



2023-2024 Rate Recommendations

April 20, 2023



Presented By



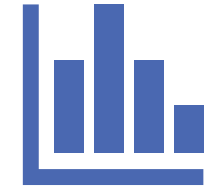
Dr. Robert Loube

Vice President of
Research



Garrett McGrath

TRS Distribution
Supervisor



Amanda Coby

Senior Data Analyst

Road Map



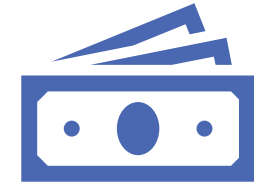
Analog TRS Services

Rate Development Process
Current vs Proposed Rates
Demand Trends



IP-Based TRS Services

Cost Trends
Demand Trends
Rate Proposals



Fund Requirement

Service Requirements
Budget Requirements
Contribution Factors



Analog Services

MARS Rate Methodology

State	Rate Per Minute	Payment Basis	Intrastate Conversation Minutes	Intrastate Session Minutes	Total Revenue
A	\$1.26	CM	860,269	1,529,497	\$1,083,939
B	\$0.85	SM	141,312	189,595	\$161,156
C			57,071	85,455	
D	\$1.30	CM	926,051	1,466,050	\$1,203,866
Other Costs					\$200,000
Total & Rate	\$1.33		1,984,703		\$2,648,961

Text TeleType & Speech-to-Speech

Fund Requirements

Intrastate Translation Service Payments	(\$15.5m)	\$14,913,490.71
Non-Translation Service Payments	(\$942k)	\$943,105.52
Intrastate Conversation Minutes	(3.6m)	2,797,278.4
Per Minute Rate for TTY	(\$4.5098)	\$5.6686
Per Minute STS Outreach Additive		\$1.1310
Per Minute Rate for STS	(\$5.6408)	\$6.7996

Captioned Telephone Service

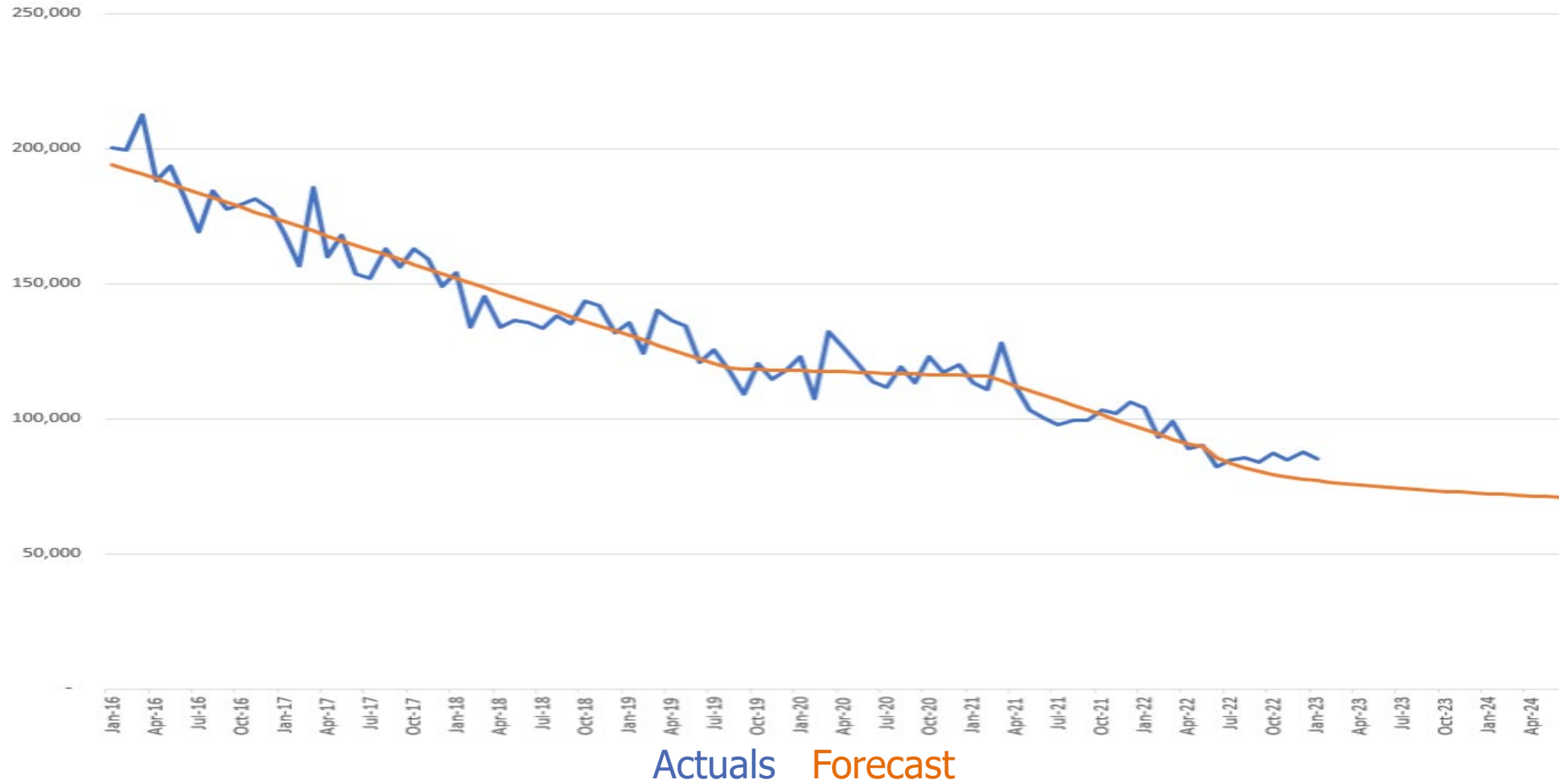
Fund Requirement

Intrastate Translation Service Payments	(\$14.7m)	\$10,920,369.27
Non-Translation Service Payments	(\$634k)	\$737,741.14
Intrastate Conversation Minutes	(6.5m)	5,036,678.9
Per Minute Rate for CTS	(\$2.3419)	\$2.3146

