, Mr. John Ricker, the fund administrator, called the meeting to order around 9:00 am. Mr. Ricker asked council members and other attendees to introduce themselves.

Election of Officers

Tracey Saltenberger, Deputy Counsel, described the election process, and requested nominations for the position of Chair. Brenda Kelly-Frey nominated Kelby Brick, with Sheila Conlon-Mentkowski seconding. Phil Erli nominated Dixie Ziegler with Gail Sanchez second. Kelby Brick was elected by a vote of 8 to 2. Robert Lichtenberg nominated Sheila Conlon-Mentkowski as Vice-Chair and Lawrence Brick seconded. Brenda Kelly-Frey nominated Dixie Ziegler and Phil Erli seconded. Sheila Conlon-Mentkowski was elected by a vote of 7 to 2. Larry Brick nominated Ron Bibler as Secretary and Sheila Conlon-Mentkowski seconded. There being no further nominations, Ron Bibler was accepted as Secretary.

Agenda and March 27, 2008 Minutes

Robert Lichtenberg requested removal of his agenda item, and noted it would be saved for the next meeting. Brenda Kelly-Frey requested removal of her agenda item. The agenda was approved as amended. The March 27, 2008 minutes were approved with two minor modifications made.

FCC Update

Michael Jacobs, legal advisor to the chief of the Consumer and Governmental affairs bureau spoke on behalf of the commission. Mr. Jacobs reviewed major items of the past 7 months, with particular emphasis on the Internet-based relay numbering order and status, the emergency call handling order,

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and the Speech to Speech notice of proposed rule making. Other TRS orders and activity Mr. Jacobs covered included the May 28, 2008 Declaratory Ruling clarifying contacts between TRS providers and TRS consumers, the July 3, 2008 Public Notice clarifying the transferability of TRS provider certification, and the July 16, 2008 Public Notice granting all applications for certification of state TRS programs for a five year period.

Phil Erli questioned Mr. Jacobs on whether there is any data existing giving any indication in terms of growth and numbers of users of the various TRS services. Mr. Jacobs replied he was unaware of any such data. Mr. Jacobs responded to several questions from council members and suggested that if there were matters of a particular interest, those would be a good thing to put in the form of a formal recommendation to the commission.

NECA Staff Reports

Ms. Jill Cardoso, Manager, TRS Fund Administration provided the council with an update on the Fund Status and Projection Report as of September 30, 2008. The current fund balance of \$204.2 Million, contributions received \$248.0 Million, receivables of \$560.3 Million and provider payments of \$170.6 Million. Payments to NECA for administrative expenses \$288 Thousand with \$2.7 Thousand of that for council expenses.

After reviewing several formats of reporting, Brenda Kelly-Frey moved and Sharon Gillett seconded to approve a new format for future meetings. Motion passed.

Reconvene After Lunch

Kelby Brick, Council Chair reconvened the meeting at 1:00 pm.

Council Member Agenda Items

Brenda Kelly-Frey moved and Jack Cassell seconded that the FCC establish a national speech to speech advisory council that would advise the commission on the best methods of outreach to deal with these issues and potentially perform outreach along the lines of the FCC's DTV outreach efforts. Motion passed.

Sheila Conlon-Mentkowski initiated a discussion on third party vendor billing, complaints and certification requirements. It was decided to put the item on the agenda for the next advisory council meeting in Washington DC.

Larry Brick withdrew his motion on reimbursing VRS providers for providing 10 digit NANP numbers as it was felt the FCC had already made a decision regarding this issue.

Ron Bibler inquired as to if it would be possible to get reports showing originating state by state Internet Relay and VRS minutes rather than as currently shown by terminating state. Ms. Cardoso replied that NECA does not receive the information in that particular format, so they would not be able to compile the requested data.

Ron Bibler moved and Jack Cassell seconded that the CART transcript of the Interstate TRS Advisory Council be available to any member of the Council who requests it. Motion passed.

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New Business

After a discussion, Kelby Brick stated he would informally contact the CAC and advise them on all our concerns on PSAP's understanding their obligation to accept IP and 911 relay calls since this appears to be state regulated and not something the FCC is outreaching the PSAP's about.

Phil Erli moved and Robert Lichtenberg seconded that the FCC make a proactive attempt to collect data that will allow the council to judge the growth in number of users of all TRS types. Motion passed.

