

**PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA 17120**

**Recalculation of the Pennsylvania  
Telecommunications Relay Service Surcharge**

**Public Meeting of May 18, 2017  
2582552-TUS  
Docket Nos. M-2017-2582552  
M-00900239**

**JOINT STATEMENT OF COMMISSIONERS ROBERT F. POWELSON AND  
JOHN F. COLEMAN, JR.**

Before the Pennsylvania Public Utility Commission (Commission) is the establishment the Pennsylvania Telecommunications Relay Service (TRS or Relay) surcharge funding mechanism (TRS surcharge) for the period July 1, 2017 through June 30, 2018.

The monthly surcharge is based principally on the anticipated costs of providing calling services and equipment to individuals that are deaf, hard of hearing, deaf-blind or have difficulty speaking, to make and receive telephone calls. The monthly surcharge funds three individual programs: the Relay service itself, the Telecommunications Device Distribution Program,<sup>1</sup> and the Print Media Access System Program.<sup>2</sup> The current contribution rate to fund these programs is \$.08 per line per month and is assessed upon wireline Incumbent Local Exchange Carrier (ILEC) and Competitive Local Exchange Carrier (CLEC) customers only.

The problem presented to us today is an embarrassment of riches. Over the past few years, the TRS surcharge has collected from the wireline ILEC and CLEC customers an amount well in excess of the funds expended; so much so that there is currently a consolidated cash balance of almost \$9 million. This cash balance includes a \$1.4 million operating reserve that we have deemed prudent to ensure the smooth operation of these programs and services. The cost to run these programs and services annually is less than \$3.4 million. The over collection has resulted in an approximate \$7.5 million surplus, which is well beyond the operating reserve. In other words, these programs and services could be run for approximately two and one half years with a zero surcharge.

In light of these circumstances, we agree with the staff's prudent recommendation to lower the TRS surcharge rate to \$.04 per line per month so that we can begin the process of reducing the over collection that has been funded by customers. As proposed by staff, this reduction would occur gradually over a 4-year period.

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<sup>1</sup> This program provides specialized telecommunications devices, such as text telephones and amplifiers, at no charge to qualifying persons who are deaf or hard of hearing, or with speech and language disorders, or with a physical disability that prevents them from using standard telecommunication equipment.

<sup>2</sup> This program is a reading service for persons with certain vision-related physical disabilities.

The Joint Motion proposes to leave the surcharge rate at \$.08, which will actually create an even larger over collection. According to staff's forecast, an \$.08 surcharge rate will generate \$4.8 million in revenue this upcoming surcharge year, which will further grow the surplus by over \$1.4 million. As a point of reference, the Commission would never allow a utility to so grossly over collect and then not refund the over collection to customers, particularly when the rationale for keeping the money is complete conjecture.

The rationale in the Joint Motion for setting the TRS surcharge at \$.08 is twofold. First, there is a concern that the Federal Communications Commission (FCC) *might* shift certain federal TRS program costs to the states. Second, there is a concern that the Commission, in the future, *might* decide to expand what is currently a limited pilot program of distributing iPad Air 2 and iPhone 7 devices into a permanent wireless equipment distribution program.<sup>3</sup> We acknowledge that facilitating access to TRS for some of Pennsylvania's most vulnerable citizens is a laudable objective. However, we do not support growing the currently excessive surplus on such speculative grounds.

Moreover, the Commission's ability to respond adequately to any changes to TRS at the federal level or to proceed with a permanent wireless device distribution program, if so desired, would not be compromised by reducing the surcharge to \$.04. We note that staff is not proposing to refund the surplus to wireline customers all at once or to reduce the surcharge to \$.00; rather, the reduction is to occur gradually over a 4-year period, meaning a surplus will remain for some time. In addition, the TRS surcharge is set on an annual basis, which means that any need for additional funding in the future can be adequately addressed in future surcharge years. For these reasons, we do not believe it is necessary to retain the current surcharge amount to support whatever decisions are made on the wireless equipment pilot program or to respond if the FCC ultimately allocates additional TRS-related costs to the states.

We also are concerned about keeping money paid by *wireline* end-user customers to potentially pay for the purchase and distribution of iPads or similar *wireless* equipment, especially without any indication that the wireless industry will contribute any money whatsoever to this effort, particularly when it expands their business. In our view, keeping this money for the purposes stated in the Joint Motion opens the door to an improper subsidy of one technology by another.

We note that currently, there is no mechanism for the wireless industry to contribute financially to TRS in Pennsylvania. Establishing a TRS "war chest" that has the potential to grow the cash balance to more than \$10 million sends the message that a financial contribution from the wireless industry is not necessary, making it that much less likely that the wireless carriers will even be asked to contribute. This is a message we do not want to send.

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<sup>3</sup> Currently, the Commission has a Wireless Equipment Initiative pilot program, which is a 2-year pilot program to distribute a limited number of wireless devices to qualified users in the Philadelphia area. The pilot seeks to evaluate the use of wireless devices and help determine whether there should be a permanent, statewide wireless device distribution program. The pilot program was approved by the Commission in July 2015.

Indeed, this message directly contradicts what the Commission said two years ago when we approved the wireless device pilot program: “We hereby encourage OVR and Temple University to seek, obtain, and utilize available federal funding sources under applicable federal law, regulations, or administrative agency decisions that may partially defray or otherwise minimize the monetary disbursements required from the TRS Fund for the implementation of the proposed wireless TDDP Pilot.”<sup>4</sup>

For these reasons, we do not believe keeping the TRS Surcharge at \$.08 per line per month is in the public interest.



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**ROBERT F. POWELSON**  
**COMMISSIONER**



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**JOHN F. COLEMAN, JR.**  
**COMMISSIONER**

**Date: May 18, 2017**

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<sup>4</sup> *Petition of Department of Labor & Industry Office of Vocational Rehabilitation for a Proposed Pilot for Distribution of Telecommunications Relay Service Wireless Equipment to People with Disabilities in Pennsylvania, Pennsylvania Telecommunications Relay Service and Pennsylvania Telecommunications Relay Service – 2015, Docket Nos. P-2015-2484229, M-00900239 and M-2015-2460700 (July 8, 2015) at 14.*