MRC Impact

		All Intrastate Contracts		Per Minute Intrastate Contracts	
Service	Interstate Conversation Minutes	Rate	Requirement	Rate	Requirement
TTY	869,489	\$5.6686	\$4,928,785	\$5.4166	\$4,709,659
STS	134,003	\$6.7996	\$911,168	\$6.5476	\$877,396
CTS	1,003,387	\$2.3146	\$2,322,439	\$2.2340	\$2,241,585
Total Fund Requirement			\$8,162,392		\$7,828,640
Flat Rate Overage					\$333,752

TTY Forecast

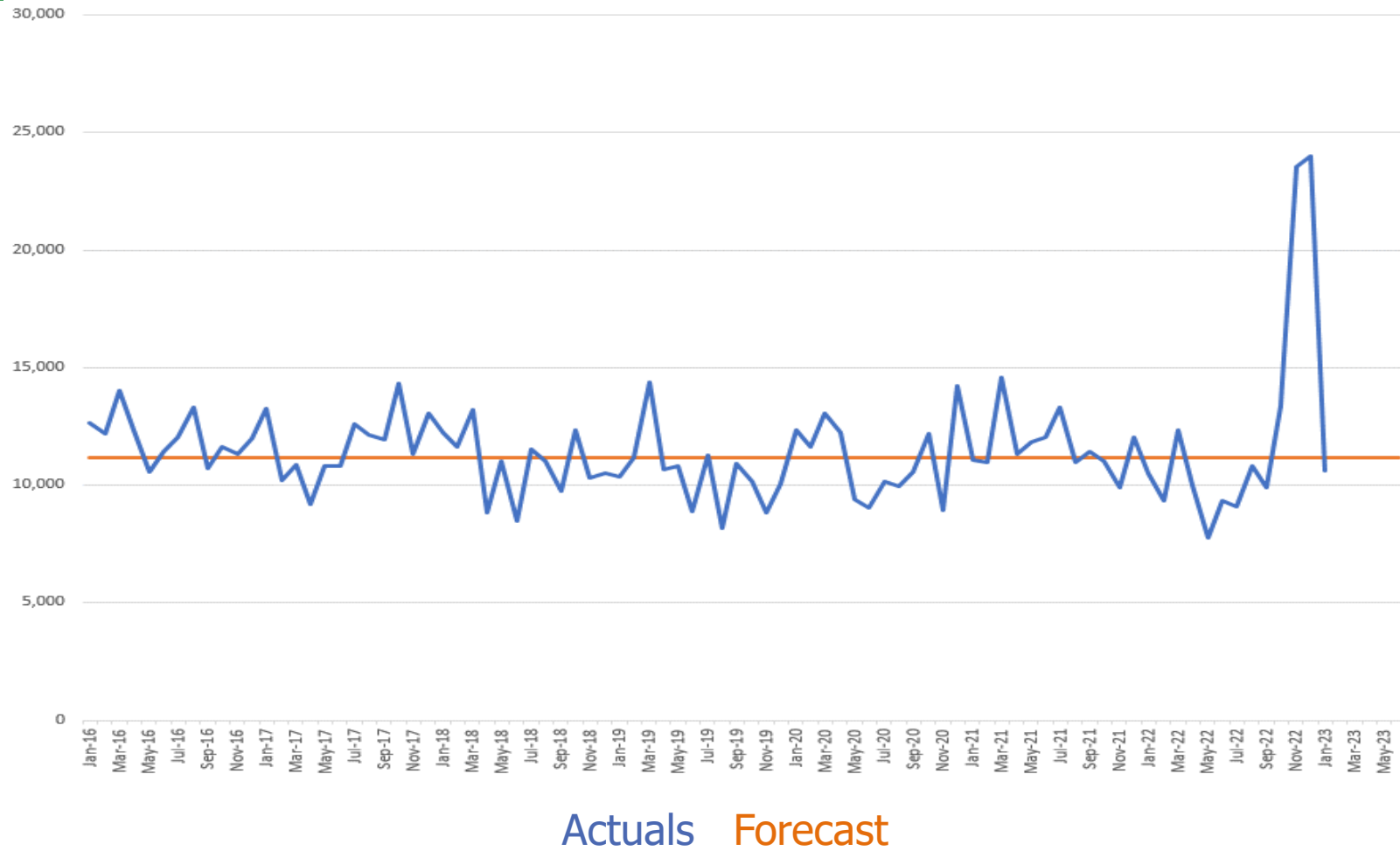


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TTY Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 23	Jul 23 – Apr 24	May – June 24
Demand	151,438	727,262	142,227
Rate	\$4.5098	\$5.6686	
Revenue	\$682,955	\$4,122,557	\$806,228
Totals	\$4,805,512		\$806,228

