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April 30, 2010

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 2010 – June 2011.

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

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: Joel Gurin, Consumer and Government Affairs Bureau
Michael Jacobs, Consumer and Governmental Affairs Bureau
Mark Stone, Consumer and Government Affairs Bureau
Karen Strauss, Consumer and Government Affairs Bureau
Diane Mason, Consumer and Government Affairs Bureau
Greg Hlibok, Consumer and Government Affairs Bureau
Andrew Mulitz, Consumer and Government Affairs Bureau
James Lande, Wireline Competition Bureau
Mark Stephens, Office of the Managing Director
Michael Smith, Office of the Managing Director
David L. Hunt, Inspector General
Best Copy and Printing, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served this 30th day of April, 2010 by electronic filing and email to the persons listed below.

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

The following parties were served:

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

In the Matter of)
)
Telecommunications Relay Services and) CG Docket No. 03-123
Speech-to-Speech Services for)
Individuals with Hearing and Speech)
Disabilities)
)

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

National Exchange
Carrier Association, Inc.
80 South Jefferson Road
Whippany, NJ 07981
April 30, 2010

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

In the Matter of)	
)	
Telecommunications Relay Services and)	CG Docket No. 03-123
Speech-to-Speech Services for)	
Individuals with Hearing and Speech)	
Disabilities)	
)	
Structure and Practices of the Video Relay)	CG Docket No. 10-51
Service Program)	
)	
)	

**Payment Formula and Fund Size Estimate
Interstate Telecommunications Relay Services (TRS) Fund
For July 2010 through June 2011**

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 2010 through June 2011, in accordance with section 64.604 of the Federal Communications Commission's (FCC or Commission) rules.¹

¹ 47 C.F.R. §64.604 (c)(5)(iii)(H).

In accordance with the Commission 2007 *Cost Recovery Order*,² the Administrator has used the Multi-state Average Rate Structure (MARS) methodology, based on the weighted average of competitively bid state rates, to propose compensation rates for interstate traditional TRS, interstate Speech-to-Speech (STS), interstate Captioned Telephone Service (CTS), and inter- and intrastate Internet Protocol (IP) CTS.

The Administrator has provided cost-based rates for IP Relay Service and Video Relay Service (VRS), due to the fact that the rate structures adopted in the *Cost Recovery Order* for these services were limited to a three-year period and are thus set to expire on June 30, 2010. Additionally, due to anomalies in provider VRS cost projections, the Administrator has excluded some providers' data to calculate the proposed compensation rate tiers based on projected data. The Administrator has also made the same calculation using historical data as an alternative. The filing provides the Commission with two alternative tier options for both the projected and historical cost-based rates.

Collectively, depending on the rate methodology chosen for VRS, the services contribute to an overall provider reimbursement ranging from \$506 million to \$694 million for 2010-2011.³ Calendar year 2009 interstate and international end user revenues totaled \$74.132 billion. The contribution factor for the 2010-2011 Fund year,

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

³ On February 25, 2010 the Commission issued a Declaratory Ruling addressing the compensability from the Interstate TRS Fund (Fund) of certain types of calls made through Video Relay Service (VRS). The Declaratory Ruling was released under a new docket number (CG Docket No. 10-51), which is to include VRS structure, reform, practices, and all other VRS matters. TRS docket, CG Docket No. 03-123, remains open for the ongoing filing of documents in proceedings under that docket number, and documents in that docket concerning VRS matters also shall be incorporated by reference into CG Docket No. 10-51. The demand projections contained herein incorporate the declarations contained in the February 25, 2010, release. *See Structure and Practices of the Video Relay Service Program*, CG Docket No. 10-51, Declaratory Ruling, 25 FCC Rcd 1868 (2010).

derived from the ratio of estimated fund size to prior calendar year revenues, will depend upon the VRS rate methodology adopted by the Commission. Based on the alternatives presented, the contribution factor will be between 0.00379 and 0.00908 depending on the action taken by the Commission on the supplemental filing for the current fund year submitted March 30, 2010.⁴ Upon approval by the Commission, the Administrator will begin billing carriers for the 2010 – 2011 funding period in July 2010.

II. Interstate TRS Fund Overview

The Interstate TRS Fund (TRS Fund) is designed to compensate eligible relay service providers⁵ for the reasonable costs of furnishing “[t]elephone 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.”⁶

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)

⁴ Interstate Telecommunications Relay Service Fund Supplement to Annual Filing for TRS Contribution Factor Decrease, CC Dockets 03-123 and 10-51, filed March 30, 2010 (*Supplemental Filing*)

⁵ 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; or (3) interstate common carriers offering TRS pursuant to section 64.604; or (4) Video Relay Service (VRS) and Internet Protocol (IP) Relay providers certified by the Commission pursuant to § 64.606. . See 47 C.F.R. § 64.604 (c)(5)(iii)(F).

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

relay service, and IP captioned telephone service (IP CTS). The Administrator reimburses providers at 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.⁷ 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.⁸

The Commission's shared funding mechanism for the TRS Fund ensures that the costs of meeting relay service obligations are borne equitably. Interstate telecommunications common carriers contribute to the TRS Fund on the basis of their relative share of interstate and international end user revenues.⁹ In June 2007 the

⁷ At ¶97, the Commission stated that the IP and VRS rates were being set for a period of 3 years and at ¶ 107 for IP Relay and ¶ 108 for VRS confirmed that the initial year for the applicability of the rates was the 2007-2008 fund year. Thus, the three year period for the IP and VRS rates sunsets as of June 30, 2010, absent Commission action.

⁸ *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

⁹ 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).

Commission extended TRS contribution requirements to interconnected Voice over Internet Protocol (VoIP) providers.¹⁰

The TRS funding period commences on July 1 and ends June 30 of the following calendar year. For the July 2010 to June 2011 fund year, the Administrator will use the carriers' 2009 interstate and international end user revenues¹¹ as the basis for calculating carriers' contributions. Carriers' 2009 revenues were \$74,132,147,621, approximately \$5.1 billion lower than reported for 2008.

Upon approval of the contribution factor by the Commission, the Administrator will begin billing carriers for the 2010 – 2011 funding period in July 2010. 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 4,613 carriers will be billed during the 2010 – 2011 funding period, of which about 40 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 2010 are reported in August 2010, and providers

¹⁰ *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 rule amendment extending TRS contribution requirements to interconnected VoIP providers became effective October 5, 2007.

¹¹ Revenues are reported on the Telecommunications Reporting Worksheet, FCC Form 499-A, on April 1, 2010, and provided to the Administrator by the Universal Service Administrative Company (USAC), the Revenue Data Collection Agent.

will then receive compensation for those minutes at the new rates, by the middle of September 2010.¹²

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).¹³ 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.¹⁴

The Commission identified the steps for the Administrator to use to determine MARS-based compensation rates.¹⁵ 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 2008:¹⁶

- a. the per-minute compensation rate for intrastate TRS and STS

¹² See Exhibit 5 Reporting and Disbursement Schedule. The reporting and disbursement schedule is subject to modification based on direction by the Commission.

¹³ *Cost Recovery Order* at ¶ 16.

¹⁴ *Id.*

¹⁵ *Id.* at ¶ 27.

¹⁶ The Data Collection Form is included at Appendix A.

- 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
- 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,¹⁷ 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*,¹⁸ 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 has also been 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

¹⁷ 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.

¹⁸ *Cost Recovery Order* at ¶ 58.

as well. For the remaining 47 states, Virgin Islands and Puerto Rico, the Administrator multiplied each jurisdiction's TRS and STS rate by either the number of intrastate session minutes or intrastate conversation minutes, whichever the jurisdiction's rate is based upon.¹⁹ This was done for each jurisdiction and the resulting dollar amounts summed to produce a total dollar amount for each service. The Administrator added to that any additional amounts paid by the states to the relay service provider(s) during the applicable period that were not included in the contractual per-minute compensation rate but were applicable to the provision of relay service.²⁰ As a final step, the Administrator divided the resulting total dollar amount by the total number of intrastate TRS and STS conversation minutes.²¹ 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 2009, including the amounts paid to relay providers not included in the compensation rate, amounted to \$51,659,084.60. The total conversation minutes for intrastate TRS and STS for calendar year 2009 were 25,503,645.33. The proposed compensation rate is developed by dividing the total 2009 intrastate dollar amount by the total 2009 intrastate conversation minutes, resulting in a proposed MARS rate of \$2.0256 per conversation minute for interstate traditional TRS and interstate STS for the 2010 – 2011 funding period. The proposed rate is approximately 10.6 percent higher than the 2009 – 2010 MARS calculation of \$1.8311 per conversation minute.

¹⁹ *Id.* at ¶ 30

²⁰ *Id.* at ¶ 31

²¹ *Id.*

In the *Cost Recovery Order*, the Commission provided an additional amount of \$1.131 to the 2007-2008 interstate STS compensation rate to be used by the providers for outreach efforts.²² In the ensuing Fund years, the Commission has found it appropriate to continue the outreach additive at the same level.

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 \$3.1566 per minute, an increase of \$0.1945 from the \$2.9621 per minute rate for the 2009-2010 Fund year. However, the Administrator notes that the demand for STS continues to decline. It is not clear that the outreach additive applied to the per-minute rate is having the desired result. 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.²³

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 exclusion for California, described previously, was applicable to CTS. Data for Maine was only partially included, because the state compensated its relay provider with a flat rate mechanism for a portion of 2009. The results of this calculation can be found in Exhibit 1-2. Appendix D summarizes the data provided by the individual state

²² *Id.* at ¶¶ 57, 61

²³ At its April 2010 meeting, the Interstate TRS Advisory Council passed a resolution recommending that \$1.13 per minute of extra funding for speech to speech outreach purposes be maintained and that the money collected be put into a fund to be used by a nationwide marketing outreach entity to promote speech to speech.

jurisdictions. The MARS CTS rate will also be used to compensate providers for IP CTS.²⁴

The total dollars for intrastate CTS, including the amounts paid to relay providers not included in the compensation rate, totaled \$42,073,234.75 for calendar year 2009. The total conversation minutes for intrastate CTS totaled 24,820,429.79 for calendar year 2009. The total 2009 intrastate dollars divided by 2009 intrastate CTS minutes equals a proposed compensation rate of \$1.6951 per conversation minute for interstate CTS and interstate and intrastate IP CTS for the 2010 – 2011 funding period.

The proposed MARS CTS rate of \$1.6951 represents a modest \$0.0173 increase from the 2009 – 2010 rate of \$1.6778 or approximately 1.03%.

B. 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 that Order.²⁵ That three year period ends on June 30, 2010 coincident with the end of the current Fund year. Under price caps, the IP Relay compensation rate has declined from the base rate of \$ 1.293 for the 2007-2008 Fund year to the 2009-2010 fund year compensation rate of \$1.2801 per minute.

Prior to instituting the price cap regime, the Commission utilized provider projected costs and demand to establish the per minute compensation level for IP Relay service. Unlike the MARS-based services,²⁶ providers of IP Relay service have been required to continue to submit actual and projected costs and demand annually as part of

²⁴ *Cost Recovery Order* at ¶ 38.

²⁵ *Id.* at ¶ 109.

²⁶ *Id.* at ¶ 35, n. 57, n. 116.

their data submission to the Administrator.²⁷ The Administrator has used this information to propose a compensation rate for the 2010-2011 Fund year.

For analysis purposes, the Administrator segregated the provider historical and projected costs into nine distinct categories for review:

- **Facilities**, those expenses associated with land and buildings, etc.;
- **Interpreter Expense**, the costs of the individuals performing the interpretive services;²⁸
- **Non-Interpreter Relay Center Expense**, other costs associated with the relay center including supervisory management, telecommunications expense, etc;
- **Indirect Expense**, finance, human resources, legal expenses, executive compensation, etc;
- **Depreciation Expense**, annual depreciation on facilities and equipment;
- **Marketing Expense**, the projected costs of advertising the provider's service;
- **Outreach Expense**, the projected costs of notifying consumers of service availability;
- **Other Expenses**, projected expenses not directly associated with one of the other expense categories; and
- **Capital Investment**, the investment in facilities, equipment, furniture, etc. associated with the relay center.

Based on the analysis described above, the providers' projected costs track closely with what has been reported as their reported average historical cost per minute for

²⁷ *Id.* at n. 141.

²⁸ Service provided under contract with another provider has been included in this category as well.

providing IP Relay Service.²⁹ The average per-minute cost reported for 2008 was \$1.2560. For 2009 the average per minute cost was reported at \$1.3104. For the 2010-2011 Fund year, providers are projecting costs for handling IP Relay Service calls of \$1.2278 per minute.

In addition to the traditional costs of providing IP Relay Service, providers in 2008 began incurring costs associated with the implementation of 10 Digit Numbering and E911 calls as required by the *TRS Numbering Order*. To date these costs have been handled outside of the per minute compensation process via a separate recovery mechanism. With the expiration of the three year price cap methodology, the Administrator is recommending that going forward the costs associated with 10 Digit Numbering and E911 be incorporated into the per-minute rate calculation. For the 2010-2011 Fund year, the provider projected 10 Digit Numbering and E911 costs when divided by their projected demand equates to a per-minute requirement of \$0.0503 for these functions. The Administrator recommends that this additive be incorporated into the per-minute rate calculation.

The Administrator has also included the result of calculating an 11.25% rate of return in the development of the proposed compensation rate. Under the cost-based methodology used prior to price caps, the Commission allowed inclusion of a return on capital investment of 11.25%.³⁰ In addition, the Administrator recommends adding a factor of 1.6% as an allowance for cash working capital to both the projected per-minute

²⁹ The cost and demand data for one provider was excluded from this calculation because the data was received with insufficient time to properly perform analysis to verify its reasonableness.

³⁰ *Telecommunications Relay Services and Speech to Speech Services for Individuals with Hearing and Speech Disabilities*, CC Docket No. 90-571 and 98-67, CG Docket No. 03-123, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 19 FCC Rcd 12175 (2004)(*June 30, 2004 TRS Order*) at ¶¶ 181-182.

IP Relay Service cost and to the 10 Digit Numbering and E911 component of the proposed rate. The factor represents one-twelfth, or one month, of the 11.25% rate of return plus a tax allowance.³¹

For the 2010-2011 Fund year, the Administrator proposes a per minute rate of \$1.2985 that includes \$1.2278 per minute for handling IP Relay Service calls, \$0.0503 per minute for 10 Digit Numbering and E911 reimbursement and the application of a 1.6% Cash Working Capital Gross Up Factor to both components equivalent to \$0.0204.³²

C. Video Relay Service

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.³³ 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

³¹ More specifically, the 1.6% factor is calculated as follows: (1) the 11.25% rate of return, on a monthly basis, is .9375% (11.25 divided by 12); (2) because the .9375% rate of return is an after-tax rate of return, it must be adjusted to a pre-tax figure, so that the compensation paid for the allowance for working capital equals the 11.25% annualized rate of return *after* taxes are paid on the compensation received; (3) the tax adjustment is based on a 35% federal tax rate and a 5% state tax rate, which totals 40%; (4) using the 40% rate, and applying the formula to convert from an after-tax allowance to a pre-tax allowance, the result is that the .9375% monthly rate of return must be adjusted by multiplying it by 1.6667, which equals a monthly working capital allowance of 1.6% (that is applied to the per-minute compensation rate that is based on the providers' projected costs and minutes, adjusted as necessary). See NECA's Annual Submission of TRS Payment and Revenue Requirement, for July 2004 – June 2005, CC Docket No. 98-67 (May 3, 2004) at 7 (*NECA 2004 Filing*), Exs. 1C, 1D, & 1E. The formula for converting from an after-tax basis to a pre-tax basis is: $1 + X/(1-X)$, where X = net tax allowance (40%). Therefore, the pre-tax allowance for working capital is calculated as follows: $0.9375 \times [1 + (.40)/(1 - .40)] = (0.9375) \times 1.6667] = 1.562\%$, which was rounded to 1.6%.

³² If the Commission opts to continue the price cap methodology for the next three fund years, the Administrator recommends that this rate be set as the base rate to which the formula for the following two years is applied.