Larry Brick moved and Monica Martinez seconded that the council recommend to the FCC that peer to peer calls via relay be classified as reimbursable TRS calls, which they currently are not. Motion passed with Gail Sanchez abstaining.

Ron Bibler suggested that future TRS Advisory Council meetings scheduled for Washington DC be held in the FCC meeting room at the FCC headquarters.

Jill Cardoso announced that the next Interstate TRS Advisory Council meeting would be scheduled for April 1-2, 2009 in Washington DC.

Adjourn

The meeting was adjourned at approximately 3:30 pm.

Respectfully submitted,

by Ron Bibler, Secretary



**INTERSTATE TELECOMMUNICATIONS
RELAY SERVICES FUND**

Financial Statements

September 30, 2008 and 2007

With Independent Auditors' Report

Interstate Telecommunications Relay Services Fund
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September 30, 2008 and 2007

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1. Management's Discussion and Analysis

Overview of NECA

INTRODUCTION

This Performance and Accountability Report (PAR or report) contains management and financial information about the National Exchange Carrier Association's (NECA) administration of the Interstate Telecommunications Relay Services (TRS) Fund.

Management's Discussion and Analysis includes an overview of NECA and its vision and organizational structure; an overview of the TRS Fund Fiscal Year 2008; and support for the Supplemental Schedule. TRS audited financial statements for FY 2008 and notes to the financial statements complete the PAR.

ABOUT NECA AND THE TRS FUND

The Federal Communications Commission (FCC) formed the National Exchange Carrier Association (NECA) in 1983 to perform telephone industry tariff filings and revenue distributions following the breakup of AT&T. NECA is a not-for-profit corporation responsible under Subpart G of the Commission's Part 69 rules for administering interstate access charge pools for participating local exchange carriers (LEC).

Access charges are the fees long distance companies pay to access the local phone network to complete calls. These charges help ensure that telephone service remains available and affordable in all parts of the country. NECA manages the distribution of these interstate access revenues through revenue pooling. More than 1,200 LECs voluntarily participate in NECA's access charge revenue pools. Services NECA provides to these companies include:

- Files access charge tariffs with the FCC
- Collects and validates cost and revenue data
- Distributes revenues from access charges among pool members, based on each company's costs of providing interstate access
- Offers training and education on a wide variety of telecom topics

In 1993, NECA was appointed administrator of the Interstate TRS Fund based on its extensive experience in administering the access pool, the Universal Service Fund and Lifeline Assistance programs. The FCC reappointed NECA twice, in 1995 and 1999. In 2003, the FCC extended NECA's term on a month-to-month basis.

NECA administers the TRS Fund under the FCC's direction. The TRS Fund compensates relay service providers for the reasonable costs of offering services that enable a person with a hearing or speech disability to communicate with a person without such a disability. The costs of providing relay services are recovered from subscribers of interstate telecommunications services through a shared funding cost recovery mechanism.

NECA is headquartered in Whippany, NJ with five regional offices located throughout the nation.

NECA's Board of Directors has 15 members as required by Section 69 of the FCC Rules. Ten Directors represent three membership subsets and five (outside Directors) represent all member companies.

NECA VISION

NECA will play a vital role in the 21st century telecommunications industry, helping member companies and others assure the benefits of advanced telecommunications services are available to all consumers at affordable rates.

NECA TRS REPORTING STRUCTURE

Three staff members in the Universal Service Program Support group of NECA's Operations Department are dedicated solely to the day-to-day administration of the TRS Fund. The group's primary responsibilities are provider cost and demand data analysis, provider reimbursement, carrier contribution management, and financial reporting. In addition, personnel in the Financial Operations, Treasury, and General Accounting and Tax groups within the Finance Department support the billing, collection, disbursement, investments and reporting functions related to the TRS Fund.

INTERSTATE TRS FUND, Fiscal Year 2008

The FY 2008 audit covers the period from October 1, 2007 through September 30, 2008. The current funding period for the TRS Fund is July through June. In mid-2004, NECA requested, and the FCC approved, the change of the fiscal period from July – June, coincident with the funding period, to October – September, coincident with the FCC's fiscal year. This facilitates the effort associated with the audit of the TRS Fund as part of the FCC's financial statements, performed annually between February and October.