STS Forecast

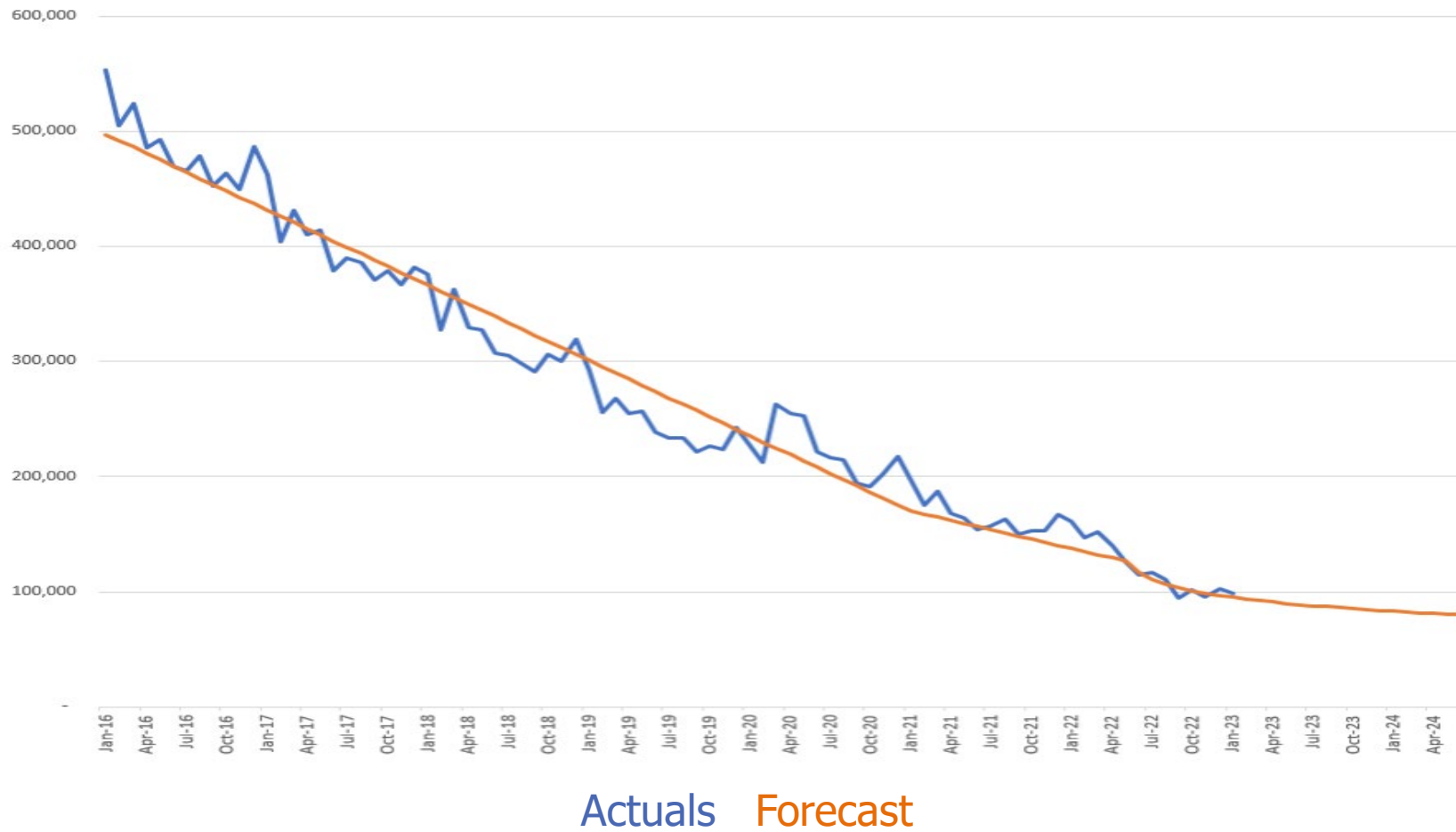


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STS Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 23	Jul 23 – Apr 24	May – June 24
Demand	22,334	111,669	22,334
Rate	\$5.6408	\$6.7996	
Revenue	\$125,982	\$759,305	\$151,862
Totals	\$885,286		\$151,862

CTS Forecast



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CTS Fund Requirement

	Budget Fund Requirement		Reserve
	May – Jun 23	Jul 23 – Apr 24	May – June 24
Demand	183,414	466,025	160,562
Rate	\$2.3419	\$2.3146	
Revenue	\$429,537	\$1,950,803	\$371,637
Totals	\$2,380,340		\$371,637



IP-Based Services

Things to note...

Expenses

Allocated to months based on monthly demand percentage

Tariff year expenses calculated as total expenses allocated to July through June

Demand

Final presented values represent the demand for the tariff year starting July 2023 and ending June 2024

Operating Margin

Calculated as Revenue divided by Expenses minus one (1)

$(R/E) - 1$



Internet Protocol Relay Service

Things to note...

Service Providers

T-Mobile

Disallowed Costs

Customer Premise Equipment

Other Corporate Overhead

Things to note...

Report & Order

FCC 22-97 outlines adjustment for the next three program years to be calculated annually

Method

Based on DOL's professional, scientific, and technical services Employment Cost Index (ECI)