³³ *Cost Recovery Order* at ¶ 47.

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.³⁴

That three year period ends on June 30, 2010 coincident with the end of the current Fund year.

The 2009-2010 approved rates for VRS for the 2009 – 2010 funding period are displayed in Table 1 below.

Table 1 Current VRS Tier Rates

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

The *Cost Recovery Order* required providers of VRS to continue to submit actual and projected cost and demand data to the Administrator.³⁵ The Commission expected that this information would be helpful in reviewing the reasonableness of rates adopted for each tier, and determining whether the rates reasonably correlated with projected costs and prior actual costs. Table 2 displays the actual weighted average costs, as submitted by the providers, for all current providers combined for calendar years 2006, 2007, 2008, and 2009.

³⁴ *Id.* at ¶56. Providers were permitted to seek exogenous cost adjustments if new costs were imposed that were beyond the providers' control. No provider has requested an exogenous cost adjustment.

³⁵ *Id.* at n. 170

Table 2 Historical VRS Cost Summary

	2006 ³⁶	2007 ³⁷	2008	2009
Weighted Average	\$4.4603	\$3.9604	\$4.1180	\$4.1596

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

As discussed in the IP Relay Section *supra*, the Administrator has analyzed the actual and projected cost data across providers using nine separate categories, Land and Buildings Expense, Interpreter Expense (including Subcontractor Expense), Non-Interpreter Relay Center Expense, Indirect Expense, Depreciation Expense, Marketing Expense, Outreach Expense, Other Expense and Return on Capital Investment (at 11.25%).³⁸ Figure 1 displays the composition of the actual weighted average VRS Cost per minute for 2007, 2008, and 2009 using the nine categories described above and the provider projected costs for 2010 and 2011.

³⁶ Interstate Telecommunications Relay Services Fund, Payment Formula and Fund Size Estimate, CG Docket No. 03-123 (filed May 1, 2007) at p19 reported the 2006 cost per minute as \$4.5568. The figure stated here for comparison purposes is based only on the costs of the current providers.

³⁷ 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.

³⁸ See e.g., May 1, 2006 Annual Submission.

Figure 1 VRS Cost Composition

Cost Category	2007 Actual	2008 Actual	2009 Actual	2010 Projection	2011 Projection
A. Annual Recurring Fixed Expenses	\$ 0.2260	\$ 0.2427	\$ 0.2487	\$ 0.3649	\$ 0.3936
B1 + E3 Interpreter Costs	\$ 2.1070	\$ 2.1175	\$ 2.0742	\$ 2.8782	\$ 3.3625
B. Relay Center other than Interpreter	\$ 0.4118	\$ 0.4514	\$ 0.4649	\$ 0.6334	\$ 0.7110
C. Administrative Expense	\$ 0.5774	\$ 0.6601	\$ 0.6688	\$ 0.6866	\$ 0.7113
D. Depreciation Expense	\$ 0.2054	\$ 0.1971	\$ 0.2210	\$ 0.2531	\$ 0.2582
E1. Marketing Expense	\$ 0.0639	\$ 0.0283	\$ 0.0302	\$ 0.0415	\$ 0.0426
E2. Outreach Expense	\$ 0.2321	\$ 0.3122	\$ 0.3662	\$ 0.3317	\$ 0.3383
E4. Other Expense	\$ -	\$ -	\$ -	\$ -	\$ -
F Return on Investment	\$ 0.1369	\$ 0.1087	\$ 0.0855	\$ 0.0932	\$ 0.1004
Total Cost per Minute	\$ 3.9604	\$ 4.1180	\$ 4.1596	\$ 5.2826	\$ 5.9179

There is a significant increase in the projected per-minute costs for both 2010 and 2011 in the areas of interpreter related and non-interpreter related relay center costs when compared to the prior three years of actual costs. The Administrator notes several anomalies in the data. One provider has proposed an increase in its interpreter staff of approximately 57 percent for 2010 and over 62 percent for 2011 when compared to 2009 staffing levels despite consistently meeting speed of answer requirements and submitting a demand projection that remains virtually constant (+2.8%) with the demand reported for compensation in 2009. These projections are the primary cause of the increases in 2010 and 2011. There are also wide variations in projected costs among carriers. For example, one provider submitted projected costs for 2010 that were below \$2.00 per minute on one extreme while another submitted costs in excess of \$80 per minute on the other extreme. For 2011 the low end provider's costs were only slightly above \$2.00 while the high end provider's costs exceeded \$10 per minute.

Providers were given the opportunity to revise their cost projections however no provider responded with revisions. As such, the Administrator is submitting per minute

compensation alternatives that include revisions to the provider projected data that exclude all of the costs submitted by the two providers at the extremes. In addition to these exclusions, the Administrator has excluded the data from one provider whose data was filed on April 16, 2010, six weeks after the deadline for submission and two weeks before this filing was required to be made, leaving the Administrator insufficient time to properly analyze the data and assess its validity

Consistent with prior submissions, the Administrator is submitting separate actual historical and projected VRS costs for the Commission's review and consideration.³⁹

Consistent across the proposed rate alternatives is a recommendation to include a per-minute component for the recovery of the ongoing costs associated with 10 Digit Numbering and E911 and the 1.6 percent Cash Working Capital Adjustment previously described in the IP Relay section. For the 2010-2011 Fund year, based on the provider submitted costs and demand, the Administrator is proposing compensation of \$0.0083 per minute for 10 Digit Numbering and E911 reimbursement based on projected costs of \$1.52 million and demand of 182.7 million minutes for the two years.⁴⁰

1. VRS Rate Alternatives

The following section provides descriptions of the separate proposed rate calculations based on actual historical and projected costs, submitted for consideration by the Commission in establishing VRS rates for the upcoming Fund year. Table 3 at the end of this section provides a summary of the alternatives.

³⁹See e.g., May 1, 2007 Annual Submission.

⁴⁰The cost data and demand for one provider was excluded from this calculation. The provider projected E911 and 10 Digit Numbering ongoing costs that exceed those of all of the other providers combined and this data was filed on April 16, 2010, providing the Administrator with insufficient time to properly analyze its validity.

a. Projected Cost Tiers

Using provider projected cost and demand data as submitted produces a weighted average per-minute compensation rate of \$5.6039. This is based on combined projected costs of \$1.123 Billion for 2010 and 2011 to handle 200.4 million minutes. For purposes of recommending tiered rates based on projected costs for the Commission's consideration, the Administrator excluded the costs and demand of the late filing provider and the cost and demand data for the high cost and low cost outliers.⁴¹ While one provider's⁴² projected costs contain unreasonable and unsubstantiated growth in headcount,⁴³ the projected rate proposals contained herein utilize this questionable data as it was submitted.

The weighted average projected cost per minute for all providers whose costs and demand are included, based on the projection containing the unreasonable and unsubstantiated data, is \$5.6220. Adding the \$0.0083 per minute for 10 Digit Numbering and E911 reimbursement, and application of the Cash Working Capital factor to both the weighted average projected cost per minute and the 10 Digit Numbering and E911 reimbursement produces a rate of \$5.7204. The Administrator proposes that this calculation would be the rate applied to monthly minutes exceeding the lower threshold

⁴¹ See pp. 18 -19, *supra*.

⁴² As indicated, this provider had projected interpreter headcount increases of 57% for 2010 and 62% for 2011 compared to headcount levels in 2009.

⁴³ The increased headcount permeates the entire projected cost submission. Land and Buildings Expense (Category A) is projected to increase by approximately 80 percent when compared to 2009 per minute expense, Administrative expense (Category C) is projected to increase by more than 50 percent.

for Tier 3, i.e., more than 500,000 minutes, if it included supportable data.⁴⁴ However, the Administrator notes that this rate is derived using data that are unsubstantiated.

Under the same tier structure, the Administrator proposes that the rate applied to the first 50,000 minutes for each provider be based solely on the projected costs of the providers whose projected average monthly demand would not exceed that level during the upcoming fund year. Based on the Administrator's analysis of the data submitted by all providers, the providers that fall into this Tier do not have their own video interpreters but rather utilize the services of others in order to provide VRS. As such their cost characteristics are different from the remaining providers. Using only these providers' data produces a projected cost per minute of \$5.6238 per minute. Adding the \$0.0083 10 Digit Numbering and E911 reimbursement per-minute and application of the Cash Working Capital factor produces a rate of \$5.7826. This calculated rate is not impacted by the unsubstantiated data noted above regarding Tier 3.

For the middle Tier, those monthly minutes between 50,000 and 500,000, the Administrator is recommending that the cost and demand data of all providers except the largest provider be used in developing the rate based on projected costs. The providers in this category contain a mix of those who in part utilize subcontractors to provider their video interpreter function and in part provide their own interpreters. Using these providers' data produces a projected cost per minute of \$6.0703 per minute. Adding the \$0.0083 10 Digit Numbering and E911 reimbursement per-minute and application of the

⁴⁴ The Administrator is taking no position on whether the Commission should choose a projected set of tiered rates or one based on historical costs, but rather is proposing rates within the tiered structure for the Commission's consideration.

Cash Working Capital factor produces a rate of \$6.1758. This rate is also not impacted by the unsubstantiated data noted above regarding Tier 3.

As an alternative to the tiered structure identified above, the Commission may wish to consider a tiered rate structure that is based on the current differential between the three tiers. In the last rate cycle, the Commission based rates for the three tiers by beginning with a composite annual rate based on projected costs, and adjusting it for the different tiers.⁴⁵ The Tier 1 rate is 6.4% higher than the composite, the Tier 2 rate is 2.1% higher than the composite and the Tier 3 rate 1% below the composite. Under this alternative, using the weighted average projected cost per minute of \$5.6220 as the composite, the three tier rates would be as follows.⁴⁶ However, under this alternative, calculations for all three tiers are skewed by the unsubstantiated data noted above.

Tier 1	\$6.0854
Tier 2	\$5.8430
Tier 3	\$5.6635

b. Historical Actual Cost Tiers

As an alternative the Administrator also provides the Commission with cost tiers based on 2009 reported actual costs using the same tier structure described above. Unlike the projected costs submitted, the Administrator has found the 2009 actual costs for all providers included in the calculations to be reasonable and consistent with the per-minute costs reported for 2007 and 2008.

⁴⁵ Based on an analysis of the Calendar year 2009 revenues and minutes, the composite compensation per minute was \$6.30. The Tier 1 rate of \$6.7025 is 6.4% above the composite, the Tier 2 rate is 2.1% above the composite and the Tier 3 rate is 1% below the composite revenue per minute.

⁴⁶ These tier rates are based on the application of the percentages to the weighted average projected composite cost of \$5.622, the addition of the \$0.0083 to the resulting amounts and application of the CWC factor of 1.6% to arrive at the tiered rate levels.

Using provider submitted 2009 actual cost and demand data for the same providers whose costs and demand are included for the projected cost alternative above produces a weighted average per-minute compensation rate of \$3.6496. This is based on actual reported 2009 costs of \$317.6 million to handle 87.0 million minutes. If the Commission were to adopt a VRS cost recovery mechanism based on historical costs, the Administrator recommends growing the historical costs to the Fund year to reflect additional costs such as salary increases not embodied in the historical cost number. The Social Security Administration website contains national average wage index data to project future annual wage levels.⁴⁷ Since 2000, the average growth in salary has been 3.2%. Because of the labor intensive nature of providing VRS, this percentage may be appropriate for growing a historical cost per minute to the Fund year.⁴⁸ The 2009 actual cost grown to the fund year with the additive for projected per-minute cost of 10 Digit Numbering and E911 and the CWC Factor of 1.016 applied produces a per-minute compensation of \$3.8963.⁴⁹ If the Commission elects to base the 2010-2011 VRS rates on actual costs, the Administrator recommends that this rate be adopted for Tier 3.

The actual 2009 costs of the same providers used to determine the proposed projected Tier 1 rates were used to calculate the proposed Tier 1 rate based on actual costs. As was the case with the Tier 3 rate, this calculation embodies the use of the 3.2

⁴⁷ Source: <http://www.ssa.gov/OACT/COLA/AWI.html>

⁴⁸ Because the Fund year runs from July 2010 through June 2011, the 3.2% growth is applied to the 2009 calendar year cost to derive a 2010 calendar year cost and then applied to that result to obtain a 2011 calendar year cost. The two calendar year costs (2010 and 2011) are then summed and divided by two to obtain a 2009 cost grown to the 2010-2011 Fund year which covers half of 2010 and half of 2011.

⁴⁹ The 0.0083 additive for 10 Digit Numbering and E911 costs is appropriate even if the Commission opts to utilize the historical costs for the base tier rate calculations, as the costs associated with this additive are prospective in nature. The projected cost for 10 Digit Numbering and E911 is more representative of the costs that will be incurred during the Fund year than the 2009 actual cost which included start-up.

percent growth factor to the Fund year, the additive for projected per-minute cost of 10 Digit Numbering and E911 and the application of the CWC Factor of 1.016. Based on the actual 2009 costs of the low volume providers, the proposed Tier 1 rate would be \$5.7754.

As was the case with the determination of the proposed Tier 2 rate for the projected cost alternative, the costs of all but the largest provider were used to determine the proposed Tier 2 rate based on historical costs. The calculation uses the 3.2 percent growth factor to the fund year, the additive for projected per-minute cost of 10 Digit Numbering and E911 and the application of the CWC Factor of 1.016. Based on the historical costs of the low volume providers, the proposed Tier 2 rate would be \$6.0318.

As an alternative to this actual cost based tiered structure the Commission may wish to consider a tiered rate structure similar to the one described in the projected cost section above, one that is based on the current differential between the three tiers but using actual costs. Under that alternative, the three tier rates would be as follows⁵⁰:

Tier 1	\$4.1447
Tier 2	\$3.9797
Tier 3	\$3.8575

Table 3 below provides a side by side comparison of the proposed rates by Tier.

⁵⁰ These tier rates are based on the application of the percentages to a composite cost of \$3.8266 - which is the weighted average cost grown by 3.2% to the fund year -- the addition of the \$0.0083 to the resulting amounts and application of the CWC factor of 1.6% to arrive at the tiered rate levels.

Table 3 VRS Rate Alternatives

Type of Costs	Tier 1	Tier 2	Tier 3 ⁵¹	VRS Funding Requirement
Projected Costs	\$5.7826	\$6.1758	\$5.7204	\$569.9M
Projected Costs Current Tiers	\$6.0654	\$5.8430	\$5.6635	\$561.0M
Historical Costs	\$5.7754	\$6.0318	\$3.8963	\$429.1M
Historical Costs Current Tiers	\$4.1447	\$3.9797	\$3.8575	\$382.1M

The Administrator is providing the Commission with fund size projections in Exhibit 2 (a through h) based on each of the above alternatives.

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 previously, historical demand was used to estimate the future demand for traditional interstate TRS, STS and CTS. Using the linear trend forecast capability of Microsoft Office Excel, the Administrator projected demand for the 2010 – 2011 Fund year using actual data available to the Administrator at the time the filing is

⁵¹ Tier 3 calculations for the two projected costs alternatives are based primarily on unsubstantiated projections. See pp. 20 - 22, *supra*.

due to the Commission.⁵² To test the validity of the forecast, the Administrator shared the projected demand for the 2010 – 2011 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 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 projected minutes reported by the providers of these services are comparable to the results of the Administrator's trends. As a result, the Administrator used the providers' minute forecasts for IP and VRS minutes of use for the 2010 – 2011 funding year and the tiered reimbursement rate alternatives 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 the types of costs that are compensable from the interstate TRS Fund.

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

⁵² In most instances this embodies July 2009 through February 2010 minutes.

Commission authorized the TRS Fund Administrator to pay the reasonable costs of providing necessary services consistent with this *Order* directly to the database administrator.⁵³

In previous fund years, Internet-based TRS providers were permitted direct recovery of the start-up costs of implementing these changes. The Administrator recommends that the ongoing costs of providing these capabilities be folded into the per-minute compensation rates for IP and VRS and has included a per-minute increment in those rates accordingly.

For the 2010-2011 Fund year, the Administrator projects that compensation for the data base administrator will total \$384 Thousand.