The Interstate TRS Fund grew from a fund size of \$90 million for the 2002 – 2003 funding period to \$805.5 million for 2008 – 2009. There was an increase in the fund requirement for the 2008 – 2009 funding period of \$168.8 million from the previous fund year of \$636.7 million. This recent growth in the funding requirement is due primarily to the unprecedented growth in demand for VRS.

Traditional interstate TRS minutes grew steadily from the TRS Fund's inception in 1993 through 1998 but growth was basically flat between 1999 to 2001. In January 2002, 2.9 million traditional TRS minutes were reported. In December 2002, after the introduction of VRS and IP, only 2.3 million traditional TRS minutes were reimbursed. Traditional interstate TRS minutes reported in September, the last month of FY 2008, totaled only 777.9 thousand compared to 5.5 Million IP and 7.9 Million VRS minutes.

Although the FCC authorized the reimbursement of all VRS minutes on a temporary basis in a March 2000 Report and Order, it was not until the FCC granted requests for waivers of certain VRS requirements in a December 31, 2001 Order that providers began to offer the service. The number of providers grew from two in January 2002 to ten in September 2008. During FY 2008, there were more VRS providers than any other type.

In April 2002, the FCC approved the reimbursement of all IP Relay minutes from the Interstate TRS Fund. Because there was no automatic means to determine whether a call made via IP Relay was intrastate or interstate, the FCC authorized the recovery of all costs associated with providing the service from the TRS Fund on an interim basis. Six providers offered IP Relay during FY 2008.

In June 2007, the FCC released a Report and Order extending disability access requirements to Interconnected VoIP providers, including contributing to the Interstate TRS Fund. Previously, interconnected VoIP providers were not required to contribute to the fund. This order became effective on October 5, 2007.

On November 19, 2007, the Commission released the TRS Cost Recovery Order which adopted new cost recovery methodologies for the various forms of TRS. For interstate traditional TRS and STS, the Commission adopted the Multi-state Average Rate Structure (MARS) Plan. The Commission also adopted the MARS Plan for interstate CTS and intrastate and interstate IP CTS. For intrastate and interstate IP Relay, the Commission adopted a price cap methodology. For intrastate and interstate VRS, the Commission adopted a tiered rate methodology based on call volume. The TRS Cost Recovery Order also adopted rates under the new methodologies for the remainder of the 2007-2008 Fund year, effective March 1, 2008 through June 30, 2008.

Also in November 2007, NECA filed with the FCC a Supplement to the Annual Submission of TRS Payment and Revenue Requirements for July 2007-June 2008 revising the fund size estimate. The revision incorporated revised demand projections based on year-to-date actual data, particularly for Video Relay Service (VRS), as the actual demand significantly outpaced the projections submitted in the July 2007-June 2008 funding year filing. Also included was a revised estimate of fund contributions, including the new fund contributions from interconnected VoIP providers. It appeared that an additional \$82.8 million would be required to compensate TRS providers during the latter months of the fund year. The result was an estimated increase in the fund size from \$553.9 to \$636.7 Million.

On February 6, 2008, the FCC adopted the revised Interstate Telecommunications Relay Services Fund size and carrier contribution factor for July 2007-June 2008 fund year filed by NECA. As a result of this order, contributors to the fund were billed in March 2008 to reflect the revised contribution factor of .00819 and a new annual contribution.

In June 2008, the FCC adopted a system for assigning users of Internet based Telecommunications Relay Services, specifically Video Relay Service (VRS) and Internet Protocol (IP) Relay, ten-digit telephone numbers linked to the North American Numbering Plan (NANP). The ten-digit numbering plan will be implemented no later than December 31, 2008. This order provided that TRS providers may seek compensation for their actual reasonable costs of complying with numbering and Registered location requirements. The order also authorized the Fund Administrator to pay the reasonable costs of the database administrator for start-up and database administration expenses.

SUPPLEMENTAL SCHEDULE – Program Costs and Unaudited Budget (in thousands)

Monthly provider reimbursement projections are developed after determining the growth rates for each of the four relay services – interstate traditional TRS, STS, IP and VRS – in April each year in conjunction with the annual fund filing. The monthly projections for each service are multiplied by the per minute reimbursement rate for each and added together to arrive at the total monthly projection. For FY 2008, provider reimbursement projections totaled \$654,875; actual reimbursement was \$652,274 for a difference of (\$2,601). Actual VRS minute results were slightly less than budget.