Calculated as 1% of the difference between the ECIs of '21 Q4 and '22 Q4

Current R&O Calculation

Current R&O directs an adjustment factor of 6.9%

$$(22Q4 - 21Q4)/100 = (156.1-149.2)/100 = 0.069$$

NPRM Calculation

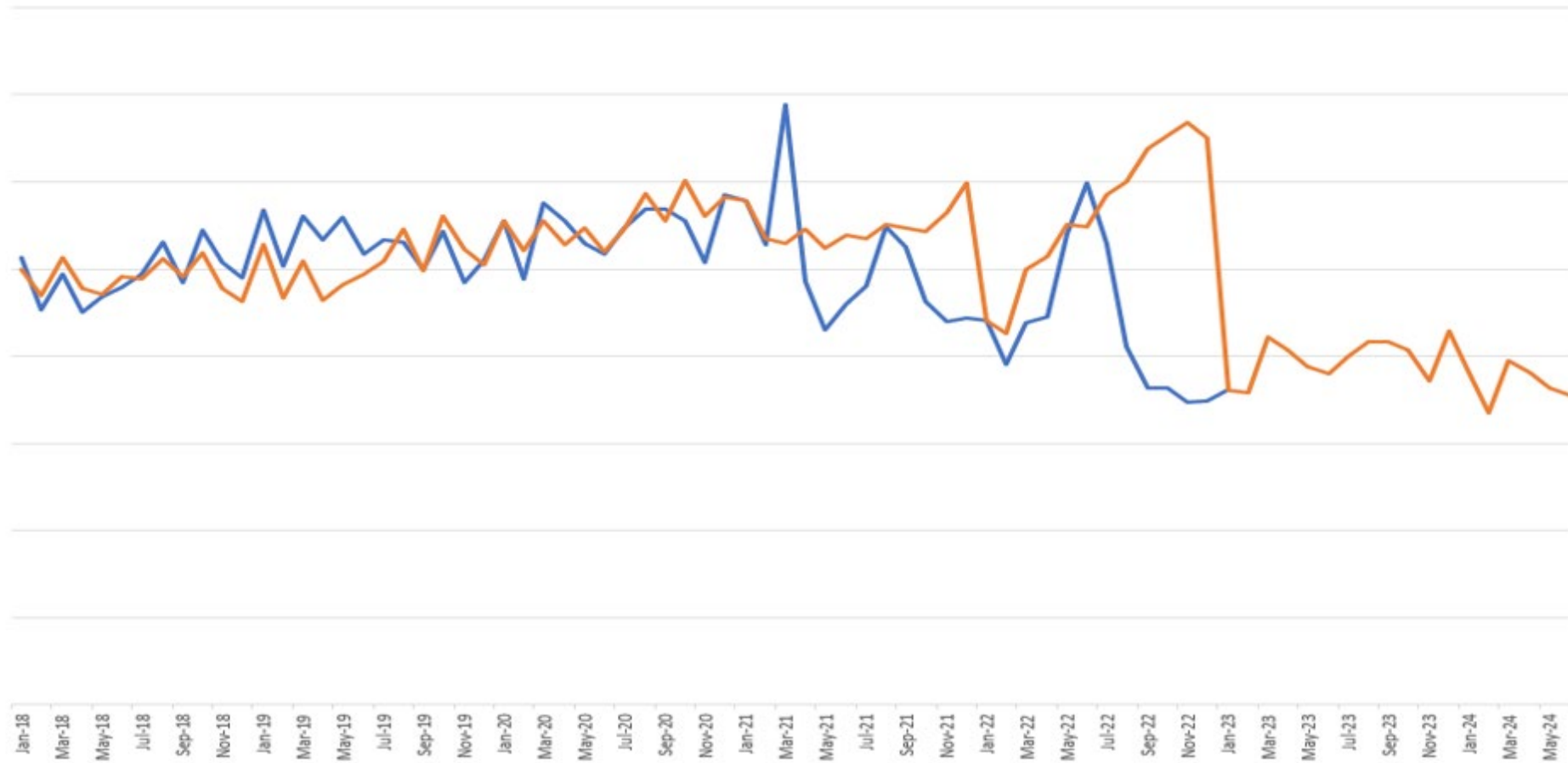
Calculated as the rate of change between the ECIs of '21 Q4 and '22 Q4

$$(22Q4 - 21Q4)/21Q4 = (156.1-149.2)/149.2 = 0.0462$$

Amended calculation directs an adjustment factor of 4.62%

Results in a savings of \$0.0447 per minute from the current R&O calculation

IP Relay Demand Trends



Actuals Projections



Internet Protocol Captioned Telephone Service

Things to Note...

ASR Captions

CaptionMate FKA Clarity Products

ClearCaptions, LLC

Hamilton CapTel

MezmoCorp DBA Innocaption

CaptionCall AKA Sorenson Communications

CA Captions

ClearCaptions, LLC

Hamilton CapTel

MezmoCorp DBA Innocaption

CaptionCall AKA Sorenson Communications

IP CTS Cost Per Minute Trends

Category	2021	2022	2023	2024	22-23 TY
Facilities	0.0346	0.0331	0.0270	0.0230	0.0290
CA Related	0.2679	0.1291	0.1044	0.1895	0.1091
Non-CA Relay Center	0.0685	0.0308	0.0551	0.0698	0.0420
Indirect	0.2008	0.2019	0.2059	0.2344	0.2037
Depreciation	0.0237	0.0224	0.0206	0.0169	0.0206
Marketing	0.0643	0.0697	0.1256	0.1612	0.0951
Subcontractor	0.1954	0.3273	0.3069	0.2606	0.3196
+ Other	0.0084	0.0106	0.0110	0.0117	0.0110
Total Cost Per Minute	0.8635	0.8249	0.8564	0.9679	0.8300
+ 10% Operating Margin	0.0863	0.0825	0.0856	0.0967	0.0830
Total Allowable Cost	\$0.9498	\$0.9074	\$0.9421	\$1.0636	\$0.9130