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.⁵⁴ Interest on invested

⁵³ *Id.* at 101

⁵⁴ 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.

funds for the July 2010 – June 2011 period is projected to be approximately \$125 thousand and is used to offset on-going fund requirements.

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. It is anticipated that there will be a surplus of approximately \$276 million, i.e. after June 2010 minutes are paid. In its 2009 *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.⁵⁵ The Administrator recommends for the 2010-2011 and future funding years the continued use of a surplus of one month's projected distributions to providers be included in the funding requirement.⁵⁶

In its March 30, 2010 *Supplemental Filing*, the Administrator proposed a decrease to the fund size projection from \$891.0 million to \$ 701.8 million, recommending that the contribution factor for the 2009-2010 fund year be reduced.⁵⁷ Because the Commission has not yet acted on the Administrator's recommendation for the current Fund year, there are two potential alternative surplus amounts for the 2010-2011 Fund year. If the Commission so chooses, it may roll the current year surplus amount into the new Fund year or it may act on the current fund year resizing recommendation and treat the 2010-2011 Fund-year requirement separately. If it chooses

⁵⁵ *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Order, CG Docket No. 03-123, 23 FCC Rcd 9976 (*Rate Order*)

⁵⁶ One month's average distribution equates to approximately 8.3% which is less than the 10% surplus approved in prior funding years.

⁵⁷ The March 30, 2010 filing identified an expected surplus for the current fund year. If the Commission does not act on the proposed reduction for the current Fund year, contribution requirements for the 2010-2011 contributors will be approximately \$190 million less than what they would otherwise be.

to opt for the former, the surplus amount applied to the 2010-2011 Fund year is \$271 million. If it opts to treat 2010-2011 separately, then the surplus amount to be applied is \$81.8 million, \$189.2 million less than rolling the surplus identified in the supplemental filing for the current Fund year forward.

The total projected funding requirement for the 2010-2011 funding year will range between \$280.8 million and \$673.3 million depending on which alternative VRS methodology the Commission adopts and how the Commission chooses to treat the current Fund year surplus amount. The results of the alternatives are displayed in Exhibit 2a through 2g.

Based on the 2010-2011 demand projections and the proposed rate alternatives contained herein coupled with the calendar year 2009 revenue base, the Administrator estimates that the contribution factor will need to be between 0.00379 and 0.00908.

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.⁵⁸ 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

⁵⁸ 47 C.F.R. § 64.604 (c)(5)(iii)(H).

service providers, and TRS providers. Appendix E, contains a listing of current Advisory Council members.⁵⁹

On April 2, 2009, the Advisory Council met to review the proposed TRS, STS, IP and VRS reimbursement rates, potential Fund size and carrier contribution factor for the July 2009 – June 2010 funding period prior to submission of the filing to the FCC on May 1, 2009. 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 on October 15, 2009 at which time the Administrator presented the TRS Fund status and demand for interstate Relay Services. Appendix F contains meeting minutes for the April 2009 and October 2009 Advisory Council meetings.

On April 8, 2010, the Advisory Council met to review the proposed reimbursement rates, potential Fund size and carrier contribution factor for the July 2010 – June 2011 funding period prior to submission to the FCC on May 1, 2010. The Administrator presented preliminary proposed compensation rates for each service and demand projections to the Advisory Council.⁶⁰

⁵⁹ 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).

⁶⁰ Minutes for the April 8, 2010 meeting will not be available until they have been reviewed and approved by the Advisory Council at its fall 2010 meeting.

B. Audit Report

Included in Appendix G is a copy of the financial statements of the TRS Fund for its sixteenth 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.⁶¹ It is anticipated that the audit of the October 2009 – September 2010 fiscal period, will begin in October 2010 and the financial statements will be submitted to the Commission in late December 2010.

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

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 2010 - 2011 funding period.
- 1-2 Displays sample data collected from states, interstate providers and the proposed MARS rate for interstate CTS conversation minutes for the 2010 - 2011 funding period.
- 1-3 Displays the proposed compensation rate for interstate and intrastate IP Relay Service conversation minutes for 2010 - 2011 funding period.
- 2 Displays the proposed compensation rates for interstate and intrastate VRS conversations minutes for the 2010 – 2011 funding period for each tier and the projected fund size and contribution factor for 2010 - 2011 funding period on pages 2a through 2h.
- 3 Displays actual Fund performance and projections for the funding period 1993 through June 2011. 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 3-8h display TRS, IP, STS, CTS, IP CTS and VRS fund requirements respectively.
- 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 2010 through June 2011.

**Traditional and STS Proposed MARS Rate Calculation
July 2010 through June 2011 Fund Year**

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 **\$ 51,659,085**

Proposed rate calculation: \$51,659,085 divided by 25,503,645 = **\$2.0256**

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
July 2010 through June 2011 Fund Year

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

24,820,430

\$ 42,073,235

Proposed rate calculation: \$42,073,235 divided by 24,820,430 = **\$1.6951**

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)
 2010 - 2011 FUND YEAR
 Proposed Rate

Proposed IP Relay Rate	\$	1.2985
Provider Projected Cost	\$	61,760,968.04
Provider Projected Demand		50,301,310
Cost per Minute	\$	1.2278
Provider projected 10 Digit/E911 Cost	\$	2,529,025.34
Cost per Minute	\$	0.0503
Total Cost per Minute	\$	1.2781
Adjusted for cash working capital	\$	1.2985

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 5.7826	Projected Cost	\$ 25,586,801
Tier 2	17,959,864	\$ 6.1758	Projected Cost	\$ 110,916,855
Tier 3	75,772,292	\$ 5.7204	Projected Cost	\$ 433,449,380
<u>Total Funding Requirement</u>				\$ 694,005,690
Projected Provider Payments				\$ 694,005,690
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Administration 10 Digit/E911				\$ 384,000
				<u>\$ 697,284,690</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
Supplemental Filing Adjustment (2)
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 189,200,000.00
\$ 57,833,807.53

Funding Requirement

\$ 673,260,480.37

Funding Base
Estimated
\$ 74,132,147,621

Contribution Factor **0.00908**

Notes

- (1) Funding Requirement for each service equals Demand multiplied by Proposed Rate
- (2) The Supplemental Filing Adjustment reduces the projected year-end surplus by the amount already included in the proposed reduction to the 2009

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 5.7754	Adjusted Historic Cost	\$ 25,555,075
Tier 2	17,959,864	\$ 6.0318	Adjusted Historic Cost	\$ 108,330,745
Tier 3	75,772,292	\$ 3.8963	Adjusted Historic Cost	\$ 295,229,483
<u>Total Funding Requirement</u>				\$ 553,167,956
Projected Provider Payments				\$ 553,167,956
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Ongoing Data Base Costs				\$ 384,000
				<u>\$ 556,446,956</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
Supplemental Filing Adjustment (2)
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 189,200,000.00
\$ 46,097,329.70

Funding Requirement

\$ 520,686,268.62

Estimated
\$ 74,132,147,621

Funding Base

Contribution Factor

0.00702

Notes

- (1) Funding Requirement for each service equals Demand multiplied by Proposed Rate
- (2) The Supplemental Filing Adjustment reduces the projected year-end surplus by the amount already included in the proposed reduction to the 2009 Fund Year filed on March 30, 2010

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 5.7826	Projected Cost	\$ 25,586,801
Tier 2	17,959,864	\$ 6.1758	Projected Cost	\$ 110,916,855
Tier 3	75,772,292	\$ 5.7204	Projected Cost	\$ 433,449,380
<u>Total Funding Requirement</u>				\$ 694,005,690
Projected Provider Payments				\$ 694,005,690
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Change Orders and Addl provider imp cost				\$ 384,000
				<u>\$ 697,284,690</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 58,107,057.53

Funding Requirement

\$ 484,333,730.37

Estimated
\$ 74,132,147,621

Funding Base

0.00653

Contribution Factor

Notes

(1) Funding Requirement for each service equals Demand multiplied by Proposed Rate

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 5.7754	Adjusted Historic Cost	\$ 25,555,075
Tier 2	17,959,864	\$ 6.0318	Adjusted Historic Cost	\$ 108,330,745
Tier 3	75,772,292	\$ 3.8963	Adjusted Historic Cost	\$ 295,229,483
<u>Total Funding Requirement</u>				\$ 553,167,956
Projected Provider Payments				\$ 553,167,956
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Change Orders and Addl provider imp cost				\$ 384,000
				<u>\$ 556,446,956</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 46,370,579.70

Funding Requirement

Funding Base

Estimated
\$ 74,132,147,621

Contribution Factor

0.00448

Notes

(1) Funding Requirement for each service equals Demand multiplied by Proposed Rate

\$ 331,759,518.62

SERVICE	DEMAND	Proposed Rate	Methodology	Funding RQMT (1)
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 6.0854	Projected Cost	\$ 26,926,626
Tier 2	17,959,864	\$ 5.8430	Projected Cost	\$ 104,939,515
Tier 3	75,772,292	\$ 5.6635	Projected Cost	\$ 429,135,016
Total Funding Requirement				\$ 685,053,812
Projected Provider Payments				\$ 685,053,812
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Administration 10 Digit/E911				\$ 384,000
				<u>\$ 688,332,812</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid	\$ (271,058,017.46)
Supplemental Filing Adjustment (2)	\$ 189,200,000.00
1/12 of projected funding requirement	\$ 57,087,817.68

Funding Requirement

Funding Base	\$ 74,132,147,621
Contribution Factor	0.00895

Notes

- (1) Funding Requirement for each service equals Demand multiplied by Proposed Rate
- (2) The Supplemental Filing Adjustment reduces the projected year-end surplus by the amount already included in the proposed reduction to the 2009 Fund Year filed on March 30, 2010

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 4.1447	Adjusted Historic Cost	\$ 18,339,407
Tier 2	17,959,864	\$ 3.9797	Adjusted Historic Cost	\$ 71,474,989
Tier 3	75,772,292	\$ 3.8575	Adjusted Historic Cost	\$ 292,292,930
<u>Total Funding Requirement</u>				\$ 506,159,980
Projected Provider Payments				\$ 506,159,980
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Ongoing Data Base Costs				\$ 384,000
				<u>\$ 509,438,980</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
Supplemental Filing Adjustment (2)
1/12 of projected funding requirement

\$	(271,058,017.46)
\$	189,200,000.00
\$	42,179,998.32
\$	469,760,960.65

Funding Requirement

Funding Base	<u>Estimated</u>
	\$ 74,132,147.621

Contribution Factor

0.00634

Notes

(1) Funding Requirement for each service equals Demand multiplied by Proposed Rate

(2) The Supplemental Filing Adjustment reduces the projected year-end surplus by the amount already included in the proposed reduction to the 2009 Fund Year filed on March 30, 2010

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 6.0854	Projected Cost	\$ 26,926,626
Tier 2	17,959,864	\$ 5.8430	Projected Cost	\$ 104,939,515
Tier 3	75,772,292	\$ 5.6635	Projected Cost	\$ 429,135,016
<u>Total Funding Requirement</u>				\$ 685,053,812
Projected Provider Payments				\$ 685,053,812
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Change Orders and Addl provider imp cost				\$ 384,000
				<u>\$ 688,332,812</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 57,361,067.68

Funding Requirement

\$ 474,635,862.34

Funding Base Estimated
\$ 74,132,147,621

Contribution Factor **0.00640**

Notes

(1) Funding Requirement for each service equals Demand multiplied by Proposed Rate

<u>SERVICE</u>	<u>DEMAND</u>	<u>Proposed Rate</u>	<u>Methodology</u>	<u>Funding RQMT (1)</u>
Traditional TRS	6,314,946	\$ 2.0256	MARS	\$ 12,791,555
Speech to Speech	127,878	\$ 3.1566	MARS	\$ 403,660
Caption Telephone	12,882,918	\$ 1.6951	MARS	\$ 21,837,834
IP Caption Telephone	12,659,322	\$ 1.6951	MARS	\$ 21,458,817
IP Relay	52,029,872	\$ 1.2985	Projected Cost	\$ 67,560,789
Video Relay Service				
Tier 1	4,424,826	\$ 4.1447	Adjusted Historic Cost	\$ 18,339,407
Tier 2	17,959,864	\$ 3.9797	Adjusted Historic Cost	\$ 71,474,989
Tier 3	75,772,292	\$ 3.8575	Adjusted Historic Cost	\$ 292,292,930
<u>Total Funding Requirement</u>				\$ 506,159,980
Projected Provider Payments				\$ 506,159,980
Administrative Expenses				\$ 3,020,000
Interest Income				\$ (125,000)
Database Change Orders and Addl provider imp cost				\$ 384,000
				<u>\$ 509,438,980</u>

Projected 2009-2010 Fund Balance

Anticipated Surplus after June 2010 Minutes are paid
1/12 of projected funding requirement

\$ (271,058,017.46)
\$ 42,453,248.32

Funding Requirement

\$ 280,834,210.65

Estimated
\$ 74,132,147,621

Funding Base

Contribution Factor

0.00379

Notes

(1) Funding Requirement for each service equals Demand multiplied by Proposed Rate

TRS FUND PERFORMANCE
(Actuals, January 2002 thru March 2010)

Date	Receivables		Collections	Refunds	Receivables		Expenses	Interest	Payment	Disbursements
					Due	Obligations				
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		
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		
04/09	\$60,535,275	\$56,705,808	\$11,864	\$19,758,056	\$139,658	\$58,810	\$70,651,835	\$66,358,200		
05/09	\$60,309,811	\$63,251,789	\$11,335	\$16,827,413	\$136,096	\$39,363	\$69,738,605	\$64,153,313		
06/09	\$60,147,808	\$61,359,814	\$0	\$15,615,407	\$160,098	\$31,887	\$72,758,901	\$63,409,360		
07/09	\$160,062,628	\$141,010,577	\$0	\$34,667,459	\$133,466	\$11,326	\$71,947,891	\$61,020,035		
08/09	\$59,611,450	\$70,257,048	\$159,102	\$24,180,963	\$3,491,236	\$64,880	\$0	\$0		
09/09	\$67,679,543	\$65,788,354	\$0	\$26,072,153	\$193,236	\$60,289	\$71,616,369	\$59,202,051		
10/09	\$67,555,890	\$72,600,802	\$10,751	\$21,037,992	\$154,438	\$41,069	\$72,530,849	\$58,706,735		
11/09	\$69,531,170	\$63,057,765	\$25,333	\$27,536,729	\$133,449	\$40,303	\$71,934,708	\$58,811,054		
12/09	\$68,113,510	\$73,308,820	\$1,942	\$22,343,361	\$196,933	\$41,699	\$74,979,078	\$62,524,180		
2009 Totals	\$856,623,079	\$850,161,288	\$396,084	\$22,343,361	\$5,487,994	\$626,484	\$771,385,318	\$681,069,669		
01/10	\$68,004,203	\$66,801,675	\$0	\$23,545,890	\$133,625	\$35,465	\$71,963,784	\$57,765,318		
02/10	\$68,332,190	\$64,579,286	\$8,036	\$27,306,831	\$90,497	\$30,168	\$75,407,770	\$56,661,260		
03/10	\$67,780,047	\$71,810,872	\$147,368	\$23,423,374	\$168,979	\$36,398	\$75,438,202	\$65,374,685		
2010 Totals	\$204,116,441	\$203,191,833	\$155,404	\$23,423,374	\$393,101	\$102,032	\$222,809,756	\$179,801,264		
7/93 -3/10										
Totals	\$3,902,015,983	\$3,884,825,569	\$6,232,958	\$23,423,374	\$15,058,326	\$26,511,841	\$3,646,966,745	\$3,511,451,303		

