

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

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

**Public Meeting May 23, 2019
3006851-TUS
Docket No. M-2019-3006851**

STATEMENT OF COMMISSIONER NORMAN J. KENNARD

Before the Pennsylvania Public Utility Commission (Commission) is the establishment of the Pennsylvania Telecommunications Relay Service (TRS) surcharge funding mechanism (TRS surcharge) for the period July 1, 2019 through June 30, 2020.

The current TRS surcharge rate for residential and business access lines is \$0.08 per month. At this rate, the TRS fund continues to be massively over-collected. As of April 30, 2019, there is a total consolidated cash balance of over \$12 million in the TRS fund. This balance is over 13 times greater than the \$900,000 operating reserve that we have deemed prudent to ensure operation of these programs and services.

Although the per-customer impact of reducing the monthly TRS surcharge is minimal on a per customer basis, the aggregate amount collected is not. Last year, the amount collected was about \$4.2 million. The same \$0.08 cents surcharge, going forward, is anticipated to recover \$4,070,400 annually. On the other hand, the fund spent \$2,606,880 last year, and the budget for next year is \$2,727,192. At the \$0.08 cents per month surcharge rate, the fund is projected to grow by another \$1,343,208 this year.

Based on the current regulatory landscape, I do not support growing the already excessive TRS fund. First, I note that since our approval of the TRS surcharge for 2018-2019, the Commission has approved the Wireless Expansion Initiative and its corresponding budget (which is included in the 2020 TRS fund projections), thereby removing the cost uncertainty associated with deploying a permanent wireless device distribution program. Second, the Commission's ability to respond to any changes in TRS funding which *may* occur at the federal level would not be compromised by reducing the surcharge. Additionally, because the TRS surcharge is set on an annual basis, any need for additional funding in the future can be adequately addressed in future surcharge years.

For these reasons, I do not support the \$0.08 TRS surcharge. To gradually reduce the war chest that has been accumulated over time, I would reduce the surcharge to \$0.04 per line per month.

Date: May 23, 2019



**NORMAN J. KENNARD
COMMISSIONER**