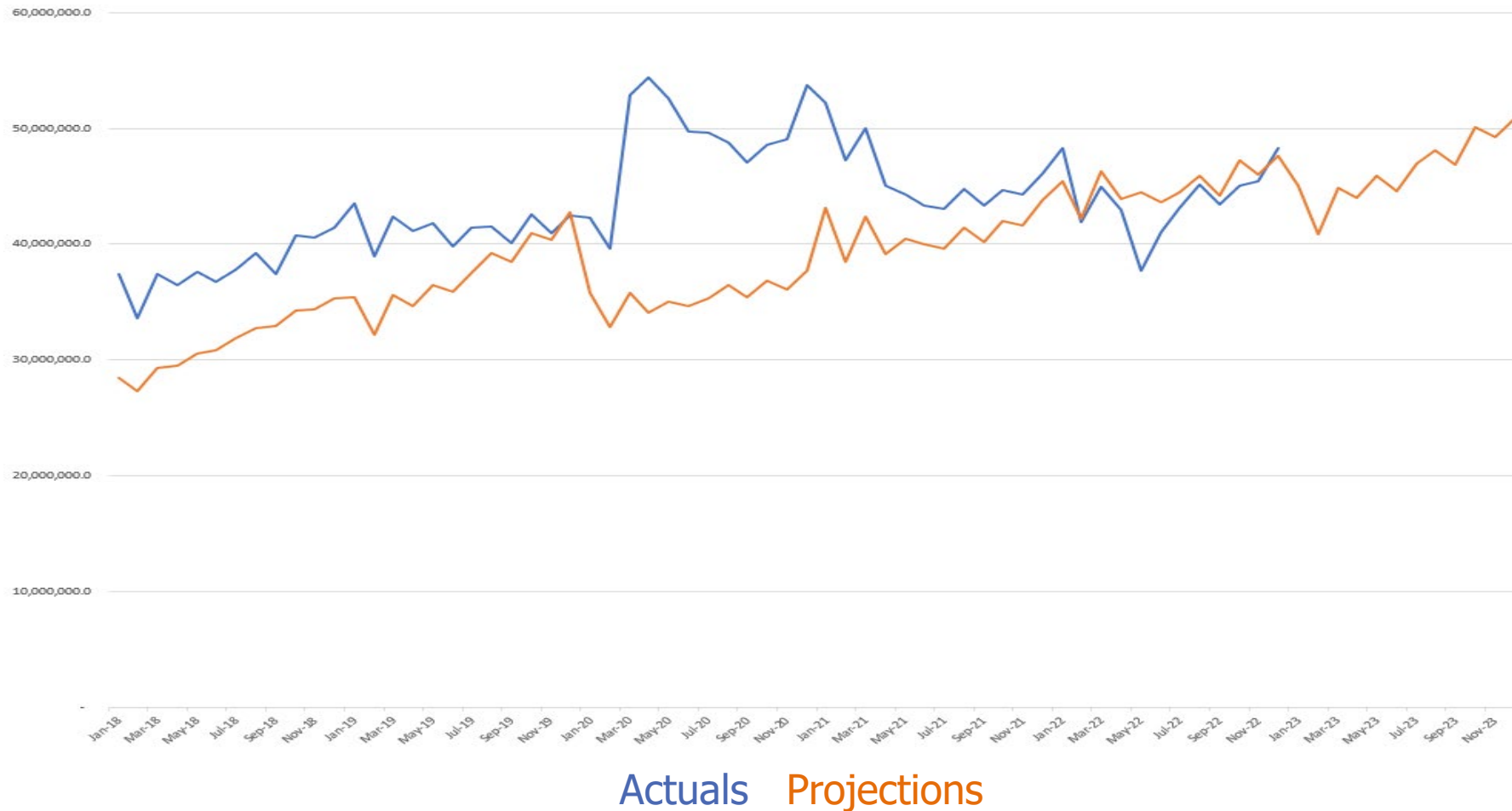
IP CTS CA Cost Per Minute Trends

Category	2021	2022	2023	2024	22-23 TY
Facilities	0.0392	0.0477	0.0626	0.0537	0.0565
CA Related	0.3074	0.2285	0.3429	0.6950	0.2814
Non-CA Relay Center	0.0733	0.0424	0.1237	0.1421	0.0772
Indirect	0.1784	0.1802	0.2460	0.2681	0.2194
Depreciation	0.0253	0.0244	0.0282	0.0263	0.0581
Marketing	0.0506	0.0422	0.0774	0.0958	0.0581
Subcontractor	0.2229	0.4303	0.3453	0.2384	0.3519
+ Other	0.0096	0.0130	0.0093	0.0106	0.0096
Total Cost Per Minute	0.9068	1.0087	1.2354	1.5187	1.082
+ 10% Operating Margin	0.0907	0.1009	0.1235	0.1519	0.1082
Total Allowable Cost	\$0.9974	\$1.1096	\$1.3589	\$1.6706	\$1.1902

IP CTS ASR Cost Per Minute Trends

Category	2021	2022	2023	2024	22-23 TY
Facilities	0.0035	0.0142	0.0114	0.0114	0.0115
Non-CA Relay Center	0.0354	0.0158	0.0250	0.0427	0.0197
Indirect	0.3527	0.2300	0.1884	0.2217	0.0160
Depreciation	0.0123	0.0199	0.0172	0.0176	0.0160
Marketing	0.1569	0.1054	0.1467	0.1857	0.1260
Subcontractor	0.0091	0.1935	0.2901	0.2689	0.2992
+ Other	0.0000	0.0075	0.0118	0.0121	0.0119
Total Cost Per Minute	0.5699	0.5863	0.6905	0.7600	0.6706
+ 10% Operating Margin	0.0570	0.0586	0.0690	0.0760	0.0671
Total Allowable Cost	\$0.6269	\$0.6449	\$0.7595	\$0.8360	\$0.7377