MISCELLANEOUS FUND STATISTICS

of FCC 499A forms used to calculate TRS base: 4,613

2009 End user interstate & int'l revenues: \$74,132,147,621

Number of TRS/IP/STS/VRS providers currently receiving reimbursement: 14

**Traditional TRS Interstate Minutes
Fund Requirements For January 1, 2002 Thru June 30, 2011**

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
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
Mar	679,407	295,557	379,244	2	4,604	679,407	\$1,082,839
April	651,965	283,827	362,607	26	5,505	651,965	\$1,039,102
May	648,360	300,261	343,443	3	4,653	648,360	\$1,033,356
June	657,521	289,272	362,105	1	6,143	657,521	\$1,047,957
Jul	673,587	302,637	366,143	0	4,807	673,587	\$1,232,389
Aug	664,477	302,712	357,534	0	4,231	664,477	\$1,216,724
Sep	598,345	259,685	335,465	1	3,194	598,345	\$1,095,630
Oct	632,437	258,394	370,051	0	3,992	632,437	\$1,158,055
Nov	597,817	261,876	329,379	1	6,561	597,817	\$1,094,663
Dec	636,858	283,006	348,332	0	5,520	636,858	\$1,166,151
2009	7,864,662	3,434,767	4,372,670	76	57,149	7,864,662	\$13,436,258
Jan 2010	614,716	263,420	345,188	3	6,105	614,716	\$1,125,606
Feb	557,715	233,919	316,135	0	7,661	557,715	\$1,021,232
Date	Projected Minutes					Total Projected TRS Minutes	Projected Payment Obligations (proj. min *1.8311)
March	548,866					548,866	\$1,005,029
April	540,017					540,017	\$988,825
May	531,168					531,168	\$972,622
June	522,319					522,319	\$956,418
Date	Projected Minutes					Total Projected TRS Minutes	Projected Payment Obligations (proj. min *2.0256)
July 2010	574,915					574,915	\$1,164,548
Aug	566,066					566,066	\$1,146,623
Sept	557,217					557,217	\$1,128,699
Oct	548,368					548,368	\$1,110,774
Nov	539,519					539,519	\$1,092,850
Dec	530,670					530,670	\$1,074,925
Jan 2011	521,821					521,821	\$1,057,001
Feb	512,972					512,972	\$1,039,076
Mar	504,123					504,123	\$1,021,152
Apr	495,274					495,274	\$1,003,227
May	486,425					486,425	\$985,302
June	477,576					477,576	\$967,378
Totals	6,314,946					6,314,946	\$12,791,554.62

**Internet Protocol Minutes
Fund Requirements For April 22, 2003 Thru June 30, 2011**

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
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
Mar	5,701,554	3,973,612	1,727,942	5,701,554	\$7,335,049
Apr	5,440,542	3,905,161	1,535,381	5,440,542	\$6,999,257
May	4,914,734	3,316,264	1,598,470	4,914,734	\$6,322,805
June	5,267,472	3,582,794	1,684,678	5,267,472	\$6,776,603
July	5,581,483	3,845,653	1,735,830	5,581,483	\$7,166,579
Aug	5,589,176	3,925,470	1,663,706	5,589,176	\$7,154,704
Sept	5,337,660	3,683,264	1,654,396	5,337,660	\$6,832,739
Oct	4,975,801	3,286,938	1,688,863	4,975,801	\$6,369,523
Nov	4,171,883	2,775,221	1,396,662	4,171,883	\$5,340,427
Dec	4,233,666	2,710,368	1,523,298	4,233,666	\$5,419,516
2009	62,091,735	42,624,040	19,467,695	62,091,735	\$79,711,446
Jan 2010	4,183,117	2,726,144	1,456,973	4,183,117	\$5,354,808
Feb	4,088,561	2,678,596	1,409,965	4,088,561	\$5,233,767
Date	Projected Minutes		Total Projected IP Minutes	Projected Payment Obligations (proj. min * 1.2801)	
Mar	4,395,632		4,395,632	\$5,626,849	
Apr	4,409,787		4,409,787	\$5,644,968	
May	4,337,007		4,337,007	\$5,551,803	
June	4,467,000		4,467,000	\$5,718,207	
Date	Projected Minutes		Total Projected IP Minutes	Projected Payment Obligations (proj. min * 1.2985)	
July 2010	4,465,080		4,465,080	\$5,797,906	
Aug	4,541,422		4,541,422	\$5,897,037	
Sept	4,361,796		4,361,796	\$5,663,792	
Oct	4,329,404		4,329,404	\$5,621,731	
Nov	4,161,280		4,161,280	\$5,403,422	
Dec	4,274,260		4,274,260	\$5,550,127	
Jan 2010	4,144,479		4,144,479	\$5,381,607	
Feb	4,113,553		4,113,553	\$5,341,449	
Mar	4,417,244		4,417,244	\$5,735,792	
Apr	4,409,950		4,409,950	\$5,726,320	
May	4,332,726		4,332,726	\$5,626,045	
June	4,478,678		4,478,678	\$5,815,563	
Totals	52,029,872		52,029,872	\$67,560,789	

**Speech to Speech Interstate Minutes
Fund Requirements For March 1, 2001 Thru June 30, 2011**

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
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
Mar	11,039	2,641	8,342	0	56	11,039	\$30,079
Apr	8,021	1,522	6,387	0	112	8,021	\$21,856
May	14,086	4,721	9,353	0	12	14,086	\$38,382
June	11,486	2,367	9,063	0	56	11,486	\$31,297
July	12,900	2,460	10,404	0	36	12,900	\$38,211
Aug	10,589	1,757	8,779	1	52	10,589	\$31,366
Sep	9,241	1,147	8,094	0	0	9,241	\$27,373
Oct	10,530	1,500	9,019	0	11	10,530	\$31,191
Nov	10,427	1,526	8,837	0	64	10,427	\$30,886
Dec	11,244	1,681	9,521	0	42	11,244	\$33,306
2,009	131,293	24,665	106,058	1	569	131,293	\$373,155
Jan 2010	13,028	3,469	9,549	0	10	13,028	\$38,590
Feb	11,406	1,971	9,423	0	12	11,406	\$33,786
Date	Projected Minutes					Total Projected STS Minutes	Projected Payment Obligations (proj. min*2.9621)
Mar	11,103					11,103	\$32,888
Apr	11,056					11,056	\$32,749
May	11,009					11,009	\$32,610
June	10,962					10,962	\$32,471
Date	Projected Minutes					Total Projected STS Minutes	Projected Payment Obligations (proj. min*3.1566)
July 2010	10,915					10,915	\$34,454
Aug	10,868					10,868	\$34,306
Sept	10,821					10,821	\$34,158
Oct	10,774					10,774	\$34,009
Nov	10,727					10,727	\$33,861
Dec	10,680					10,680	\$33,712
Jan 2011	10,633					10,633	\$33,564
Feb	10,586					10,586	\$33,416
Mar	10,539					10,539	\$33,267
April	10,492					10,492	\$33,119
May	10,445					10,445	\$32,971
June	10,398					10,398	\$32,822
Totals	127,878					127,878	\$403,660

**Interstate Captioned Telephone Service Minutes Fund Requirements for
March 01, 2008 Thru June 30, 2011**

Date	Actual Reported Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Interstate Alloc. 2-L Inbound Minutes	Disbursements
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
Mar	675,579	478,310	11,204	153,754	0	32,311	\$1,119,367
Apr	649,444	483,054	10,576	123,902	0	31,912	\$1,076,064
May	687,882	498,271	9,037	148,649	0	31,925	\$1,139,752
June	690,894	487,784	9,317	161,476	0	32,317	\$1,144,742
July	697,612	492,761	10,268	161,013	0	33,570	\$1,170,453
Aug	726,824	526,311	9,883	156,676	0	33,954	\$1,219,465
Sept	715,781	511,345	10,384	159,954	0	34,098	\$1,200,937
Oct	759,488	541,712	9,141	172,544	0	36,091	\$1,274,269
Nov	772,197	557,951	9,579	169,740	0	34,927	\$1,295,592
Dec	854,864	621,871	10,139	185,391	0	37,463	\$1,434,291
2009	8,464,344	6,070,579	113,314	1,882,695	0	397,756	\$14,119,181
Jan 2010	833,424	609,444	7,651	182,091		34,238	\$1,398,319
Feb	738,212	533,053	6,270	166,683		32,206	\$1,238,572
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)
Mar 2010	907,355						\$1,522,360
Apr	924,852						\$1,551,717
May	942,349						\$1,581,073
June	959,846						\$1,610,430
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 * 1.6951)
July 2010	977,343						\$1,656,694
Aug	994,840						\$1,686,353
Sept	1,012,337						\$1,716,012
Oct	1,029,834						\$1,745,672
Nov	1,047,331						\$1,775,331
Dec	1,064,828						\$1,804,990
Jan 2011	1,082,325						\$1,834,649
Feb	1,099,822						\$1,864,308
Mar	1,117,319						\$1,893,967
Apr	1,134,816						\$1,923,627
May	1,152,313						\$1,953,286
June	1,169,810						\$1,982,945
Totals	12,882,918						21,837,834

**Internet Protocol Captioned Telephone Service Minutes Fund Requirements for
March 01, 2008 Thru June 30, 2011**

Date	Actual Reported Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Actual Reported Minutes	Disbursements
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
Mar	153,566	126,696	0	26,870	0	153,566	\$254,444
Apr	141,049	116,799	0	24,250	0	141,049	\$233,704
May	147,394	123,714	579	23,101	0	147,394	\$244,217
June	165,365	135,547	3,036	26,782	0	165,365	\$273,990
July	174,788	141,194	6,790	26,804	0	174,788	\$293,259
Aug	187,839	153,781	5,587	28,471	0	187,839	\$315,156
Sept	210,209	177,687	3,178	29,344	0	210,209	\$352,689
Oct	261,098	220,789	4,887	35,422	0	261,098	\$438,070
Nov	355,377	310,316	6,456	38,605	0	355,377	\$596,252
Dec	419,781	366,676	9,877	43,228	0	419,781	\$704,309
2009	2,413,506	2,037,589	40,390	335,527	0	2,413,506	\$4,032,565
Jan 2010	515,898	455,942	12,894	47,062	0	515,898	\$865,574
Feb	556,923	494,030	12,919	49,974	0	556,923	\$934,405
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Projected Minutes	Projected Payment Obligations (proj. min * 1.6778)
Mar 2010	608,815						\$1,021,470
Apr	659,628						\$1,106,724
May	710,441						\$1,191,978
June	761,254						\$1,277,232
Date	Projected Minutes	Interstate Minutes	International Minutes	Interstate Alloc. Toll free Minutes	Interstate Alloc. 900 Minutes	Projected Minutes	Projected Payment Obligations (proj. min * 1.6951)
July 2010	775,472						\$1,314,503
Aug	826,285						\$1,400,636
Sept	877,098						\$1,486,769
Oct	927,911						\$1,572,902
Nov	978,724						\$1,659,035
Dec	1,029,537						\$1,745,168
Jan 2011	1,080,350						\$1,831,301
Feb	1,131,163						\$1,917,434
Mar	1,181,976						\$2,003,568
Apr	1,232,789						\$2,089,701
May	1,283,602						\$2,175,834
June	1,334,415						\$2,261,967
Totals	12,659,322						\$21,458,817

Video Relay Service Minutes

Exhibit 3-7 a

Fund Requirements For January 2002 Thru June 30, 2011

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
2008	88,064,970							\$563,177,364
Jan 2009	8,766,660							\$55,507,187
Feb	8,204,242							\$51,973,927
Mar	8,930,681							\$56,536,423
Apr	8,647,791							\$54,783,330
May	8,625,203							\$54,630,848
June	8,174,094							\$51,745,446
July	7,831,512							\$49,301,159
Aug	7,744,160							\$48,769,320
Sept	7,831,011							\$49,301,687
Oct	8,468,606							\$53,253,072
Nov	7,853,287							\$49,407,499
Dec	7,631,844							\$47,903,688
2009	98,709,091							\$623,113,586
Jan 2010	8,398,562							\$52,791,788
Feb	7,899,732							\$49,673,240
	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	
Mar	8,819,679	370,427	1,887,411	6,561,841	\$ 2,482,784	\$ 12,145,869	\$ 40,927,514	\$ 55,556,167
April	8,583,332	360,500	1,836,833	6,385,999	\$ 2,416,251	\$ 11,820,388	\$ 39,830,753	\$ 54,067,391
May	8,919,207	374,607	1,908,710	6,635,890	\$ 2,510,801	\$ 12,282,933	\$ 41,389,375	\$ 56,183,109
June	8,679,650	364,545	1,857,445	6,457,660	\$ 2,443,365	\$ 11,953,031	\$ 40,277,714	\$ 54,674,110
	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
					\$5.7754	\$6.0318	\$3.8963	
July 2010	7,961,569	327,787	1,454,526	6,179,256	\$ 1,893,102	\$ 8,773,410	\$ 24,076,235	\$ 34,742,747
Aug	7,930,333	339,596	1,476,594	6,114,143	\$ 1,961,302	\$ 8,906,520	\$ 23,822,535	\$ 34,690,357
Sept	8,076,298	352,895	1,473,823	6,249,580	\$ 2,038,109	\$ 8,889,806	\$ 24,350,239	\$ 35,278,153
Oct	8,531,126	349,963	1,498,652	6,682,511	\$ 2,021,178	\$ 9,039,569	\$ 26,037,068	\$ 37,097,814
Nov	8,032,057	367,441	1,496,834	6,167,782	\$ 2,122,121	\$ 9,028,603	\$ 24,031,529	\$ 35,182,253
Dec	8,373,973	365,088	1,505,152	6,503,733	\$ 2,108,527	\$ 9,078,776	\$ 25,340,495	\$ 36,527,798
Jan 2011	8,450,721	373,825	1,485,540	6,591,356	\$ 2,158,987	\$ 8,960,480	\$ 25,681,900	\$ 36,801,368
Feb	7,850,159	390,218	1,457,937	6,002,004	\$ 2,253,665	\$ 8,793,984	\$ 23,385,608	\$ 34,433,257
Mar	8,397,118	387,755	1,511,752	6,497,611	\$ 2,239,438	\$ 9,118,586	\$ 25,316,642	\$ 36,674,666
April	8,095,086	390,506	1,512,218	6,192,362	\$ 2,255,329	\$ 9,121,397	\$ 24,127,300	\$ 35,504,026
May	8,197,086	389,135	1,543,852	6,264,099	\$ 2,247,412	\$ 9,312,206	\$ 24,406,809	\$ 35,966,428
June	8,261,456	390,617	1,542,984	6,327,855	\$ 2,255,968	\$ 9,306,971	\$ 24,655,221	\$ 36,218,160
Totals	98,156,982	4,424,826	17,959,864	75,772,292	\$ 25,555,138	\$ 108,330,308	\$ 295,231,581	\$ 429,117,027

