

2012-2013

# TRIS Filing Presentation

Crystal City

Virginia

April 18, 2012

# Road Map

- MARS-based Services
  - Rate Development Process
  - Current versus Proposed Rates / Demand Table
  - Demand Trend Charts
- IP Relay
  - Cost Trends
  - Demand Trend
  - Rate Proposal
- Video Relay Service
  - Cost Trends
  - Demand Trend
  - Rate Alternatives
- Fund Requirement

# MARS Based Rate Calculation

- Sample Data from Certified State Programs and Providers

State	Intrastate Rate per Minute	Payment Basis	Total Intrastate Conversation Minutes	Total Intrastate Session Minutes	Total \$
A	\$1.26	CM	<b>860,269.07</b>	1,529,497.00	\$1,083,939.03
B	\$0.85	SM	141,312.42	<b>189,595.98</b>	\$161,156.58
C	\$0.93	SM	57,071.00	<b>85,445.00</b>	\$79,463.85
D	\$1.30	CM	<b>926,051.13</b>	1,466,050.19	\$1,199,236.21
Other Costs not in Rate					\$100,000.00

# MARS Based Rate Calculation

- Traditional TRS and Speech to Speech done together

- Total Intrastate Payments per minute compensation \$35,484,376
- Total Intrastate Minutes 25,788,557
- Per minute Rate for Traditional TRS \$1.376
- Per Minute Speech to Speech Outreach Additive \$1.1310
- Per minute Rate for Speech to Speech \$2.507

- Caption Telephone and IP Caption Telephone

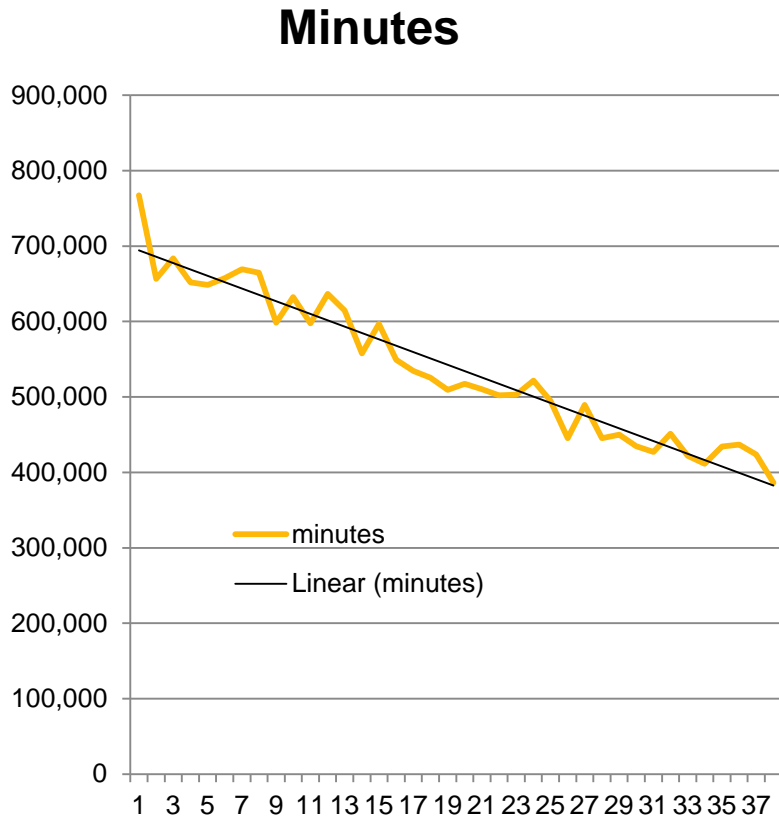
- Total Intrastate Payments per minute compensation \$52,464,113
- Total Intrastate Minutes 32,320,773
- Per minute Rate for Caption Telephone Services \$1.623