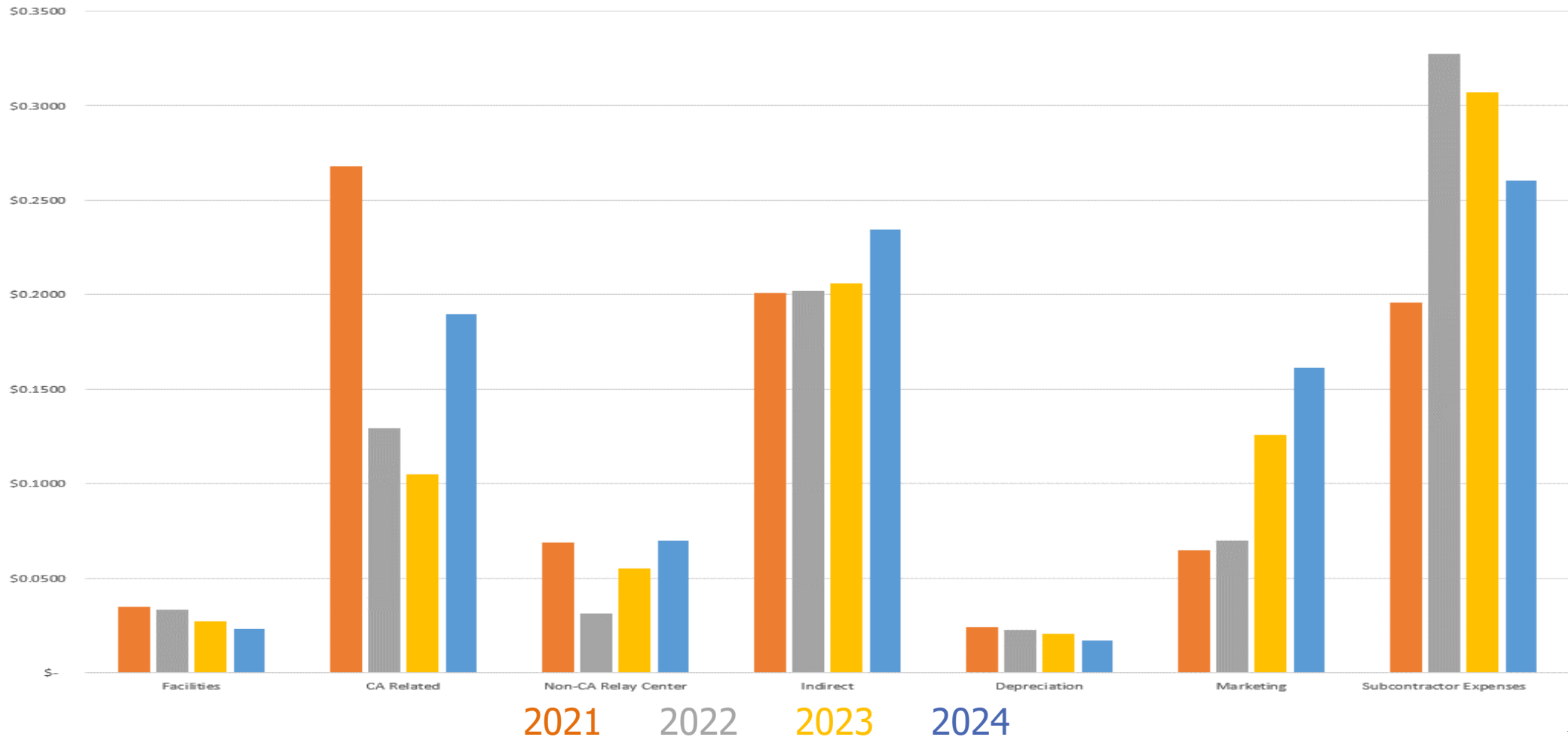
IP CTS Demand Trends



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IP CTS Cost Category Trends



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IP CTS 23-24 Program Year Rate

CA & ASR

All minutes @ \$1.30

IP CTS 23-24 Program Year Rate

Budgetary Impact

	May – Jun 23		Jul 23 – Apr 24		May – June 24	
	Demand	Revenue	Demand	Revenue	Demand	Revenue
CA @ 1.30	27,864,994	\$36,224,492	135,781,925	\$176,516,503	25,804,534	\$33,545,894
ASR @ 1.30	62,638,522	\$81,430,079	338,979,041	\$440,672,754	67,093,628	\$87,221,717
Total	\$734,843,826				\$120,767,611	



Video Relay Service

Things to Note...