Video Relay Service Minutes

Exhibit 3-7 b

Fund Requirements For January 2002 Thru June 30, 2011

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
2008	88,064,970							\$563,177,364
Jan 2009	8,766,660							\$55,507,187
Feb	8,204,242							\$51,973,927
Mar	8,930,681							\$56,536,423
Apr	8,647,791							\$54,783,330
May	8,625,203							\$54,630,848
June	8,174,094							\$51,745,446
July	7,831,512							\$49,301,159
Aug	7,744,160							\$48,769,320
Sept	7,831,011							\$49,301,687
Oct	8,468,606							\$53,253,072
Nov	7,853,287							\$49,407,499
Dec	7,631,844							\$47,903,688
2009	98,709,091							\$623,113,586
Jan 2010	8,398,562							\$52,791,788
Feb	7,899,732							\$49,673,240
	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	
Mar	8,819,679	370,427	1,887,411	6,561,841	\$ 2,482,784	\$ 12,145,869	\$ 40,927,514	\$ 55,556,167
April	8,583,332	360,500	1,836,833	6,385,999	\$ 2,416,251	\$ 11,820,388	\$ 39,830,753	\$ 54,067,391
May	8,919,207	374,607	1,908,710	6,635,890	\$ 2,510,801	\$ 12,282,933	\$ 41,389,375	\$ 56,183,109
June	8,679,650	364,545	1,857,445	6,457,660	\$ 2,443,365	\$ 11,953,031	\$ 40,277,714	\$ 54,674,110
	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
					\$4,1447	\$3,9797	\$3,8575	
July 2010	7,961,569	327,787	1,454,526	6,179,256	\$ 1,358,579	\$ 5,788,577	\$ 23,836,480	\$ 30,983,637
Aug	7,930,333	339,596	1,476,594	6,114,143	\$ 1,407,523	\$ 5,876,401	\$ 23,585,307	\$ 30,869,231
Sept	8,076,298	352,895	1,473,823	6,249,580	\$ 1,462,643	\$ 5,865,373	\$ 24,107,755	\$ 31,435,772
Oct	8,531,126	349,963	1,498,652	6,682,511	\$ 1,450,493	\$ 5,964,185	\$ 25,777,786	\$ 33,192,464
Nov	8,032,057	367,441	1,496,834	6,167,782	\$ 1,522,934	\$ 5,956,950	\$ 23,792,219	\$ 31,272,103
Dec	8,373,973	365,088	1,505,152	6,503,733	\$ 1,513,179	\$ 5,990,053	\$ 25,088,150	\$ 32,591,382
Jan 2011	8,450,721	373,825	1,485,540	6,591,356	\$ 1,549,391	\$ 5,912,004	\$ 25,426,156	\$ 32,887,551
Feb	7,850,159	390,218	1,457,937	6,002,004	\$ 1,617,336	\$ 5,802,152	\$ 23,152,730	\$ 30,572,219
Mar	8,397,118	387,755	1,511,752	6,497,611	\$ 1,607,127	\$ 6,016,319	\$ 25,064,534	\$ 32,687,981
April	8,095,086	390,506	1,512,218	6,192,362	\$ 1,618,531	\$ 6,018,174	\$ 23,887,036	\$ 31,523,741
May	8,197,086	389,135	1,543,852	6,264,099	\$ 1,612,849	\$ 6,144,068	\$ 24,163,762	\$ 31,920,679
June	8,261,456	390,617	1,542,984	6,327,855	\$ 1,618,989	\$ 6,140,613	\$ 24,409,701	\$ 32,169,303
Totals	98,156,982	4,424,826	17,959,864	75,772,292	\$ 18,339,575	\$ 71,474,871	\$ 292,291,616	\$ 382,106,062

Video Relay Service Minutes

Exhibit 3-7 c

Fund Requirements For January 2002 Thru June 30, 2011

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
2008	88,064,970							\$563,177,364
Jan 2009	8,766,660							\$55,507,187
Feb	8,204,242							\$51,973,927
Mar	8,930,681							\$56,536,423
Apr	8,647,791							\$54,783,330
May	8,625,203							\$54,630,848
June	8,174,094							\$51,745,446
July	7,831,512							\$49,301,159
Aug	7,744,160							\$48,769,320
Sept	7,831,011							\$49,301,687
Oct	8,468,606							\$53,253,072
Nov	7,853,287							\$49,407,499
Dec	7,631,844							\$47,903,688
2009	98,709,091							\$623,113,586
Jan 2010	8,398,562							\$52,791,788
Feb	7,899,732							\$49,673,240
	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	
Mar	8,819,679	370,427	1,887,411	6,561,841	\$ 2,482,784	\$ 12,145,869	\$ 40,927,514	\$ 55,556,167
April	8,583,332	360,500	1,836,833	6,385,999	\$ 2,416,251	\$ 11,820,388	\$ 39,830,753	\$ 54,067,391
May	8,919,207	374,607	1,908,710	6,635,890	\$ 2,510,801	\$ 12,282,933	\$ 41,389,375	\$ 56,183,109
June	8,679,650	364,545	1,857,445	6,457,660	\$ 2,443,365	\$ 11,953,031	\$ 40,277,714	\$ 54,674,110
	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
					\$6.0854	\$5.8430	\$5.6635	
July 2010	7,961,569	327,787	1,454,526	6,179,256	\$ 1,994,716	\$ 8,498,795	\$ 34,996,216	\$ 45,489,728
Aug	7,930,333	339,596	1,476,594	6,114,143	\$ 2,066,577	\$ 8,627,739	\$ 34,627,449	\$ 45,321,764
Sept	8,076,298	352,895	1,473,823	6,249,580	\$ 2,147,506	\$ 8,611,548	\$ 35,394,496	\$ 46,153,550
Oct	8,531,126	349,963	1,498,652	6,682,511	\$ 2,129,666	\$ 8,756,624	\$ 37,846,401	\$ 48,732,691
Nov	8,032,057	367,441	1,496,834	6,167,782	\$ 2,236,027	\$ 8,746,001	\$ 34,931,233	\$ 45,913,262
Dec	8,373,973	365,088	1,505,152	6,503,733	\$ 2,221,704	\$ 8,794,603	\$ 36,833,892	\$ 47,850,199
Jan 2011	8,450,721	373,825	1,485,540	6,591,356	\$ 2,274,873	\$ 8,680,010	\$ 37,330,145	\$ 48,285,028
Feb	7,850,159	390,218	1,457,937	6,002,004	\$ 2,374,632	\$ 8,518,726	\$ 33,992,350	\$ 44,885,708
Mar	8,397,118	387,755	1,511,752	6,497,611	\$ 2,359,642	\$ 8,833,167	\$ 36,799,220	\$ 47,992,029
April	8,095,086	390,506	1,512,218	6,192,362	\$ 2,376,386	\$ 8,835,890	\$ 35,070,442	\$ 46,282,718
May	8,197,086	389,135	1,543,852	6,264,099	\$ 2,368,044	\$ 9,020,727	\$ 35,476,725	\$ 46,865,496
June	8,261,456	390,617	1,542,984	6,327,855	\$ 2,377,059	\$ 9,015,656	\$ 35,837,807	\$ 47,230,521
Totals	98,156,982	4,424,826	17,959,864	75,772,292	\$ 26,926,834	\$ 104,939,485	\$ 429,136,376	\$ 561,002,695

Video Relay Service Minutes

Exhibit 3-7 d

Fund Requirements For January 2002 Thru June 30, 2011

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
2008	88,064,970							\$563,177,364
Jan 2009	8,766,660							\$55,507,187
Feb	8,204,242							\$51,973,927
Mar	8,930,681							\$56,536,423
Apr	8,647,791							\$54,783,330
May	8,625,203							\$54,630,848
June	8,174,094							\$51,745,446
July	7,831,512							\$49,301,159
Aug	7,744,160							\$48,769,320
Sept	7,831,011							\$49,301,687
Oct	8,468,606							\$53,253,072
Nov	7,853,287							\$49,407,499
Dec	7,631,844							\$47,903,688
2009	98,709,091							\$623,113,586
Jan 2010	8,398,562							\$52,791,788
Feb	7,899,732							\$49,673,240
	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	
Mar	8,819,679	370,427	1,887,411	6,561,841	\$ 2,482,784	\$ 12,145,869	\$ 40,927,514	\$ 55,556,167
April	8,583,332	360,500	1,836,833	6,385,999	\$ 2,416,251	\$ 11,820,388	\$ 39,830,753	\$ 54,067,391
May	8,919,207	374,607	1,908,710	6,635,890	\$ 2,510,801	\$ 12,282,933	\$ 41,389,375	\$ 56,183,109
June	8,679,650	364,545	1,857,445	6,457,660	\$ 2,443,365	\$ 11,953,031	\$ 40,277,714	\$ 54,674,110
	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
					\$5.7826	\$6.1758	\$5.7204	
July 2010	7,961,569	327,787	1,454,526	6,179,256	\$ 1,895,462	\$ 8,982,862	\$ 35,347,816	\$ 46,226,140
Aug	7,930,333	339,596	1,476,594	6,114,143	\$ 1,963,747	\$ 9,119,149	\$ 34,975,344	\$ 46,058,240
Sept	8,076,298	352,895	1,473,823	6,249,580	\$ 2,040,650	\$ 9,102,036	\$ 35,750,097	\$ 46,892,783
Oct	8,531,126	349,963	1,498,652	6,682,511	\$ 2,023,697	\$ 9,255,375	\$ 38,226,636	\$ 49,505,708
Nov	8,032,057	367,441	1,496,834	6,167,782	\$ 2,124,766	\$ 9,244,147	\$ 35,282,180	\$ 46,651,094
Dec	8,373,973	365,088	1,505,152	6,503,733	\$ 2,111,156	\$ 9,295,518	\$ 37,203,954	\$ 48,610,628
Jan 2011	8,450,721	373,825	1,485,540	6,591,356	\$ 2,161,679	\$ 9,174,398	\$ 37,705,193	\$ 49,041,269
Feb	7,850,159	390,218	1,457,937	6,002,004	\$ 2,256,474	\$ 9,003,927	\$ 34,333,864	\$ 45,594,265
Mar	8,397,118	387,755	1,511,752	6,497,611	\$ 2,242,230	\$ 9,336,278	\$ 37,168,934	\$ 48,747,442
April	8,095,086	390,506	1,512,218	6,192,362	\$ 2,258,141	\$ 9,339,156	\$ 35,422,788	\$ 47,020,084
May	8,197,086	389,135	1,543,852	6,264,099	\$ 2,250,214	\$ 9,534,521	\$ 35,833,152	\$ 47,617,887
June	8,261,456	390,617	1,542,984	6,327,855	\$ 2,258,780	\$ 9,529,161	\$ 36,197,862	\$ 47,985,802
Totals	98,156,982	4,424,826	17,959,864	75,772,292	\$ 25,586,996	\$ 110,916,528	\$ 433,447,819	\$ 569,951,344

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8a
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	148,678,356	105,174,906	1	105,174,906	1	10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	47,689,284	1 76,432,095	1 0	76,432,095	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	47,689,284	1 62,060,690	1 0	62,060,690	1 283,667	1 10,417	1 56,194,244	1 56,194,244
10/10	47,689,284	1 54,874,987	1 0	54,874,987	1 283,667	1 10,417	1 56,223,195	1 56,223,195
11/10	47,689,284	1 51,282,135	1 0	51,282,135	1 283,667	1 10,417	1 56,922,213	1 56,922,213
12/10	47,689,284	1 49,485,710	1 0	49,485,710	1 283,667	1 10,417	1 59,590,796	1 59,590,796
2010 Totals	792,653,244	765,445,973	155,404	49,485,710	4,147,476	414,532	780,896,326	724,805,911
01/11	47,689,284	1 48,587,497	1 0	48,587,497	1 283,667	1 10,417	1 56,615,593	1 56,615,593
02/11	47,689,284	1 48,138,390	1 0	48,138,390	1 283,667	1 10,417	1 58,819,550	1 58,819,550
03/11	47,689,284	1 47,913,837	1 0	47,913,837	1 283,667	1 10,417	1 59,179,391	1 59,179,391
04/11	47,689,284	1 47,801,561	1 0	47,801,561	1 283,667	1 10,417	1 55,789,949	1 55,789,949
05/11	47,689,284	1 47,745,422	1 0	47,745,422	1 283,667	1 10,417	1 59,435,188	1 59,435,188
06/11	47,689,284	1 47,717,353	1 0	47,717,353	1 283,667	1 10,417	1 57,796,077	1 57,796,077
07/11			0				58,391,325	1 58,391,325
08/11			0				59,046,477	1 59,046,477
2011 Totals	286,135,704	287,904,061	0	0	1,702,000	62,500	465,073,550	465,073,550
Totals	\$4,776,468,163	\$4,734,983,770	\$6,232,960	\$49,485,710	\$20,514,704	\$26,887,436	\$4,670,126,880	\$4,521,529,501

Fund Balance Calculation	
Total Fund	\$4,776,468,163
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,521,529,501)
Fund Balance	\$261,311,395

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$5.7826 per minute for first 50,000 monthly VRS minutes, \$6.1758 per minute between 50,001 and 500,000 monthly VRS minutes and \$5.7204 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8b
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	114,984,884	88,328,170	1	88,328,170	1	10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	36,881,944	1	0	62,605,057	1	10,417	64,268,867	64,268,867
09/10	36,881,944	1	0	49,743,501	1	10,417	44,710,852	44,710,852
10/10	36,881,944	1	0	43,312,722	1	10,417	44,855,312	44,855,312
11/10	36,881,944	1	0	40,097,333	1	10,417	45,307,582	45,307,582
12/10	36,881,944	1	0	38,489,639	1	10,417	47,182,902	47,182,902
2010 Totals	704,923,072	688,711,873	155,404	38,489,639	4,147,476	414,532	734,022,527	677,932,111
01/11	36,881,944	1	0	37,685,791	1	10,417	45,146,752	45,146,752
02/11	36,881,944	1	0	37,283,868	1	10,417	46,736,721	46,736,721
03/11	36,881,944	1	0	37,082,906	1	10,417	46,939,489	46,939,489
04/11	36,881,944	1	0	36,982,425	1	10,417	44,628,941	44,628,941
05/11	36,881,944	1	0	36,932,184	1	10,417	47,362,412	47,362,412
06/11	36,881,944	1	0	36,907,064	1	10,417	46,280,019	46,280,019
07/11			0				46,739,866	46,739,866
08/11			0				47,278,835	47,278,835
2011 Totals	221,291,664	222,874,238	0	0	1,702,000	62,500	371,113,033	371,113,033
Totals	\$4,623,893,951	\$4,593,219,847	\$6,232,960	\$38,489,639	\$20,514,704	\$26,887,436	\$4,529,292,563	\$4,380,695,184
(July 1993 thru June 2011)								

Fund Balance Calculation	
Total Fund	\$4,623,893,951
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,380,695,184)
Fund Balance	\$249,571,499

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$5.7754 per minute for first 50,000 monthly VRS minutes, \$6.0318 per minute between 50,001 and 500,000 monthly VRS minutes and \$3.8963 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	106,957,032	84,314,244	1	84,314,244	1	10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8c
Page 2 of 2

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	34,306,973	1 59,310,608	1 0	59,310,608	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	34,306,973	1 46,808,790	1 0	46,808,790	1 283,667	1 10,417	1 56,194,244	1 56,194,244
10/10	34,306,973	1 40,557,881	1 0	40,557,881	1 283,667	1 10,417	1 56,223,195	1 56,223,195
11/10	34,306,973	1 37,432,427	1 0	37,432,427	1 283,667	1 10,417	1 56,922,213	1 56,922,213
12/10	34,306,973	1 35,869,700	1 0	35,869,700	1 283,667	1 10,417	1 59,590,796	1 59,590,796
2010 Totals	684,020,362	670,429,101	155,404	35,869,700	4,147,476	414,532	780,896,326	724,805,911
01/11	34,306,973	1 35,088,336	1 0	35,088,336	1 283,667	1 10,417	1 56,615,593	1 56,615,593
02/11	34,306,973	1 34,697,654	1 0	34,697,654	1 283,667	1 10,417	1 58,819,550	1 58,819,550
03/11	34,306,973	1 34,502,313	1 0	34,502,313	1 283,667	1 10,417	1 59,179,391	1 59,179,391
04/11	34,306,973	1 34,404,643	1 0	34,404,643	1 283,667	1 10,417	1 55,789,949	1 55,789,949
05/11	34,306,973	1 34,355,808	1 0	34,355,808	1 283,667	1 10,417	1 59,435,188	1 59,435,188
06/11	34,306,973	1 34,331,390	1 0	34,331,390	1 283,667	1 10,417	1 57,796,077	1 57,796,077
07/11			0				58,391,325	1 58,391,325
08/11			0				59,046,477	1 59,046,477
2011 Totals	205,841,835	207,380,145	0	0	1,702,000	62,500	465,073,550	465,073,550
Totals	\$4,587,541,413	\$4,559,442,983	\$6,232,960	\$35,869,700	\$20,514,704	\$26,887,436	\$4,670,126,880	\$4,521,529,501

Fund Balance Calculation	
Total Fund	\$4,587,541,413
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,521,529,501)
Fund Balance	\$72,384,644

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$5.7826 per minute for first 50,000 monthly VRS minutes, \$6.1758 per minute between 50,001 and 500,000 monthly VRS minutes and \$5.7204 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8d
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	45,118,394	*	45,118,394	684,125	*	71,216,925	58,135,002
05/10	67,189,144	56,153,769	*	56,153,769	684,125	*	64,764,762	64,764,762
06/10	67,189,144	61,671,456	*	61,671,456	684,125	*	63,392,374	63,392,374
07/10	73,263,560	67,467,508	1	67,467,508	283,667	1	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8d
 Page 2 of 2