Administrative expenses increased \$52 over projection primarily due to additional expenses of billing and collections. The FCC adopted the revised Fund size and carrier contribution factor in February 2008 which resulted in two contributor billing cycles; one in July 2007 and the other in March 2008 when there is normally only one.

Uncollectibles have remained low during FY 2008 due to increased collection efforts and the impact of the implementation of the Red Light Rule portion of the Debt Collection Improvement Act (DCIA). Under the Red Light Rule, the FCC will not fulfill the requests of any carrier who has not paid its contribution to the TRS Fund. Carriers are aware their delinquency is transferred to the FCC if not paid by ninety days following the payment due date.



WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

5 Vaughn Drive
Princeton, NJ 08540
609.520.1188 fax 609.520.9882

www.withum.com

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Independent Auditors' Report

To the Board of Directors,
National Exchange Carrier Association, Inc.

We have audited the balance sheets of the Interstate Telecommunications Relay Services Fund (the "TRS Fund") administered by the National Exchange Carrier Association, Inc. (the "Company") as of September 30, 2008 and 2007, and the related statements of net cost and changes in net position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the TRS Fund at September 30, 2008 and 2007, and its net cost, and changes in net position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2008 on our consideration of the TRS Fund's internal control over financial reporting, and on our tests of the TRS Fund's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audits performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management Discussion and Analysis and Supplemental Schedule – Program Costs and Unaudited Budget is not a required part of the basic financial statements but is supplementary information in accordance with OMB Circular A-136, as applicable. We have applied certain limited procedures to such information, which consisted principally of inquiries of the TRS Fund's management regarding the methods of measurement and presentation of the supplemental schedule. However, we did not audit the information and express no opinion on it.

Withum Smith & Brown P.C.

Princeton, New Jersey
November 25, 2008



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A Professional Corporation
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5 Vaughn Drive
Princeton, NJ 08540
609.520.1188 fax 609.520.9882

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors,
National Exchange Carrier Association, Inc:

We have audited the financial statements of the Interstate Telecommunications Relay Services Fund (the "TRS Fund") as of and for the years ended September 30, 2008 and 2007, and have issued our report thereon dated November 25, 2008. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered National Exchange Carrier Association's (NECA's) internal control, in its role as administrator of the TRS Fund, over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NECA's internal control over financial reporting, as administrator of the TRS Fund. Accordingly, we do not express an opinion on the effectiveness of NECA's internal control over financial reporting, as administrator of the TRS Fund.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of TRS's financial statements that is more than inconsequential will not be prevented or detected by the NECA's internal control, as administrator of the TRS Fund.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the NECA's internal control, as administrator of the TRS Fund.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TRS Fund's financial statements are free of material misstatement, we performed tests of compliance of NECA as administrator for the TRS Fund with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could



have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of NECA and the Federal Communications Commission and is not intended to be and should not be used by anyone other than these specified parties.

Withen Smith & Brown P.C.

November 25, 2008

Interstate Telecommunications Relay Services Fund
Balance Sheets
September 30, 2008 and 2007
(in thousands)

	2008	2007
Assets		
Cash and other monetary assets	\$ 387	\$ --
Investments in United States Treasury Securities, net of discount and amortization	177,995	106,593
Accounts receivable, net	<u>10,773</u>	<u>8,529</u>
Total assets	<u>\$ 189,155</u>	<u>\$ 115,122</u>
Liabilities		
Accrued liabilities	\$ 59,443	\$ 47,455
Deferred revenue	54,247	40,653
Prepaid contributions	1,783	1,343
Accounts payable	<u>92</u>	<u>68</u>
	115,565	89,519
Net position		
Cumulative results of operations	<u>73,590</u>	<u>25,603</u>
Total liabilities and net position	<u>\$ 189,155</u>	<u>\$ 115,122</u>

The Notes to Financial Statements are an integral part of these statements.

Interstate Telecommunications Relay Services Fund
Statements of Net Cost
For the Years Ended September 30, 2008 and 2007
(in thousands)

	2008	2007
Program costs		
Provider reimbursements	\$ 652,274	\$ 522,962
Administrative expenses	1,097	1,037
Uncollectibles	<u>2,976</u>	<u>2,298</u>
Total costs	<u>656,347</u>	<u>526,297</u>
Net cost of operations	<u>\$ 656,347</u>	<u>\$ 526,297</u>

The Notes to Financial Statements are an integral part of these statements.