ASL Services Holdings DBA GlobalVRS

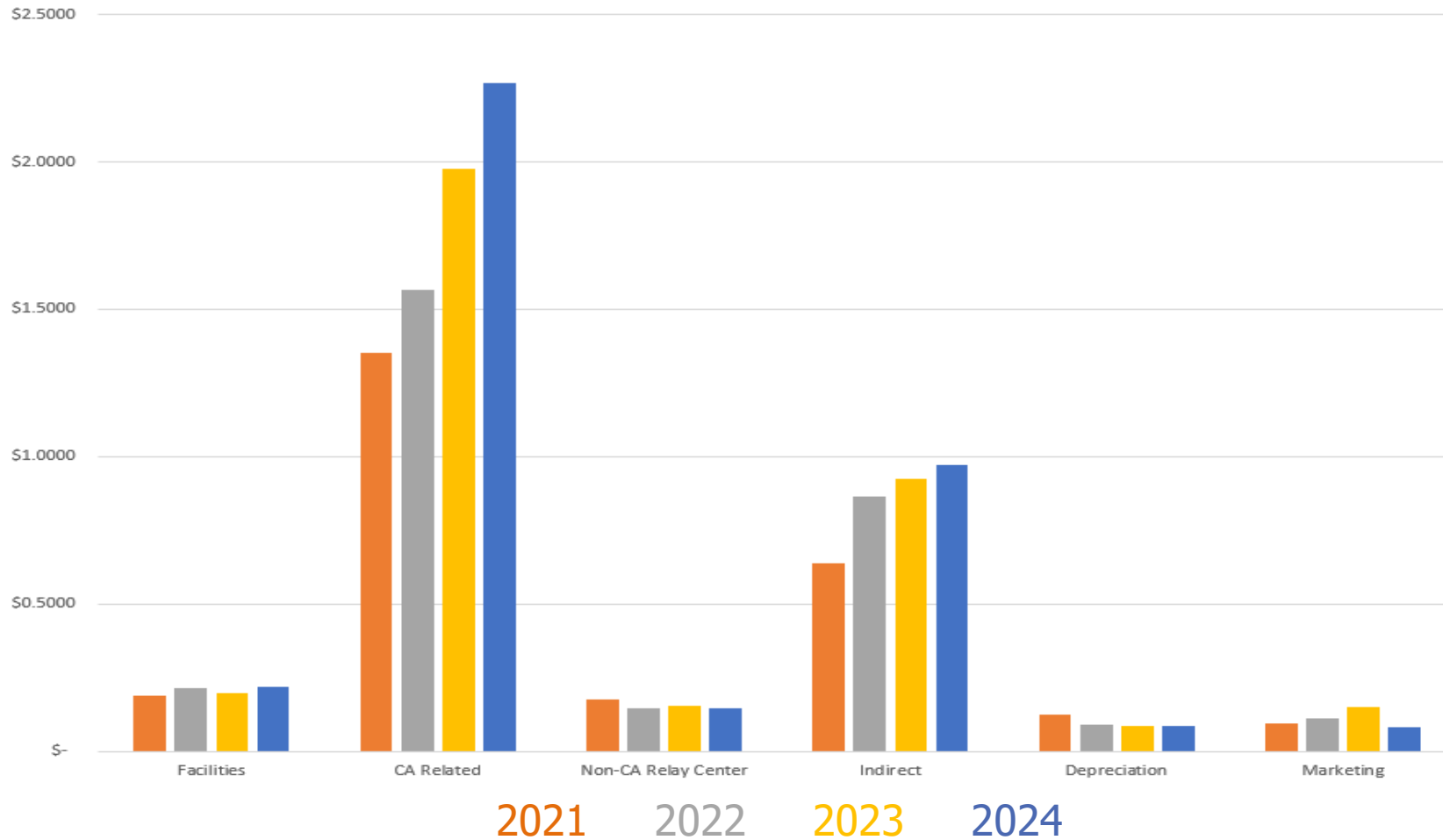
Convo Communications

Sorenson Communications

ZP Better Together

**Service
Providers**

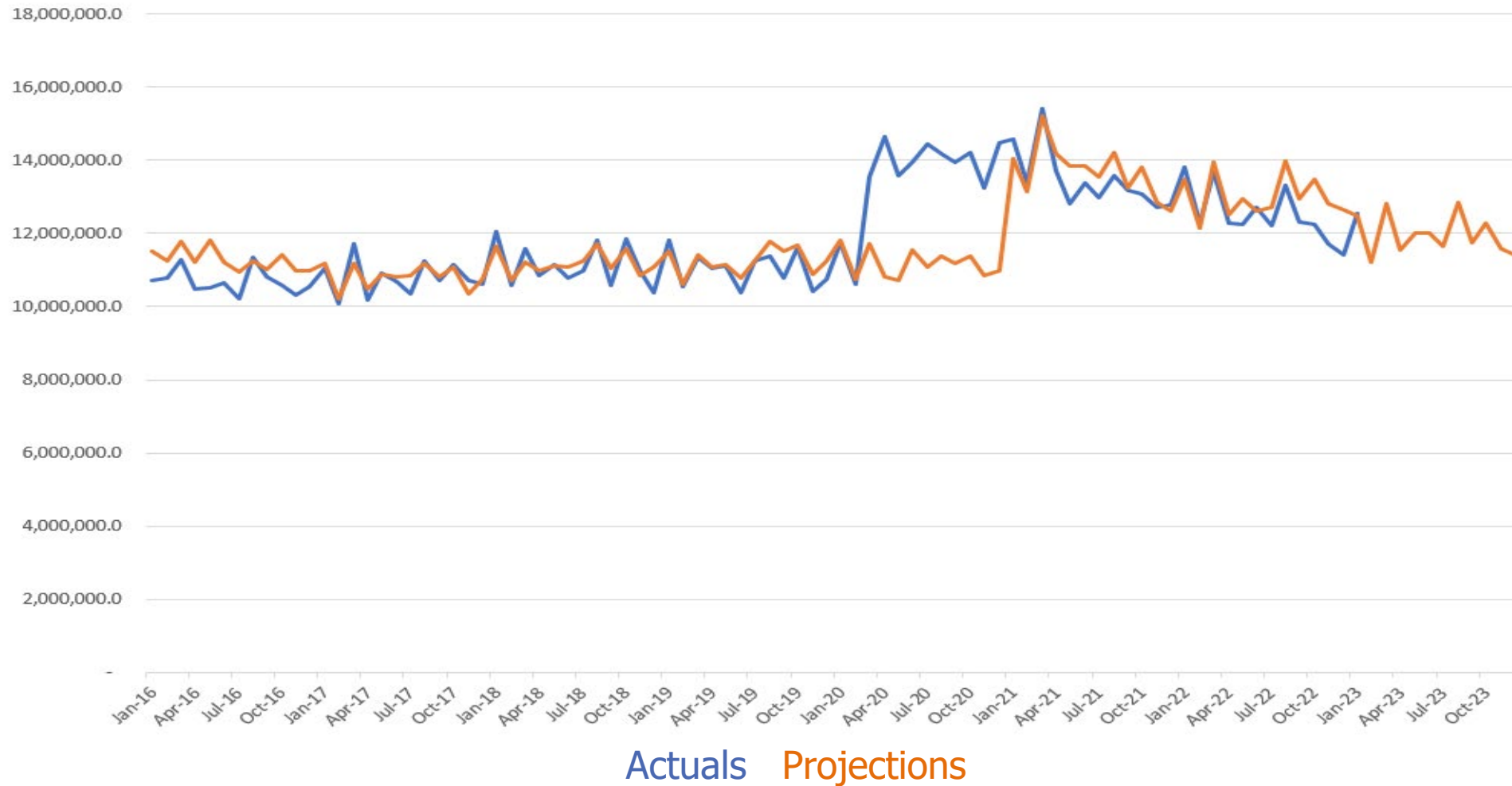
VRS Cost Category Trends



VRS Cost Per Minute Trends

Category	2021	2022	2023	2024	22-23 TY
Facilities	0.1897	0.2146	0.1951	0.2170	0.2049
CA Related	1.3505	1.5652	1.9757	2.2672	1.7679
Non-CA Relay Center	0.1747	0.1517	0.1519	0.1454	0.1516
Indirect	0.6363	0.8628	0.9247	0.9727	0.8931
Depreciation	0.1222	0.0914	0.0850	0.0853	0.0885
+ Marketing	0.0950	0.1118	0.1513	0.0801	0.1318
Total Cost Per Minute	2.5685	2.9974	3.4837	3.7677	3.2378
+ 10% Operating Margin	0.2569	0.2997	0.3484	0.3768	0.3238
Total Allowable Cost	\$2.8254	\$3.2971	\$3.8321	\$4.1444	\$3.5616

VRS Demand Trends



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VRS 23-24 Program Year Rate

Emergent	First 500k minute @ 5.29 Remaining above 500k @ 4.82
Tier I	First 1m minutes @ 4.82
Tier II	Next 1.5m minutes @ 3.97
Tier III	Above 2.5m minutes @2.63

Revenue	Expenses	Gross Margin	Operating Margin
\$483,590,030	\$461,599,826	\$21,990,204	4.76%

VRS 23-24 Program Year Rate

Budgetary Impact

	May – Jun 23		Jul 23 – Apr 24		May – June 24	
	Demand	Revenue	Demand	Revenue	Demand	Revenue
Emergent @ 5.29	819,125	\$4,333,171	4,149,652	\$21,951,658	851,839	\$4,506,229
Tier I @4.82	4,000,000	\$19,280,000	20,000,000	\$96,400,000	4,000,000	\$19,280,000
Tier II @3.97	6,000,000	\$23,820,000	30,000,000	\$119,100,000	6,000,000	\$23,820,000
Tier III @ 2.63	13,192,720	\$34,696,854	63,467,891	\$166,920,554	12,184,111	\$32,044,213
Total	\$486,502,237				\$79,650,442	