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	23,499,633	1 45,483,570	1 0	45,483,570	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	23,499,633	1 34,491,601	1 0	34,491,601	1 283,667	1 10,417	1 44,710,852	1 44,710,852
10/10	23,499,633	1 28,995,617	1 0	28,995,617	1 283,667	1 10,417	1 44,855,312	1 44,855,312
11/10	23,499,633	1 26,247,625	1 0	26,247,625	1 283,667	1 10,417	1 45,307,582	1 45,307,582
12/10	23,499,633	1 24,873,629	1 0	24,873,629	1 283,667	1 10,417	1 47,182,902	1 47,182,902
2010 Totals	596,290,191	593,695,001	155,404	24,873,629	4,147,476	414,532	734,022,527	677,932,111
01/11	23,499,633	1 24,186,631	1 0	24,186,631	1 283,667	1 10,417	1 45,146,752	1 45,146,752
02/11	23,499,633	1 23,843,132	1 0	23,843,132	1 283,667	1 10,417	1 46,736,721	1 46,736,721
03/11	23,499,633	1 23,671,382	1 0	23,671,382	1 283,667	1 10,417	1 46,939,489	1 46,939,489
04/11	23,499,633	1 23,585,507	1 0	23,585,507	1 283,667	1 10,417	1 44,628,941	1 44,628,941
05/11	23,499,633	1 23,542,570	1 0	23,542,570	1 283,667	1 10,417	1 47,362,412	1 47,362,412
06/11	23,499,633	1 23,521,101	1 0	23,521,101	1 283,667	1 10,417	1 46,280,019	1 46,280,019
07/11			0				46,739,866	1 46,739,866
08/11			0				47,278,835	1 47,278,835
2011 Totals	140,997,795	142,350,323	0	0	1,702,000	62,500	371,113,033	371,113,033
Totals	\$4,434,967,201	\$4,417,679,060	\$6,232,960	\$24,873,629	\$20,514,704	\$26,887,436	\$4,529,292,563	\$4,380,695,184

Fund Balance Calculation	
Total Fund	\$4,434,967,201
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,380,695,184)
Fund Balance	\$60,644,749

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$5.7754 per minute for first 50,000 monthly VRS minutes, \$6.0318 per minute between 50,001 and 500,000 monthly VRS minutes and \$3.8963 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8e
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	146,536,744	104,104,100	1 0	104,104,100	1 283,667	1 10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	47,002,352	1 75,553,226	1 0	75,553,226	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	47,002,352	1 61,277,789	1 0	61,277,789	1 283,667	1 10,417	1 55,457,832	1 55,457,832
10/10	47,002,352	1 54,140,071	1 0	54,140,071	1 283,667	1 10,417	1 55,486,719	1 55,486,719
11/10	47,002,352	1 50,571,211	1 0	50,571,211	1 283,667	1 10,417	1 56,182,980	1 56,182,980
12/10	47,002,352	1 48,786,782	1 0	48,786,782	1 283,667	1 10,417	1 58,817,779	1 58,817,779
2010 Totals	787,076,972	760,568,629	155,404	48,786,782	4,147,476	414,532	777,911,189	721,820,773
01/11	47,002,352	1 47,894,567	1 0	47,894,567	1 283,667	1 10,417	1 55,877,761	1 55,877,761
02/11	47,002,352	1 47,448,459	1 0	47,448,459	1 283,667	1 10,417	1 58,059,122	1 58,059,122
03/11	47,002,352	1 47,225,406	1 0	47,225,406	1 283,667	1 10,417	1 58,423,149	1 58,423,149
04/11	47,002,352	1 47,113,879	1 0	47,113,879	1 283,667	1 10,417	1 55,081,391	1 55,081,391
05/11	47,002,352	1 47,058,115	1 0	47,058,115	1 283,667	1 10,417	1 58,679,775	1 58,679,775
06/11	47,002,352	1 47,030,234	1 0	47,030,234	1 283,667	1 10,417	1 57,058,711	1 57,058,711
07/11			0				57,638,934	1 57,638,934
08/11			0				58,291,196	1 58,291,196
2011 Totals	282,014,112	283,770,660	0	0	1,702,000	62,500	459,110,039	459,110,039
Totals	\$4,766,770,299	\$4,725,973,026	\$6,232,960	\$48,786,782	\$20,514,704	\$26,887,436	\$4,661,178,231	\$4,512,580,852

Fund Balance Calculation	
Total Fund	\$4,766,770,299
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,512,580,852)
Fund Balance	\$260,562,179

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPCTV minute, and a tiered rate of \$6.0854 per minute for first 50,000 monthly VRS minutes, \$5.8430 per minute between 50,001 and 500,000 monthly VRS minutes and \$5.6635 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8f
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	63,392,374
07/10	103,738,879	82,705,167	0	82,705,167	1 283,667	1 10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	33,274,735	1 57,989,951	1 0	57,989,951	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	33,274,735	1 45,632,343	1 0	45,632,343	1 283,667	1 10,417	1 40,951,741	1 40,951,741
10/10	33,274,735	1 39,453,539	1 0	39,453,539	1 283,667	1 10,417	1 41,034,186	1 41,034,186
11/10	33,274,735	1 36,364,137	1 0	36,364,137	1 283,667	1 10,417	1 41,465,201	1 41,465,201
12/10	33,274,735	1 34,819,436	1 0	34,819,436	1 283,667	1 10,417	1 43,277,552	1 43,277,552
2010 Totals	675,641,020	663,100,024	155,404	34,819,436	4,147,476	414,532	718,694,558	662,604,142
01/11	33,274,735	1 34,047,085	1 0	34,047,085	1 283,667	1 10,417	1 41,236,602	1 41,236,602
02/11	33,274,735	1 33,660,910	1 0	33,660,910	1 283,667	1 10,417	1 42,800,305	1 42,800,305
03/11	33,274,735	1 33,467,822	1 0	33,467,822	1 283,667	1 10,417	1 43,025,672	1 43,025,672
04/11	33,274,735	1 33,371,279	1 0	33,371,279	1 283,667	1 10,417	1 40,767,902	1 40,767,902
05/11	33,274,735	1 33,323,007	1 0	33,323,007	1 283,667	1 10,417	1 43,375,726	1 43,375,726
06/11	33,274,735	1 33,298,871	1 0	33,298,871	1 283,667	1 10,417	1 42,299,734	1 42,299,734
07/11			0				42,694,117	1 42,694,117
08/11			0				43,229,978	1 43,229,978
2011 Totals	199,648,408	201,168,973	0	0	1,702,000	62,500	339,430,036	339,430,036
Totals	\$4,572,968,644	\$4,545,902,733	\$6,232,960	\$34,819,436	\$20,514,704	\$26,887,436	\$4,482,281,598	\$4,333,684,219

Fund Balance Calculation	
Total Fund	\$4,572,968,644
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,333,684,219)
Fund Balance	\$245,657,157

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$4.1447 per minute for first 50,000 monthly VRS minutes, \$3.9797 per minute between 50,001 and 500,000 monthly VRS minutes and \$3.8575 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8g
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	104,815,419	83,243,438	1	83,243,438	1	10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	33,620,040	1 58,431,739	1 0	58,431,739	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	33,620,040	1 46,025,890	1 0	46,025,890	1 283,667	1 10,417	1 55,457,832	1 55,457,832
10/10	33,620,040	1 39,822,965	1 0	39,822,965	1 283,667	1 10,417	1 55,486,719	1 55,486,719
11/10	33,620,040	1 36,721,503	1 0	36,721,503	1 283,667	1 10,417	1 56,182,980	1 56,182,980
12/10	33,620,040	1 35,170,771	1 0	35,170,771	1 283,667	1 10,417	1 58,817,779	1 58,817,779
2010 Totals	678,444,088	665,551,756	155,404	35,170,771	4,147,476	414,532	777,911,189	721,820,773
01/11	33,620,040	1 34,395,406	1 0	34,395,406	1 283,667	1 10,417	1 55,877,761	1 55,877,761
02/11	33,620,040	1 34,007,723	1 0	34,007,723	1 283,667	1 10,417	1 58,059,122	1 58,059,122
03/11	33,620,040	1 33,813,882	1 0	33,813,882	1 283,667	1 10,417	1 58,423,149	1 58,423,149
04/11	33,620,040	1 33,716,961	1 0	33,716,961	1 283,667	1 10,417	1 55,081,391	1 55,081,391
05/11	33,620,040	1 33,668,501	1 0	33,668,501	1 283,667	1 10,417	1 58,679,775	1 58,679,775
06/11	33,620,040	1 33,644,270	1 0	33,644,270	1 283,667	1 10,417	1 57,058,711	1 57,058,711
07/11			0				57,638,934	1 57,638,934
08/11			0				58,291,196	1 58,291,196
2011 Totals	201,720,241	203,246,742	0	0	1,702,000	62,500	459,110,039	459,110,039
Totals	\$4,577,843,545	\$4,550,432,234	\$6,232,960	\$35,170,771	\$20,514,704	\$26,887,436	\$4,661,178,231	\$4,512,580,852

Fund Balance Calculation	
Total Fund	\$4,577,843,545
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,512,580,852)
Fund Balance	\$71,635,425

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$6.0854 per minute for first 50,000 monthly VRS minutes, \$5.8430 per minute between 50,001 and 500,000 monthly VRS minutes and \$5.6635 per minute for monthly minutes above 500,000.

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8h
 Page 1 of 2

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
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	60,523,411	56,705,808	11,864	19,746,193	139,658	58,810	70,651,835	66,358,200
05/09	60,298,476	63,251,789	11,335	16,804,215	136,096	39,363	69,738,605	64,153,313
06/09	60,147,808	61,359,814	0	15,592,209	160,098	31,887	72,758,901	63,409,360
07/09	160,062,628	141,010,577	0	34,644,261	133,466	11,326	71,947,891	61,020,035
08/09	59,452,348	70,257,048	159,102	23,998,663	3,491,236	64,880	0	0
09/09	67,679,543	65,788,354	0	25,889,852	193,236	60,289	71,616,369	59,202,051
10/09	67,545,139	72,600,802	10,751	20,844,940	154,438	41,069	72,530,849	58,706,735
11/09	69,505,837	63,057,765	25,333	27,318,345	133,449	40,303	71,934,708	58,811,054
12/09	68,111,568	73,308,820	1,942	22,123,035	196,933	41,699	74,979,078	62,524,180
2009 Totals	856,402,752	850,161,288	396,084	22,123,035	5,487,994	626,483	771,385,318	681,069,669
01/10	68,004,203	66,801,675	0	23,325,564	133,625	35,465	71,963,784	57,765,318
02/10	68,324,154	64,579,286	8,036	27,078,468	90,497	30,168	75,407,770	56,661,260
03/10	67,632,679	71,810,872	147,368	23,047,643	168,979	36,398	75,438,202	65,374,685
04/10	67,189,144	* 45,118,394	* 0	45,118,394	* 684,125	* 83,333	* 71,216,925	* 58,135,002
05/10	67,189,144	* 56,153,769	* 0	56,153,769	* 684,125	* 83,333	* 64,764,762	* 64,764,762
06/10	67,189,144	* 61,671,456	* 0	61,671,456	* 684,125	* 83,333	* 63,392,374	* 63,392,374
07/10	62,017,555	61,844,506	1	61,844,506	1	10,417	65,513,194	65,513,194

TRS FUND PERFORMANCE AND PROJECTIONS
(January 2002 thru June 30, 2011)

Exhibit 3-8h
 Page 2 of 2

	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
08/10	19,892,423	1 40,868,464	1 0	40,868,464	1 283,667	1 10,417	1 64,268,867	* 64,268,867
09/10	19,892,423	1 30,380,444	1 0	30,380,444	1 283,667	1 10,417	1 40,951,741	1 40,951,741
10/10	19,892,423	1 25,136,433	1 0	25,136,433	1 283,667	1 10,417	1 41,034,186	1 41,034,186
11/10	19,892,423	1 22,514,428	1 0	22,514,428	1 283,667	1 10,417	1 41,465,201	1 41,465,201
12/10	19,892,423	1 21,203,426	1 0	21,203,426	1 283,667	1 10,417	1 43,277,552	1 43,277,552
2010 Totals	567,008,138	568,083,151	155,404	21,203,426	4,147,476	414,532	718,694,558	662,604,142
01/11	19,892,423	1 20,547,924	1 0	20,547,924	1 283,667	1 10,417	1 41,236,602	1 41,236,602
02/11	19,892,423	1 20,220,174	1 0	20,220,174	1 283,667	1 10,417	1 42,800,305	1 42,800,305
03/11	19,892,423	1 20,056,298	1 0	20,056,298	1 283,667	1 10,417	1 43,025,672	1 43,025,672
04/11	19,892,423	1 19,974,361	1 0	19,974,361	1 283,667	1 10,417	1 40,767,902	1 40,767,902
05/11	19,892,423	1 19,933,392	1 0	19,933,392	1 283,667	1 10,417	1 43,375,726	1 43,375,726
06/11	19,892,423	1 19,912,907	1 0	19,912,907	1 283,667	1 10,417	1 42,299,734	1 42,299,734
07/11			0				42,694,117	1 42,694,117
08/11			0				43,229,978	1 43,229,978
2011 Totals	119,354,538	120,645,056	0	0	1,702,000	62,500	339,430,036	339,430,036
Totals	\$4,384,041,891	\$4,370,361,944	\$6,232,960	\$21,203,426	\$20,514,704	\$26,887,436	\$4,482,281,598	\$4,333,684,219

Fund Balance Calculation	
Total Fund	\$4,384,041,891
NECA Expenses	(\$20,514,704)
Interest Income	\$26,887,436
Payments	(\$4,333,684,219)
Fund Balance	\$56,730,404

* Projected at current rates

1 Projected payment obligation/disbursement estimates for July 2010 through June 2011 calculated using \$2.0256 per interstate traditional TRS minute, \$1.2985 per intrastate and interstate IP minute, \$3.1566 per interstate STS minute, \$1.6951 per interstate CTV minute, \$1.6951 per intrastate and interstate IPTV minute, and a tiered rate of \$4.1447 per minute for first 50,000 monthly VRS minutes, \$3.9797 per minute between 50,001 and 500,000 monthly VRS minutes and \$3.8575 per minute for monthly minutes above 500,000.

DETAILED ADMINISTRATOR EXPENSES
(JULY 2009 TO JUNE 2010)

(000's)

CODE	Actual												Projection			
	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-09	Jun-09	Jun-10	Jun-10	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
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
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
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
COST ALLOCATION	73.2	126.1	55.1	63.8	41.6	54.3	43.7	35.9	53.4	65.8	65.8	65.8	65.8	65.8	65.8	744.4
COST ALLOCATION	73.2	126.1	55.1	63.8	41.6	54.3	43.7	35.9	53.4	65.8	65.8	65.8	65.8	65.8	65.8	744.4
TOTAL EXPENSES	133.5	182.4	98.5	122.9	101.9	165.4	102.0	90.6	105.4	142.8	137.5	148.6	148.6	148.6	148.6	1531.4
MANAGER	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	5.0	5.0	5.0	5.0	5.0	5.0	3.0
TOTAL FORCE	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00	3.0
CONTRACT LABOR	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.7	1.0	0.0	0.0	0.0	0.0	0.0	0.0	1.9
TOTAL	3.00	3.00	3.00	3.00	3.00	3.00	3.20	3.70	4.00	5.00	5.00	5.00	5.00	5.00	5.00	4.9
TRIPS	0	0	0	1	0	0	0	0	1	1	1	0	0	0	0	3

**Interstate Telecommunications Relay Service (TRS) Fund
2010 - 2011 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

2010

No Later Than*

July	April, May, June	August 10	September 23	
August	May, June, July	September 10	October 21	
September	June, July, August	October 11	November 19	
October	July, August, September	November 9	December 23	
November	August, September, October	December 9	January 21, 2011	
December	September, October, November	January 12, 2011	February 24, 2011	

Reporting Date:

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

Data Month:

Calendar month for which data
is to be reported

2011

January	October, November, December	February 9	March 24	
February	November, December, January	March 9	April 21	
March	December, January, February	April 11	May 20	
April	January, February, March	May 10	June 23	
May	February, March, April	June 9	July 22	
June	March, April, May	July 12	August 19	

Adjustment Months:

Prior data months for which
corrections can be submitted

* Contingent upon sufficient funds and data processing time requirements

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 2009
- D. CTS Intrastate Rate Data for 2009
- E. Interstate TRS Advisory Council Members
- F. Interstate TRS Advisory Council 2009 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 15, 2010 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:

2009 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:

2009 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:

2009 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:

2009 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 2009 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 2009 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 2009 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 2009 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 8, 2010

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 15, 2010.**
- **Actual and projected demand data for IP and VRS must be filed by February 15, 2010.**
- **Historical (actual) costs for calendar years 2008 and 2009 and projected costs for calendar years 2010 and 2011 for IP and VRS must be filed by March 1, 2010**

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, 2010 upon Commission approval. Providers will receive reimbursement at the new rates for minutes handled from July 1, 2010 through June 30, 2011.

