

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TELECOMMUNICATIONS RELAY SERVICES)	
AND THE FUNDING PROCESS FOR THE)	ADMINISTRATIVE
TELECOMMUNICATIONS RELAY SERVICE)	CASE NO. 357
AND THE TELECOMMUNICATIONS DEVICES)	
FOR THE DEAF PROGRAMS)	

O R D E R

Telecommunications Relay Service ("TRS") was established for Kentucky in 1991 in Administrative Case No. 333.¹ AT&T was awarded a contract which expires April 16, 1996. Funding is provided through a surcharge collected by all Local Exchange Carriers.

A surcharge funding mechanism was also established for the distribution of telecommunications devices for the deaf ("TDDs") in Administrative Case No. 352.² The Commission's January 19, 1995 Order stated at page 7, "[a] proceeding shall be established in the near future to review the funding mechanism for the TRS and TDD program."

On November 20, 1995 an informal conference was held to discuss alternatives to the current method of providing TRS for Kentucky and an alternative funding mechanism associated with

¹ Administrative Case No. 333, Establishment of Telecommunications Relay Service for Individuals with Hearing and Speech Disabilities in Kentucky.

² Administrative Case No. 352, Establishment of TDD Distribution Program for Deaf, Hard-of Hearing and Speech-Impaired Persons in Kentucky.

providing TRS and TDDs. All parties were asked to file any additional written comments by December 20, 1995. These comments have been filed and reviewed by the Commission.

Whether multiple vendors of TRS will promote effective competition and adequate service is not known at this time. The TRS Advisory Board recommends that a Request For Proposal ("RFP") be issued for two years of service. This would allow TRS consumers to become fully informed of the advantages and disadvantages of any alternatives. The Commission concurs. Based on the comments filed and the discussion at the informal conference, the Commission finds that it is in the best interest of all Kentuckians that the provision of TRS in Kentucky continue to be provided by a single vendor.

Pursuant to the terms of the current contract with AT&T at section 5.7 (C), the Commission has the option to renew the contract 120 days prior to the contract's termination. The Commission will exercise this option and renew the contract for a period of 90 days. This will allow the Commission adequate time to issue a draft RFP, receive comments from parties, conduct a public hearing, issue a formal RFP, and select a vendor.

The Commission will continue to consider the option of changing the funding process to require all telecommunications providers in Kentucky to contribute to the fund. Interested parties should file responses to the following questions.

1. Telecommunication providers are not required to absorb the cost of contributing to TRS/TDD funding. How would non-LECS pass this cost to subscribers if they are required to participate?

2. It has been proposed to use gross intrastate operating revenues as the basis for assessing each utility. Is this an equitable basis of funding? If not, what basis should be used to divide the costs?

3. Should the provision of TRS and TDDs be funded through a Universal Service Fund? If yes, should this issue be addressed in Administrative Case No. 355?

4. Would it be possible to administer this fund in a manner similar to the administration of the Non-traffic Sensitive Revenue Requirement ("NTSRR") rate element?

5. Should a participant or a third party administer the fund?

6. What oversight will be necessary to ensure that each party is contributing the correct amount to the fund?

7. Should any telecommunications providers, such as COCOTs and AOS companies, be excluded on the basis that the administrative costs outweigh the benefits?

8. Should there be a minimum assessment for companies with revenues below a fixed level?

9. If the revenue approach is used, revenues and costs will have to be estimated for each year. Then a factor will have to be

computed to determine the amount of contribution. What method should be used to estimate the revenues and costs?

Interested parties that would like to submit formal plans for changing the funding mechanism or additional comments on the funding mechanism are encouraged to file those along with the responses to the information request.

IT IS THEREFORE ORDERED that:

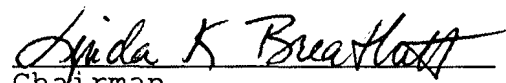
1. A draft RFP will be issued by February 23, 1996 for comments. Comments shall be due by March 15, 1996.

2. All providers of telecommunications services in Kentucky, except payphone providers, shall be served this order. The Commission will treat the responses as a motion for intervention and those that file comments shall be made parties of record.

3. All interested parties shall file the original and ten copies of their responses with the Commission. The information requested herein is due no later than February 16, 1996.

Done at Frankfort, Kentucky, this 23rd day of January, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director

Commissioner