Interstate Telecommunications Relay Services Fund
Statements of Changes in Net Position
For the Years Ended September 30, 2008 and 2007
(in thousands)

	2008	2007
Cumulative results of operations - beginning balance	\$ 25,603	\$ 89,576
Financing sources		
Carrier contributions	701,512	456,117
Interest revenue	2,446	5,945
Other	<u>376</u>	<u>262</u>
Total financing sources	729,937	551,900
Less: Net cost of operations	<u>656,347</u>	<u>526,297</u>
Cumulative results of operations - ending balance	<u>\$ 73,590</u>	<u>\$ 25,603</u>

The Notes to Financial Statements are an integral part of these statements.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2008 and 2007
(in thousands)

1. Reporting Entity

The sole reporting component is the Interstate Telecommunications Relay Services Fund (the "TRS Fund"). The TRS Fund is a not-for-profit fund established by the Federal Communications Commission (the "FCC") in 1993, in accordance with Title IV of the Americans With Disabilities Act, which required nationwide Interstate Telecommunications Relay Services ("TRS"). Traditional TRS allow people with hearing and/or speech disabilities who use text telephones to talk with people who use standard telephones. In a March 2000 Report and Order, the FCC added Speech-to-Speech ("STS") to the list of required services. STS involves the use of specially trained Communications Assistants who understand the speech patterns of persons with speech disabilities. In the same March 2000 Order, the FCC encouraged the offering of Video Relay Service ("VRS") to make it easy for a sign language user to make a TRS call. VRS allows a person using sign language to communicate visually with an interpreter at the VRS center instead of using a text telephone to converse with a Communications Assistant. In April 2002, the FCC authorized reimbursement of Internet Protocol ("IP") Relay Services. IP relay users access the service via the Internet. In August 2003, the FCC determined eligible providers of Captioned Telephone VCO service ("CTV") are eligible to be reimbursed for interstate minutes. In January 2007, the FCC recognized that Internet Protocol (IP) Captioned Telephone Service may be compensated from the Interstate TRS Fund.

The FCC named the National Exchange Carrier Association, Inc. ("NECA" or "the Company") as administrator of the TRS Fund. NECA was appointed to serve as the administrator through July 25, 2003 (Memorandum Opinion and Order, CC Docket No. 90-571 released July 1, 1999). On July 11, 2003, NECA's term was extended by the FCC on a month-to-month basis until terminated in writing by them.

TRS funds are collected from all common carriers providing interstate services and distributed monthly to qualified relay service providers ("service providers"). The annual contribution factor is developed by NECA and approved by the FCC based upon estimates of the revenue requirements necessary to provide services in the upcoming 12-month period. The factor is determined by taking into consideration the projected funding requirements of providing interstate TRS (including CTV) and STS, intrastate and interstate VRS and IP Relay Services, a reserve for uncollectibles of 10%, interest income, and any fund surplus/shortfall which is carried over from the prior year. Effective October 5, 2007, the Commission determined that VoIP providers are subject to contributing to the TRS Fund.

The common carriers' annual contribution factor, approved by the FCC, was .0072 per each dollar of interstate revenue reported by the common carriers for the period July 1, 2007 through June 30, 2008. On February 6, 2008, the FCC released Order DA 08-303 revising the common carrier contribution factor to .00819 for the period July 1, 2007 through June 30, 2008. The common carriers' annual contribution factor, approved by the FCC, was .01012 per each dollar of interstate revenue reported by the common carriers for the period July 1, 2008 through June 30, 2009. The common carriers' contributions are shown on the statement of changes in net position as "carrier contributions" as prescribed by the FCC in Part 64 of Title 47 of the Code of Federal Regulations.

The FCC rules require common carriers to file their Form 499-A reporting their revenues annually. The "accounts receivable" on the balance sheet, as well as the "carrier contributions" on the statement of changes in net position reflect the contributions based on revenues that are reported by the common carriers.