# MARS Based Services

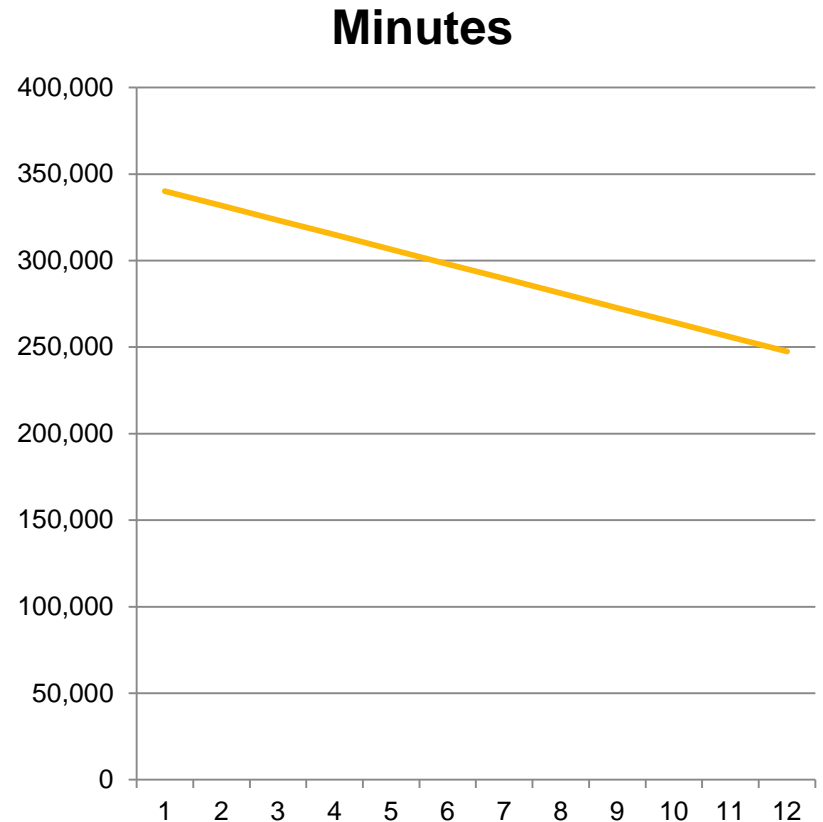
	May 1, 2011 Filing			May 1, 2012 Filing			
<u>Service</u>	<u>Demand</u>	<u>Rate</u>	<u>Fund Rqmt</u>		<u>Demand</u>	<u>Rate</u>	<u>Fund Rqmt</u>
Traditional TRS	5,639,716	\$1.8502	\$10,434,603		3,525,597	\$1.376	\$4,851,221
Speech to Speech	184,323	\$2.9812	\$549,504		152,101	\$2.507	\$381,316
Caption Telephone	12,049,833	\$1.7396	\$20,961,889		10,427,773	\$1.623	\$16,924,929
IP Caption Telephone	36,930,046	\$1.7396	\$64,243,508		72,003,159	\$1.623	\$116,875,529
Total	54,803,918		\$96,189,504		86,108,630		\$139,017,941

# Traditional TRS

Historical Traditional TRS  
(Jan 2009- Feb 2012)

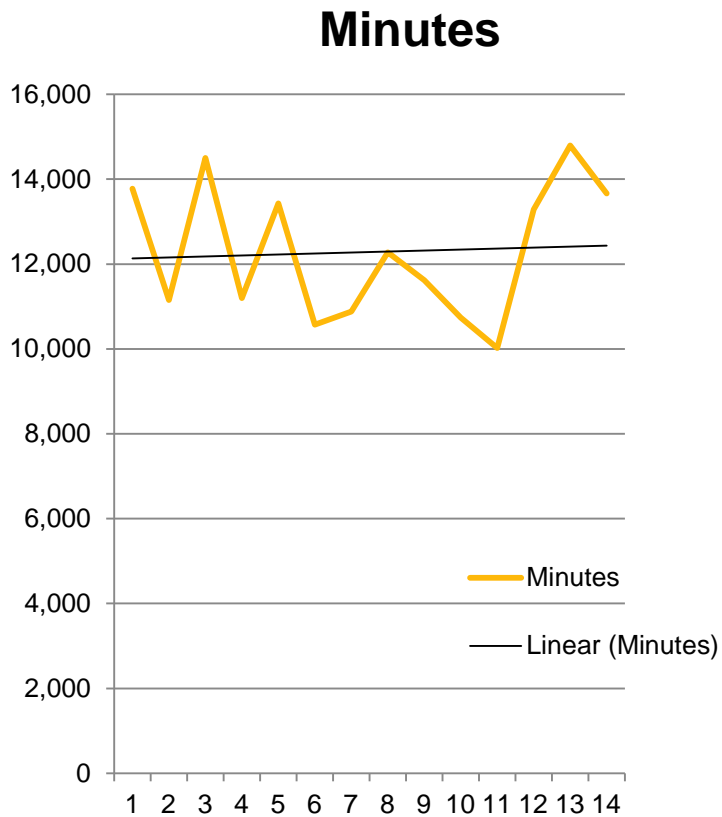


Projected Traditional TRS  
(July 2012 – June 2013)