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 that reads "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 15, 2010.**
- **Actual and projected demand data for IP and VRS must be filed by February 15, 2010.**
- **Historical (actual) costs for calendar years 2008 and 2009 and projected costs for calendar years 2010 and 2011 for IP and VRS must be filed by March 1, 2010.**

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, 2010 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, 2010, 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, 2010 through June 30, 2011.**

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).**
- **Start-up expenses are compensable, but must be amortized in accordance with generally accepted accounting rules (FCC 07-186, ¶76-77).**

-NECA PROPRIETARY-

RELAY SERVICES DATA REQUEST INSTRUCTIONS

- 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 2008 and 2009 expenses** and **projected** annual expenses for **2010 and 2011**.

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**.

-NECA PROPRIETARY-

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

-NECA PROPRIETARY-

RELAY SERVICES DATA REQUEST INSTRUCTIONS

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, 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**

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

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).

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**

G. Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services

-NECA PROPRIETARY-

RELAY SERVICES DATA REQUEST INSTRUCTIONS

Costs may be submitted for "those additional costs incurred by a provider that directly relate to (1) ensuring that database information is properly and timely updated and maintained; (2) processing and transmitting calls made to ten-digit numbers assigned pursuant to this Order; (3) routing emergency calls to an appropriate PSAP; (4) other implementation related tasks directly related to facilitating ten-digit numbering and emergency call handling; and (5) consumer outreach and education related to the requirements and services adopted in this Order" (FCC 08-151 ¶100). Note: we anticipate that costs associated with E911 and numbering for Internet-Based Telecommunications Relay Services will no longer be separately compensated beginning with the 2010-2011 fund year but will be included in the compensation rates.

The following costs are not compensable from the fund: (A) Costs associated with an Internet-based TRS consumers' acquisition of a ten-digit geographic telephone number (B) costs associated with an Internet-based consumers' acquisition and usage of a toll free telephone number (C) E911 charges imposed on TRS providers under a state or local E911 funding mechanism. (FCC 08-275, ¶47-56). Do not include these costs.

Do not include costs already included in the per minute IP and VRS compensation rate calculated pursuant to the Commission's rules.

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 G 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. **2008 minutes** should be **actual** conversation minutes. Provide actual **2009 conversation minutes** for 12 months (January through December 2009). Minutes for **2010 and 2011** 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 2010 and 2011.

Provide annual and projected minutes as follows:

Total Interstate Internet Protocol (IP) minutes: 2008 and 2009 actual minutes and 2010 and 2011 projected minutes by month

Total Interstate Video Relay Services (VRS) Minutes: 2008 and 2009 actual minutes and 2010 and 2011 projected minutes by month

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

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

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 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 January 2009- December 2009
- 2) Provide dollars received from the Interstate TRS fund for the support of STS outreach – January 2009 through December 2009
- 3) Provide itemized list and description of specific outreach efforts attributable to the additional sums paid for outreach

RELAY SERVICES DATA REQUEST INSTRUCTIONS

VII. Certification

An officer of the reporting entity must examine the data provided and certify that the information provided is true, accurate and complete. An officer is a person who occupies a position specified in the corporate by-laws (or partnership agreement), and would typically be president, vice president for operations, vice president for finance, comptroller, treasurer, or a comparable position. If the reporting entity is a sole proprietorship, the owner must sign the certification.

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 2008-2011.
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 2008 - 2011. **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 2008-2011. **Please provide data for each center and job description for employee.**

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

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.
- 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

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RELAY SERVICES DATA REQUEST INSTRUCTIONS

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.
- 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.

SECTION G Costs Associated with E911 and Numbering for Internet-Based Telecommunications Relay Services

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 2009 filing, or planned for 2010/2011, that caused/may cause substantial changes in cost and/or demand data. Include the methodology used to determine the projected minutes for 2010-2011. 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, an entity operating a call center, an entity that is a subcontractor, affiliate, or agent of any entity that operates a call center or in any way handles or processes minutes 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: _____

Call Center ID: _____

Call Center address: _____

Subcontractor Name: _____

Address: _____

City, State & Zip code: _____

Email Address: _____

Service Provided: _____

Call Center ID: _____

Call Center address: _____

Relay Services Data Request

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)

I certify that I am an officer of the above-named reporting entity and that I have examined the foregoing reports and, to the best of my knowledge, information and belief, all statements of fact contained in this Relay Services Data Request are true and an accurate statement of the affairs of of the above-named company.

In addition, I swear, under penalty of perjury, that all requested information has been provided and is true and 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	2008 Actuals	2009 Actuals
Total IP Minutes		

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

2011 IP Projected Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Minutes													

2. Video Relay Service (VRS) Conversation Minutes

Minutes	2008 Actuals	2009 Actuals
Total VRS Minutes		

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

2011 VRS Projected Minutes	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Total Minutes													

Relay Services Data Request 2008		2009	2010	2011
I. Total Video Relay Services Expense Data		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 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
G. Costs associated with E911 & numbering Internet-Based Relay				

II. Total Internet Protocol Expense Data		2008	2009	2010	2011
		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					
	Subtotal	0	0	0	0
Total Internet Protocol Capital Investments (Section F only)					
		0	0	0	0
G. Costs associated with E911 & numbering Internet-Based Relay					

	Per-Minute Rate		Conversation or Session Minutes
State X	\$	1.24	Session
State X	\$	1.27	Session
State X	\$	1.31	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	\$	2.78	Session
State X	\$	3.27	Session
State X	\$	4.77	Session
State X	\$	5.60	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. Seventeen entities had one or more rate changes during calendar year 2009.

	Per-Minute Rate	Conversation or Session Minutes
State X	\$ 1.29	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.45	Conversation
State X	\$ 1.47	Conversation
State X	\$ 1.50	Conversation
State X	\$ 1.56	Conversation
State X	\$ 1.56	Conversation
State X	\$ 1.60	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.61	Conversation
State X	\$ 1.63	Conversation
State X	\$ 1.64	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.65	Conversation
State X	\$ 1.66	Conversation
State X	\$ 1.70	Conversation
State X	\$ 1.77	Conversation
State X	\$ 1.78	Conversation
State X	\$ 1.79	Conversation
State X	\$ 1.82	Conversation
State X	\$ 1.37	Session
State X	\$ 1.40	Session
State X	\$ 1.40	Session
State X	\$ 1.40	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	\$ 1.47	Session
State X	\$ 1.47	Session
State X	\$ 1.47	Session
State X	\$ 1.48	Session
State X	\$ 1.49	Session
State X	\$ 1.49	Session
State X	\$ 1.49	Session
State X	\$ 1.49	Session
State X	\$ 1.50	Session
State X	\$ 1.50	Session
State X	\$ 1.52	Session
State X	\$ 1.52	Session
State X	\$ 1.52	Session
State X	\$ 1.52	Session
State X	\$ 1.54	Session
State X	\$ 1.54	Session
State X	\$ 1.54	Session
State X	\$ 1.54	Session
State X	\$ 1.55	Session
State X	\$ 1.55	Session
State X	\$ 1.55	Session
State X	\$ 1.55	Session
State X	\$ 1.57	Session
State X	\$ 1.58	Session

	Per-Minute Rate	Conversation or Session Minutes
State X	\$ 1.58	Session
State X	\$ 1.60	Session
State X	\$ 1.63	Session
State X	\$ 1.66	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. Five 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. Seventeen entities had one or more rate changes during calendar year 2009.

INTERSTATE TRS ADVISORY COUNCIL MEMBERSHIP LIST

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	brenda@mdrelay.org
Lawrence J. Brick Retired	TRS users 4/05-3/13	3017 Midvale Avenue Philadelphia, PA 19129-1027	267-612-4017 225-208-4064 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	martinezm1@michigan.gov
Sheila Conlon-Mentkowski Vice-Chair Deaf Consumer	Deaf and Hard of Hearing community, 4/10 – 3/14	7502 Windbridge Drive #100 Sacramento, CA 95831	916-263-7372 work 916-263-7464 fax	s.mentkowski@comcast.net
.	Interstate service providers			
Steve Kolbeck Commissioner South Dakota Public Utilities Commission	State regulatory 5/09 – 4/13	State Capitol, 500 East Capitol Avenue Pierre, SD 57501-5070	605-773-3201	Steve.Kolbeck@state.sd.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
Mark A. Tauscher Product Innovation Analyst III, Sprint	TRS providers 4/10-3/14	6500 Sprint Parkway, Cube 2B808 Overland Park, KS 66251	913-227-4456 V 800-340-5317 913 523-1136f ax	mark.a.tauscher@sprint.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@biblefinancial.com
Rebecca Ladew Speech disabled consumer	Hearing/speech disability community 8/06 – 7/10	1608 Roundhill Road Baltimore, MD 21218-2213	410-467-0967	rebecca.ladew@verizon.net
NECA STAFF 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 jhender@neca.org maparic@neca.org

Interstate TRS Advisory Council Draft Meeting Minutes April 2, 2009

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

Robin Ancona alternate for **Monica Martinez** - State regulatory

Sharon Gillett - State regulatory

Gail Sanchez - Interstate service providers

Dixie Ziegler - TRS providers

Rebecca Ladew - Hearing/speech disability community

NECA

John Ricker

Jill Cardoso

Tracey Saltenberger

FCC

Gregory Hlibok

Convene

Kelby Brick, Chair, called the meeting to order around 9:00 am. Mr. Brick asked council members and other attendees to introduce themselves.

Agenda and October 28, 2008 minutes

With no comment, the agenda was accepted as presented.

It was moved, seconded and approved that the minutes of the October 28, 2008 minutes be accepted with the modification of noting that the meeting place (Chicago, IL) be added.

Council Officers Reports

Chair Brick, gave a brief report reminding the Council of correspondence between the Council and the FCC that had transpired since the Fall meeting, of which the Council had previously received copies. Mr. Brick stressed that the business discussed by the Council needs to be more narrowly focused and any issues or discussions that may arise must be related to cost recovery or they must have some impact on the TRS reimbursement rate or in the scope of cost recovery.

He mentioned that the actual contract that enables NECA as the TRS fund administrator expired five or six years ago and is being renewed on a month to month basis. An RFP has being issued, several bidders

have expressed interest, and more information will be available this summer. Further details may be a topic of discussion at the Fall 2009 meeting.

NECA Staff Reports

Ms. Jill Cardoso, Manager, TRS Fund Administrator provided the Council with the report: 'Preliminary Interstate TRS Fund Requirement for July 2009 through June 2010', which was discussed in detail.

Updated numbers on the Fund Status and Projection Report as of February 28, 2009 were reviewed. The current fund balance of \$199.1 Million, contributions received \$561.7 Million, receivables of \$246.6 Million and provider payments of \$472.5 Million. Payments to NECA for administrative expenses \$794.74 Thousand with \$17.66 Thousand of that for council expenses. Payments relating to the E911/10-Digit Numbering database were \$426.58 thousand.

FCC Update

Greg Hlibok, FCC Senior Staff Attorney in the Disability Rights Office (DRO), spoke on behalf of the Commission. He began by emphasizing that the Commission is very appreciative of this council's eagerness to play a role in helping the Commission and advising the TRS fund administrator and working collaboratively with the administrator and with the Commission.

Mr. Hlibok covered topics of Council interest that had transpired since the October 28, 2008 Council meeting including:

- the November 14, 2008 Public Notice certifying GoAmerica, Inc as a provider of IP CTS,
- the December 19, 2008 order addressing ten-digit numbering, 911 implementation, registration, eligibility, and verification procedures among other issues,
- the December 24, 2008 Order extending the waivers of certain TRS, VRS, and IP standards to January 1, 2010,
- the January 7, 2009 Public Notice certifying American Network as a provider of IP Relay, VRS, and IP CTS,
- the February 10, 2009 Public Notice clarifying procedures for 'rounding up' conversation minutes that are submitted to the Fund for reimbursement, and
- the April 1, 2009 Public Notice released the previous day regarding a 90 day extension of an earlier VoIP/711 Order.

Mr. Hlibok then covered several issues pending at the Commission mentioning that nine providers filed a petition, in January of 2008, for declaratory ruling asking the Commission to clarify that relay calls involving multiple communications assistants or CAs or interpreters and multiple technologies will be considered a form of TRS eligible for reimbursement from the TRS fund, discussed several STS proposed rules including should the Commission require that CAs handling STS calls remain on the line for 20 minutes rather than the current 15 minutes, and STS outreach issues.

Mr. Hlibok also stated that on May 28, 2008, a declaratory ruling clarifying reasonable restrictions on providers use of TRS consumer contact information in order to prevent unnecessary or inappropriate marketing contact was released. On November 7th the US Court of Appeals for the 10th district circuit,

stayed the implementation of those restrictions pending resolution of the petitions for review challenging the lawfulness of these restrictions.

Mr. Hlibok ended his report by discussing the Council's role. The Commission believes specifically the Council can play a role in monitoring and reviewing the implementation of the cost recovery methodology and raising unforeseen issues that may arise. The Commission also believe that with respect to VRS the Council's role can play a role in identifying cost categories that may need to be more specifically defined to ensure that providers are compensated for their reasonable actual costs and in the future address whether there is still a better cost recovery methodology for VRS. The Commission believe the Council can address other matters as assigned by the Commission including, for example, cost recovery issues related to the possible adoption of a numbering regime for VRS and implementation of a way in which VRS users can access emergency services. In sum, the role of the Council basically is to advise the TRS fund administrator on issues related to cost recovery. There should be an emphasis on transparency and accountability. Council members as well as all stake holders in the TRS world should work together collaboratively and help the Commission ensure that the Interstate TRS Fund's integrity is maintained.

Mr. Hlibok then held a lengthy Q&A session with the Council. Discussion items included interaction between the Commission, the Council and the Fund Administrator, access to the iTRS database, and fraudulent issues within the TRS industry.

Mr. Hlibok then heard comments from the audience.

Council Member Agenda Items

Larry Brick moved and Brenda Kelly-Frey seconded that the Council will contact the Commission for consideration of permitting hearing persons the ability to receive 10-digit phone numbers. The Council believes that allowing point-to-point (i.e. non-relay) calls between a voice telephone user and a deaf and hard of hearing individual will reduce the number of relay calls that are compensated from the Interstate TRS Fund. The Council believes doing so may have a cost savings impact on the TRS Fund. Motion passed.

Sheila Conlon-Mentkowski moved and Kelby Brick seconded that the Council request to the Commission authorization to receive requested data summaries from Neustar's iTRS database. The Council believes that this critical data will be useful for due diligence of monitoring cost recovery systems. Motion passed.

A lunch recess was taken.

Reconvene After Lunch – Council members Agenda Items (cont.)

Kelby Brick, reconvened the meeting at 1:05 pm.