Payments to service providers for TRS (including CTV), STS, CTS, VRS and IP Relay Services are based on conversation minutes, as submitted by the service providers, multiplied by a rate per minute as calculated by NECA and approved by the FCC. The rate per minute is an average rate among all service providers and is calculated based on total estimated costs to provide each service divided by total expected conversation minutes to be provided.

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Notes to Financial Statements
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(in thousands)

The following table illustrates the rates in effect during the reporting period.

	<u>TRS</u>	<u>STS</u>	<u>VRS</u>	<u>IP RELAY SERVICES</u>	<u>CTS/ interstate & intrastate IP CTS</u>
7/1/07-2/29/08	\$1.291	\$1.409	\$6.644	\$1.293	--
3/1/08-6/30/08	\$1.592	\$2.723	*	\$1.293	\$1.629
7/1/08-6/30/09	\$1.594	\$2.725	**	\$1.287	\$1.657

* The tiered rate per minute for VRS is as follows: the first 50,000 monthly minutes at \$6.77, from 50,001 to 500,000 monthly minutes at \$6.50, over 500,000 monthly minutes at \$6.30

** The tiered rate per minute for VRS is as follows: the first 50,000 monthly minutes at \$6.74, from 50,001 to 500,000 monthly minutes at \$6.47, over 500,000 monthly minutes at \$6.27

On November 19, 2007, the FCC released Report and Order and Declaratory Ruling 07-186, adopting a new cost recovery methodology for interstate TRS, interstate STS, interstate CTS and interstate and intrastate IP CTS based on the MARS plan. The Order also adopts a cost recovery methodology for IP Relay based on price caps and for VRS that adopts tiered rates based on call volume.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements have been prepared in accordance with U.S. Federal generally accepted accounting principles and the form and content for entity financial statements specified by OMB Circular A-136, as applicable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market funds, at several financial institutions, with an original maturity when purchased of three months or less.

Investments

Treasury Securities are considered held to maturity investments, regardless of original maturity when purchased. Investments are reported at amortized cost.

Allowance for Doubtful Accounts

The TRS Fund places an allowance on all accounts greater than 90 days old. Allowance for doubtful accounts amounted to \$19,069 and \$16,260 at September 30, 2008 and 2007, respectively to provide for anticipated uncollectible amounts from certain carriers. Uncollectible contributions, net of bad debt recoveries, of \$167 and \$403 were written off during the year ended September 30, 2008 and 2007, respectively.

Revenue Recognition

Carriers contributing into the TRS Fund, file Form 499-A with the Data Collection Agent ("DCA"). The Form 499-A reports the carrier's interstate and international revenue. This information is used to compute the carrier's contribution for the funding year based upon the FCC approved contribution factor. The Form 499-A computes TRS Fund contributions for the period July 1, through June 30, of the subsequent

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year. Carriers must submit their contribution in July for the entire year, unless the annual contribution exceeds one thousand two hundred dollars, which allows the carrier the option to remit payment on a monthly straight line basis.

The TRS Fund recognizes revenue on a monthly basis to match monthly minute reimbursements to service providers.

During the years ended September 30, 2008 and 2007, the TRS fund recognized three months of required contributions for those carriers who elected to remit monthly for the 2008-2009 and 2007-2008 funding period, respectively. The TRS Fund also recognized 3 months of the total required contribution for those carriers who were required to remit annually for each funding period payment, and the remaining 9 months of the required contribution is reflected in deferred revenue. Deferred revenue at September 30, 2008 and 2007 was \$54,247 and \$40,653, respectively.

Retroactive Billing Adjustments

Contributors to TRS are permitted to revise their revenue data, which may result in adjustments to amounts previously billed. The TRS Fund has recorded these adjustments in current period billings rather than reflecting these adjustments in the period in which they pertain. Likewise, certain adjustments affecting contributions to the TRS Fund may happen subsequent to the financial statement date. These adjustments are recorded and recognized in the subsequent period or periods. The current period financial statements reflect known adjustments occurring within one month subsequent to period end.