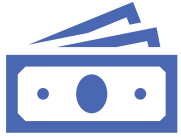
23-24 Budget Requirements

Analog Budget Requirement

TTY	<i>\$5,301,369</i>	\$4,797,145
STS	<i>\$695,315</i>	\$885,288
CTS	<i>\$4,213,104</i>	\$2,369,557
Total	<i>\$10,209,788</i>	\$8,051,989
Two-Month Reserve	<i>\$1,661,084</i>	\$1,329,725
Administrative Costs*	<i>\$257,557</i>	\$264,316
23-24 Fund Requirement	<i>\$12,128,429</i>	\$9,646,030

*Allocation based on portion of total two-month reserve

Analog Contribution Factor



Analog 23-24 Total Fund Estimate

\$12,128,429
\$9,599,602



Analog Allocated Estimated Year End Balance

\$4,189,508
\$1,845,825



Analog 23-24 Net Fund Requirement

\$7,938,921
\$7,753,778



Interstate Contribution Base

\$37,901,023,611
\$34,594,778,571



Analog Contribution Factor

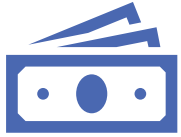
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IP-Based Budget Requirement

IP Relay	<i>\$12,030,113</i>	\$9,733,082
VRS	<i>\$527,876,719</i>	\$486,502,237
IP CTS	<i>\$718,523,203</i>	\$734,843,826
Total	<i>\$1,258,430,035</i>	\$1,231,079,145
Two-Month Reserve	<i>\$210,459,292</i>	\$201,922,761
Administrative Costs*	<i>\$32,632,422</i>	\$33,087,049
23-24 Fund Requirement	<i>\$1,501,521,750</i>	\$1,466,088,955

*Allocation based on portion of total two-month reserve

IP-Based Contribution Factor



IP-Based 23-24 Total Fund Estimate

\$1,501,521,750

\$1,466,088,955



IP-Based Allocated Estimated Year End Balance

\$530,810,492

\$280,294,175



IP-Based 23-24 Net Fund Requirement

\$970,711,258

\$1,185,794,780



Intrastate & Interstate Contribution Base

\$84,710,922,735

\$76,206,900,904



IP-Based Contribution Factor

0.01146

0.01556



Questions?