Sheila Conlon-Mentkowski moved and Jack Cassell seconded that the Council address the Commission and strongly recommends additional resources including employees be allocated to the Commission's Disability Rights Office (DRO). There are numerous issues on the docket that have not yet been addressed for months or years. The DRO, more than any other office in the Federal Government, is tasked with the critical responsibility of carrying out the civil rights requirements of the ADA's Title IV Functional Equivalency clause. With minimal resources to address long-standing issues, it becomes very difficult for

the Commission to appropriately carry out its civil rights obligations. With a number of issues still pending, the Council is somewhat hindered in its ability to truly advise the Fund Administrator and the Commission on cost recovery matters—especially as the 2010-2013 rate rule-making cycle approaches. Motion passed.

Ron Bibler moved and Jack Cassell seconded that the Council authorize giving the Council chair authority to contact the Commission and open dialogue on areas of mutual interest. This will be done by the Chair with the understanding that the chair will prepare a tentative agenda and circulate it among the Council for input prior to meeting with the Commission. Motion passed.

Robert Lichtenberg moved and Sheila Conlon-Mentkowski seconded that the Council request funds from the Interstate TRS balance to research and report on the availability of the number of interpreters that could provide VRS services so the Council can project demand for the coming future. After discussion, Mr. Lichtenberg rescinded his motion.

Dixie Ziegler moved and Brenda Kelly-Frey seconded that a subcommittee begin working in advance of the Fall NECA-TRS meeting on studying/recommending alternative rate methodologies for IP and VRS. Motion passed.

Dixie Ziegler moved and Brenda Kelly-Frey seconded that the Council send a filing to the Commission recommending the Commission immediately implement a rule making process for the next three-year rate cycle starting 2010—with longer-than-normal comment periods. A long comment period will allow for thoughtful discussion and analysis resulting in a more appropriate reimbursement rate while ensuring that the rate supports and does not hinder the functional equivalency requirement of the ADA. Motion passed.

New Business

Jack Cassell suggested the Council express its appreciation to the Commission for sending Gregory Hlibok, to speak at this meeting. It was agreed that Mr. Hlibok proved to be a knowledgeable and informative liaison. His presence was most helpful to the Council's work. The Council will respectfully request that the Commission send Mr. Hlibok as its representative to the next full Council meeting this Fall.

A discussion was held to determine the site of the fall meeting. Four cities were mentioned as possible locations. Pending feasibility and logistics, Seattle was selected should it prove to be the most economical location ensuring fiscal responsibility and management of the TRS fund. Staff will research and follow up with confirmation of the dates and location. (Subsequent email correspondence determined that Seattle location was not economically feasible, and Las Vegas was later approved by the Council for the Fall Council meeting scheduled for October 14-15).

Rebecca Ladew read a statement on behalf of herself and Bob Segalman expressing that while STS proponents continue to have ongoing concerns, they appreciate the Council's support to the Commission

for Speech-to-Speech (STS) outreach funding as well as the establishment of an STS advisory body at the Commission.

Chair Brick expressed appreciation for Council member Sharon Gillett who recently announced that she was leaving the Massachusetts Department of Telecommunications and Cable Commission to accept another appointment with the state, and as a result, would be resigning from the Council.

Adjourn

The meeting was adjourned at 2:20 pm.

Respectfully submitted,
By Ron Bibler, Secretary

**Interstate TRS Advisory Council
Draft Meeting Minutes October 15, 2009
Las Vegas, Nevada**

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**Lisa Pappas** alternate for **Monica Martinez** - State regulatory**Steve Kolbeck** - State regulatory**Gail Sanchez** - Interstate service providers**Phil Erli** - Interstate service providers**Dixie Ziegler** - TRS providers**Bob Segalman (alternate for Rebecca Ladew)** - Hearing/speech disability community*NECA***John Ricker****Jill Cardoso****Robert Deegan***FCC***Gregory Hlibok****Traci Randolph***Audience*

Mike Maddix – Sorenson Communications

Ted Huber

Convene

Kelby Brick, Chair, called the meeting to order around 8:30 am. Mr. Brick asked council members and other attendees to introduce themselves. New member Steve Kolbeck with the South Dakota Public utilities Commission was welcomed.

Agenda

With no comment, the agenda was accepted as presented.

Election of Officers

Kelby Brick, Sheila Conlon-Mentkowski and Ron Bibler were re-elected with no opposition to their positions as Chairperson, Vice Chair and Secretary for two year terms by voice vote.

April 2, 2009 Minutes

It was moved, seconded and approved that the minutes of the April 2, 2009 minutes be accepted with the modification of noting that the meeting place (Washington, DC) be added.

FCC Update and Discussion

Greg Hlibok, FCC Senior Staff Attorney in the Disability Rights Office (DRO), spoke on behalf of the Commission. He mentioned the recent appointment of Julius Genachowski as Chair of the Federal Communications Commission and current transitional actions taking place.

He discussed the pending possibility of a VRS rate modification, with the explanation that reimbursement is made on actual costs and there was data reflected in NECA's May 1 filing that the actual permanent costs for the past several years is significantly less than the current compensation rate for VRS. At the moment, the subject is an open proceeding and the Commission is reviewing public comment.

Mr. Hlibok then discussed the issue of implementation of the 10 digit numbering system. The earlier registration deadline of June 20, 2009 was extended to November 12, 2009.

Mr. Hlibok also touched upon the fact that the FCC is reviewing the issue of 'white label' services provided by uncertified entities, and the Commission has noticed an increase in pending applications for VRS certification. The Commission is aware of the issue surrounding the mandating of Captioned Telephone services, and the issue regarding the declaration that multi CA (dual) relay calls are not reimbursable from the TRS fund.

In closing, Mr. Hlibok stated that the Commission asks everyone as council members specifically as well as all stake holders of TRS to work cooperatively to ensure and maintain the integrity of the fund.

Mr. Hlibok then held a lengthy Q&A session with the Council. Discussion topics included the new 800i CapTel phone being sold and distributed; information flow between the Council, the TRS Fund Administrator, and the FCC; and the desire by the Council to receive written acknowledgement to its correspondence with the Commission.

NECA Staff Reports

Ms. Jill Cardoso, Manager, TRS Fund Administrator provided the Council with a report on costs submitted for E911 and numbering. Reports of actual minutes vs. projected minutes for all types of relay calls were provided and discussed.

Mr. Ricker was questioned on the growing fund balance. He stated that NECA continues to monitor the fund balance and if there is going to be a significant surplus well beyond what is built in they will make a recommendation and bring it to the attention of the Council. He reported that it may be prudent for the administrator to make a recommendation to the FCC to issue refunds.

Council Member Agenda Items/New Business

Brenda Kelly-Frey moved and Bob Lichtenberg seconded that the Council bring to the attention of the FCC the issue of tracking and assigning calls from the CapTel 800i telephone, as well as confirming its process

for certifying users since the TRS fund is responsible for reimbursement of those call minutes. Motion passed.

Sheila Conlon-Mentkowski moved and Jack Cassel seconds that the next Council correspondence to the FCC include the Councils disappointment in not receiving any written confirmation or response to the previous correspondence with the Commission.

Brenda Kelly-Frey moved and Gail Sanchez seconded that the Fall 2010 Council meeting be held in conjunction with the NASRA conference scheduled in Durham, NC in October 2010. Motion passed.

Kelby Brick, noting that this would be the last meeting for Phil Erli and Dixie Ziegler voiced a notice of appreciation to them for all of their contributions and service to the Council.

Adjourn

The meeting was adjourned at 2:30 pm.

Respectfully submitted,
By Ron Bibler, Secretary



**INTERSTATE TELECOMMUNICATIONS
RELAY SERVICES FUND**

Financial Statements

September 30, 2009 and 2008

With Independent Auditors' Report

Interstate Telecommunications Relay Services Fund
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September 30, 2009 and 2008

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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 2009; and support for the Supplemental Schedule. TRS audited financial statements for the year ended September 30, 2009 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 2009

The FY 2009 audit covers the period from October 1, 2008 through September 30, 2009. 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 \$891 Million for 2009 – 2010. There was an increase in the fund requirement for the 2009 – 2010 funding period of \$85.5 Million from the previous fund year of \$805.5 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 2009, totaled only 673.5 thousand compared to 5.6 Million IP and 7.8 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 nine in September 2009. During FY 2009, 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 2009.

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. During FY 2009, TRS Providers were reimbursed \$3.3 Million for their actual reasonable costs to comply with the ten-digit numbering plan for the period June to December 2008. In addition, the database administrator's costs for database start-up and administration expenses totaled approximately \$680 thousand.

NECA in conjunction with the FCC's efforts to strengthen internal controls, minimize, and reduce improper payments to beneficiaries of the Fund has modified processes and procedures to accomplish these objectives. These changes include modifications to the data reporting and provider payment schedule as well as the quantity and type of information now required to be submitted by providers and expanded review procedures performed prior to provider reimbursement.

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 2009, provider reimbursement projections totaled \$735,736; actual reimbursement was \$745,156 for a difference of \$9,420. This difference is primarily attributable, to VRS actual minute results greater than budget.

Actual administrative expenses were in line with projections.

Uncollectibles have remained low during FY 2009 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.



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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, 2009 and 2008, 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, 2009 and 2008, 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 January 7, 2010 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.

A handwritten signature in black ink that reads "Withum Smith & Brown PC".

Princeton, New Jersey
January 7, 2010



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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, 2009 and 2008, and have issued our report thereon dated January 7, 2010. 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.

A handwritten signature in black ink that reads "Withum Smith & Brown PC".

Princeton, New Jersey
January 7, 2010

Interstate Telecommunications Relay Services Fund
Balance Sheets
September 30, 2009 and 2008
(in thousands)

	2009	2008
Assets		
Cash and other monetary assets	\$ 1,199	\$ 387
Investments in United States Treasury securities, net of discount and amortization	325,886	177,995
Accounts receivable, net	18,571	10,773
Software, net	<u>296</u>	<u>--</u>
Total assets	<u>\$ 345,952</u>	<u>\$ 189,155</u>
Liabilities		
Accrued liabilities	\$ 124,257	\$ 59,443
Deferred revenue	62,870	54,247
Prepaid contributions	1,024	1,783
Accounts payable	<u>130</u>	<u>92</u>
	188,281	115,565
Net position		
Cumulative results of operations	<u>157,671</u>	<u>73,590</u>
Total liabilities and net position	<u>\$ 345,952</u>	<u>\$ 189,155</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, 2009 and 2008
(in thousands)

	2009	2008
Program costs		
Provider reimbursements	\$ 745,156	\$ 652,274
Administrative expenses	1,390	1,097
Uncollectibles	3,424	2,976
Software maintenance	284	--
Amortization	99	--
Total costs	<u>750,353</u>	<u>656,347</u>
Net cost of operations	<u>\$ 750,353</u>	<u>\$ 656,347</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, 2009 and 2008
(in thousands)

	2009	2008
Cumulative results of operations - beginning balance	\$ 73,590	\$ 25,603
Financing sources		
Carrier contributions	833,104	701,512
Interest revenue	960	2,446
Other	<u>370</u>	<u>376</u>
Total financing sources	908,024	729,937
Less: Net cost of operations	<u>750,353</u>	<u>656,347</u>
Cumulative results of operations - ending balance	<u>\$ 157,671</u>	<u>\$ 73,590</u>

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

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2009 and 2008
(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 .00819 per each dollar of interstate revenue reported by the common carriers for the period July 1, 2007 through June 30, 2008, .01012 per each dollar for the period July 1, 2008 through June 30, 2009 and .01137 per each dollar for the period July 1, 2009 through June 30, 2010. 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.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2009 and 2008
(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
7/1/09-6/30/10	\$1.831	\$2.962	***	\$1.280	\$1.678

* 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

*** The tiered rate per minute for VRS is as follows: the first 50,000 monthly minutes at \$6.70, from 50,001 to 500,000 monthly minutes at \$6.44, over 500,000 monthly minutes at \$6.24

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.

Financial Instruments

At September 30, 2009 and 2008, the TRS Fund's financial instruments include cash and cash equivalents, short-term investments, certain receivables, and certain payables. The fair value of these instruments approximate their carrying value due to their short-term nature.

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 \$22,628 and \$19,069 at September 30, 2009 and 2008, respectively to provide for anticipated uncollectible amounts from certain carriers. During the year ended September 30, 2009 and 2008, net direct write-offs (bad debt recoveries) were \$(135) and \$167, respectively.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2009 and 2008
(in thousands)

Software

Software is stated at cost less accumulated amortization. Amortization is computed using the straight-line method over the useful life of the asset, which is estimated at three years.

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 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, 2009 and 2008, the TRS fund recognized three months of required contributions for those carriers who elected to remit monthly for the 2009-2010 and 2008-2009 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, 2009 and 2008 was \$62,870 and \$54,247, 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, 2009 and 2008 follows:

	2009	2008
Direct labor costs	\$ 437	\$ 307
NECA allocated common costs	752	588
Miscellaneous	103	87
Consultants	42	42
Data collection agent	51	68
Travel	5	5
Total administrative costs	<u>\$ 1,390</u>	<u>\$ 1,097</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 February 24, 2009 and covers the year ended December 31, 2008.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2009 and 2008
(in thousands)

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, 2009 and 2008, Universal Service Administrative Company ("USAC") performed the DCA function and TRS paid USAC 8% of total DCA expenses.

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, 2009:

Marketable Securities:	<u>Maturity Value</u>	<u>Discount</u>	<u>Amortized Discount</u>	<u>Amortized Cost</u>	<u>Market Value Disclosure</u>
Treasury Bills	\$ 326,001	(\$ 203)	\$ 88	\$ 325,886	\$ 325,928

The investment portfolio as of September 30, 2009 consists of several Treasury Bills with an original maturity ranging from 28 days to 182 days, and includes interest at a rate ranging from to 0.01% to 0.31%.

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 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.

Interstate Telecommunications Relay Services Fund
Notes to Financial Statements
September 30, 2009 and 2008
(in thousands)

7. Software

Software consists of the following at September 30:

	2009	2008
Software	\$ 395	\$ --
Accumulated amortization	(99)	--
	<u>\$ 296</u>	<u>\$ --</u>

Amortization expense was \$99 and \$0- for the years ended September 30, 2009 and 2008, respectively.

8. Fair Value Accounting

Pursuant to the requirements of *Fair Value* Measurements, which is effective for years beginning after November 15, 2007, the TRS Fund has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of September 30, 2009, along with the basis for the determination of fair value:

	Total	Quoted Prices in Active Markets (Level One)
U.S. Treasury Bills	\$ 325,928	\$ 325,928

For applicable assets and liabilities subject to this pronouncement, the TRS Fund will value such assets and liabilities using quoted market prices in active markets in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the TRS Fund will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, Management will develop measurement criteria based on the best information available.

9. Commitments

The TRS Fund maintains software under a contract that expires on December 31, 2011. Future minimum payments under the agreement are as follows:

Fiscal year ended September 30,	
2010	\$ 381
2011	384
2012	96
	<u>\$ 861</u>

10. Subsequent Events

The TRS Fund has evaluated subsequent events occurring after the balance sheet date through the date of January 7, 2010, which is the date the financial statements were available to be issued. Based on this evaluation, the TRS Fund has determined that no subsequent events have occurred which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Interstate Telecommunications Relay Services Fund
Supplemental Schedules - Program Costs and Unaudited Budget
For the Years Ended September 30, 2009 and 2008
(in thousands)

	2009			2008		
	<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	\$ 745,156	\$ 735,736	\$ 9,420	\$ 652,274	\$ 654,875	\$ (2,601)
Administrative expenses	1,390	1,356	34	1,097	1,045	52
Uncollectibles	3,424	83,400	(79,976)	2,976	71,200	(68,224)
Software maintenance	284	--	284	--	--	--
Amortization	99	--	99	--	--	--
Total costs	<u>750,353</u>	<u>820,492</u>	<u>(70,139)</u>	<u>656,347</u>	<u>727,120</u>	<u>(70,773)</u>
Net cost of operations	<u>\$ 750,353</u>	<u>\$ 820,492</u>	<u>\$ (70,139)</u>	<u>\$ 656,347</u>	<u>\$ 727,120</u>	<u>\$ (70,773)</u>

See Independent Auditors' Report.