3. Administrative Expenses

Administrative expenses for the years ended September 30, 2008 and 2007 follows:

	2008	2007
Direct labor costs	\$ 307	\$ 288
NECA allocated common costs	588	586
Miscellaneous	87	59
Consultants	42	40
Data collection agent	68	56
Travel	5	8
Total administrative costs	<u>\$ 1,097</u>	<u>\$ 1,037</u>

NECA administrative expenses charged to the TRS Fund are allocated in accordance with NECA's Cost Accounting and Procedures Manual ("CAM") filed with and approved by the FCC annually. NECA annually submits a Statement of Cost Allocation System Compliance to the FCC for which a schedule of costs incurred by category (including the TRS Fund) is attached. NECA has independent auditors review its cost allocation procedures to ensure such procedures are in compliance with the CAM. The latest audit report issued was dated March 25, 2008 and covers the year ended December 31, 2007.

Costs for NECA personnel specifically assigned to the TRS Fund such as salaries, benefits and travel are directly charged to the TRS Fund. Common costs are accumulated in defined cost pools and allocated on a monthly basis to the TRS Fund using activity based cost drivers as further described in NECA's CAM. These costs include legal, auditing, finance, information systems, facilities and general overheads.

The DCA collects revenue information from interstate telecommunications service providers on FCC Form 499-A, and allocates the cost associated with the collection process to the various programs. For the years ended September 30, 2008 and 2007, Universal Service Administrative Company ("USAC") performed the DCA function and TRS paid USAC 8% of total DCA expenses.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2008 and 2007
(in thousands)

4. Taxes

The TRS Fund was established in accordance with the Americans with Disabilities Act directed by the FCC and therefore not subject to Federal or state income, sales, use, gross receipts or other taxes. As such, no provision for such taxes has been reflected in the accompanying financial statements.

5. Concentrations

The TRS Fund periodically maintains cash balances at various financial institutions, and may at times exceed amounts insured by the Federal Deposit Insurance Corporation. Since these are high quality financial institutions, management does not believe the TRS Fund is exposed to any risk on cash balances.

6. Investments

The following summarizes Investments as of September 30, 2008:

Marketable Securities:	<u>Maturity Value</u>	<u>Discount</u>	<u>Amortized Discount</u>	<u>Amortized Cost</u>	<u>Market Value Disclosure</u>
Treasury Bills	\$ 178,425	(\$ 665)	\$ 235	\$ 177,995	\$ 178,125

The investment portfolio as of September 30, 2008 consists of several Treasury Bills with an original maturity ranging from 48 days to 156 days, and includes interest at a rate ranging from to 0.49% to 1.70%.

The following summarizes Investments as of September 30, 2007:

Marketable Securities:	<u>Maturity Value</u>	<u>Discount</u>	<u>Amortized Discount</u>	<u>Amortized Cost</u>	<u>Market Value Disclosure</u>
Treasury Bills	\$ 107,368	(\$ 1,498)	\$ 723	\$ 106,593	\$ 106,667

The investment portfolio as of September 30, 2007 consists of several Treasury Bills with an original maturity ranging from 55 days to 154 days, and includes interest at a rate ranging from to 3.64% to 4.84%.

The TRS Fund recognizes interest income based upon straight line amortization. All Treasury securities, regardless of the original maturity date, are reported as Investments. The TRS Fund generally expects to hold investments to maturity; therefore, no adjustments have been made to present market values.

SUPPLEMENTARY INFORMATION

**Interstate Telecommunications Relay Services Fund
Supplemental Schedules - Program Costs and Unaudited Budget
For the Years Ended September 30, 2008 and 2007
(in thousands)**

	2008			2007		
	<u>Actual</u>	<u>Unaudited Budget</u>	<u>Over/(Under) Budget</u>	<u>Actual</u>	<u>Unaudited Budget</u>	<u>Over/(Under) Budget</u>
Program costs						
Provider reimbursements	\$ 652,274	\$ 654,875	\$ (2,601)	\$ 522,962	\$ 479,483	\$ 43,479
Administrative expenses	1,097	1,045	52	1,037	1,008	29
Uncollectibles	<u>2,976</u>	<u>71,200</u>	<u>(68,224)</u>	<u>2,298</u>	<u>47,600</u>	<u>(45,302)</u>
Total costs	<u>656,347</u>	<u>727,120</u>	<u>(70,773)</u>	<u>526,297</u>	<u>528,091</u>	<u>(1,794)</u>
Net cost of operations	<u>\$ 656,347</u>	<u>\$ 727,120</u>	<u>\$ (70,773)</u>	<u>\$ 526,297</u>	<u>\$ 528,091</u>	<u>\$ (1,794)</u>

See Independent Auditors' Report.