

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Review of the Deaf Relay	)	
Service and Equipment Distribution Fund	)	<b><u>Case No. TO-2009-0042</u></b>
Surcharge	)	

**STATUS REPORT**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission"), by and through counsel, and for its Status Report, respectfully states as follows:

1. On August 21, 2008, the Commission granted Staff's request to open a case to review its *Recommendation* on the Deaf Relay Equipment and Service Fund Surcharge.
2. On September 24, 2008, the Commission granted Southwestern Bell Telephone Company, d/b/a/ AT&T Missouri timely application to intervene.
3. On September 29, 2008, Staff submitted its *Reply to Filing Made by AT&T* recommending a 90-day effective date for any order increasing or decreasing the surcharge in this case.
4. Staff has continued to monitor the Relay Missouri Fund since its August 2008 filing. Staff projects that the Relay Missouri Fund is growing at a slightly faster rate than initially predicted. Attached hereto as Exhibit A, Staff provides a brief status of the Relay Missouri Fund balance and how it compares with Staff's projections made in August 2008. Staff maintains its prior recommendation to reduce the surcharge from \$.13 to \$.11.

**WHEREFORE**, Staff respectfully submits its *Status Report*.



Respectfully submitted,

/s/ Jaime N. Ott

Jaime N. Ott

Assistant General Counsel

Missouri Bar No. 60949

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-7510 (Telephone)

(573) 751-9285 (Fax)

[jaime.ott@psc.mo.gov](mailto:jaime.ott@psc.mo.gov)

#### **CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 22<sup>nd</sup> day of June, 2009.

/s/ Jaime N. Ott



## MEMORANDUM

To: Official Case File  
Case File No. TO-2009-0042

Through: Natelle Dietrich

From: John Van Eschen  
Telecommunications Department

Date: June 22, 2009

Subject: Updated information regarding the Relay Missouri fund balance

The purpose of this memo is to provide the Commission with a brief status of the Relay Missouri Fund balance and how it compares with Missouri Commission Staff's (Staff's) projections made in August 2008. Ultimately, the Staff is maintaining its recommendation to reduce the Relay Missouri surcharge from \$.13 to \$.11 and continue with the current retention amount for local telephone companies.

Staff's projections are generally on target; however the fund is perhaps growing slightly faster than Staff estimates made in August 2008. Staff's filing in August 2008 predicted a Relay Missouri Fund balance of \$3,582,282 for May 2009 if the Relay Missouri surcharge remains at \$.13.<sup>1</sup> Staff now estimates the Relay Missouri Fund balance for May 31, 2009 to be \$3,717,703.<sup>2</sup> The Relay Missouri Fund balance appears to be growing slightly faster than anticipated due to steeper declines in relay usage.<sup>3</sup> Traditional relay users appear to be migrating from Relay Missouri service to other forms of services such as internet-based relay services which are currently reimbursed through federal funding.

In Staff's opinion, the surcharge can be reduced to \$.11 and still maintain a healthy fund balance. As pointed out in Staff's August 2008 filing the Missouri Universal Service Fund Board has set a minimum target balance of six months worth of expenditures. Applying this same concept to the Relay Missouri Fund translates into a target minimum fund balance of \$2,082,809. Staff maintains its recommendation for a

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<sup>1</sup> Appendix A, page 9, Table 6 of Staff's Motion to Open Case to Review Staff Recommendation in this proceeding.

<sup>2</sup> The Relay Missouri Fund balance changes on a daily basis depending on the timing of recording receipts and expenditures. The State Treasurer's reports for the last three months show the following fund balances: \$3,890,608 (May 31, 2009), \$3,663,116 (April 30, 2009) and \$3,610,685 (March 31, 2009). May expenditures are not fully represented in the May report. Therefore, if the May 31, 2009 fund balance is reduced by \$172,905 which is based on the difference between May's recorded expenditures (\$130,449) and April's total expenditures (\$303,354) then the May 31, 2009 adjusted fund balance is estimated to be \$3,717,703. (\$3,890,608 - \$172,905 = \$3,717,703)

<sup>3</sup> Relay Missouri minutes totaled 1,525,435 for 2008 versus 2,042,512 in 2007 for an annual decline of approximately 25%. For comparative purposes Relay Missouri minutes totaled 3,840,766 in 2003.



slightly more conservative approach for the Relay Missouri Fund. As previously noted the restrictions on how often the Commission may review the surcharge justify a higher fund balance target. Equipment program considerations may also justify a higher amount. Rather than attempt to calculate a target fund balance based on the equipment program's actual expenditures the Commission may want to consider applying the equipment program's full budgeted amount.<sup>4</sup> In addition, a higher balance may be further justified in the event the equipment program is expanded to include the distribution of wireless devices.

Reducing the surcharge to \$.11 will still maintain a fund balance of more than \$3 million until the next opportunity for a review of the surcharge. Staff's projections as contained in its August 2008 filing are still appropriate; however fund balance projections will be slightly understated due to accelerated declines in relay expenditures. In addition, Staff's Relay Missouri balance projections based on various surcharge reductions will be understated based on the assumption the surcharge reduction occurred on October 1, 2008.<sup>5</sup>

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<sup>4</sup> See page 6 of Appendix A of Staff's Motion to Open Case whereby its noted the equipment program typically only spends about two-thirds of its appropriation.

<sup>5</sup> Table 6, page 9 of Appendix A of Staff's Motion to Open Case.



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Relay Service and Equipment Distribution )  
Fund Surcharge )

Case No. TO-2009-0042

**AFFIDAVIT OF John Van Eschen**

STATE OF MISSOURI )  
 ) ss:  
COUNTY OF COLE )

John Van Eschen, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying document and that the facts therein are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
John Van Eschen

Subscribed and affirmed before me this 22 day of June 2009  
I am commissioned as a notary public within the County of Callaway,  
State of Missouri and my commission expires on 9-21-10



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
\_\_\_\_\_  
NOTARY PUBLIC