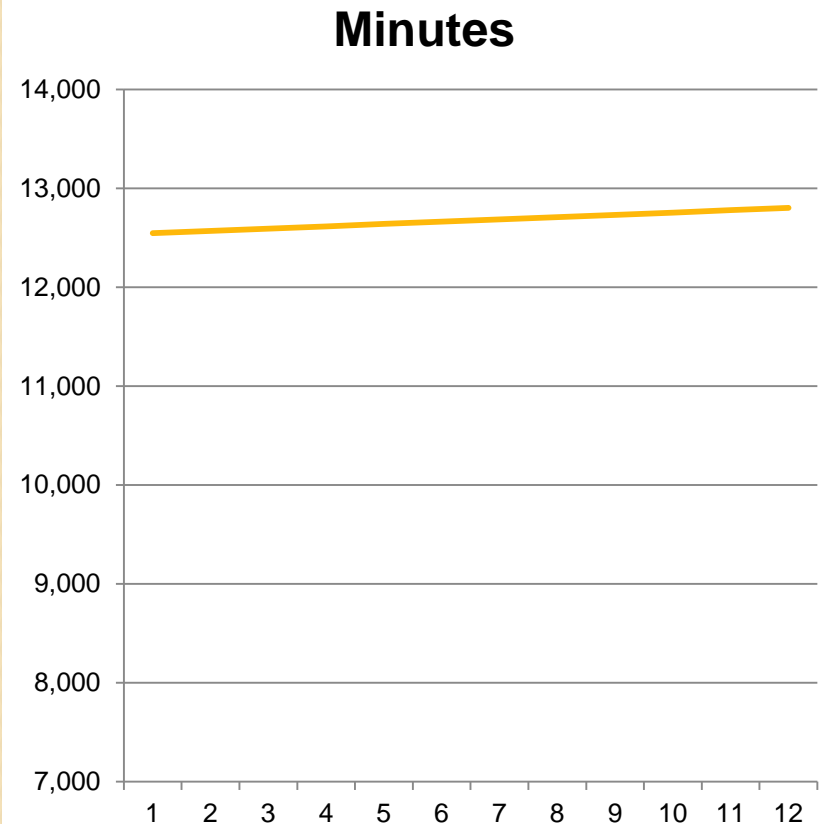


# STS

Historical STS  
(Jan 2011 – Feb 2012)

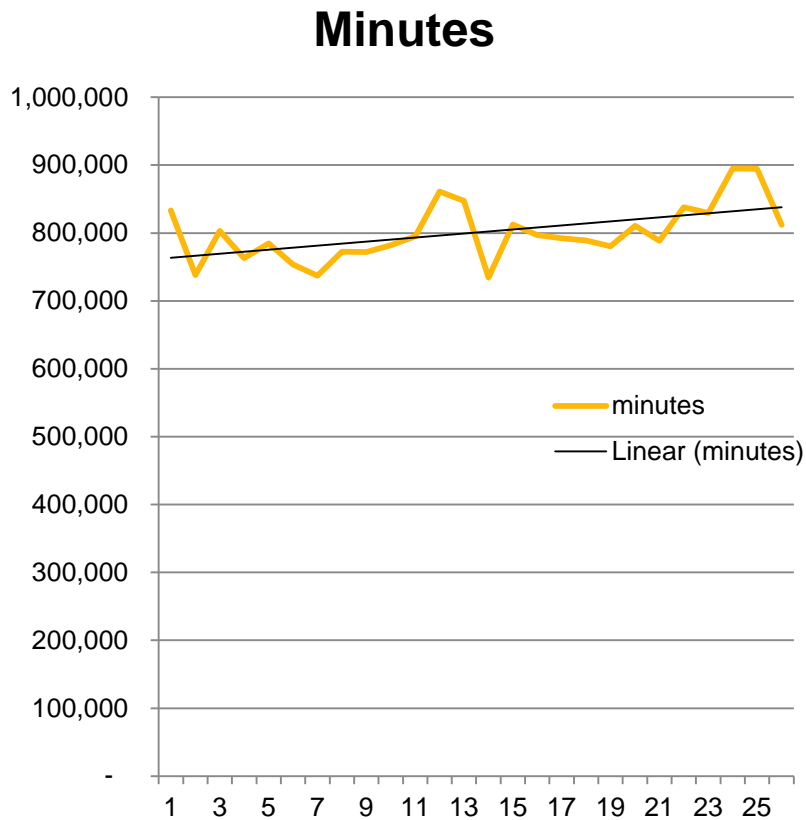


Projected STS  
(July 2012-June 2013)

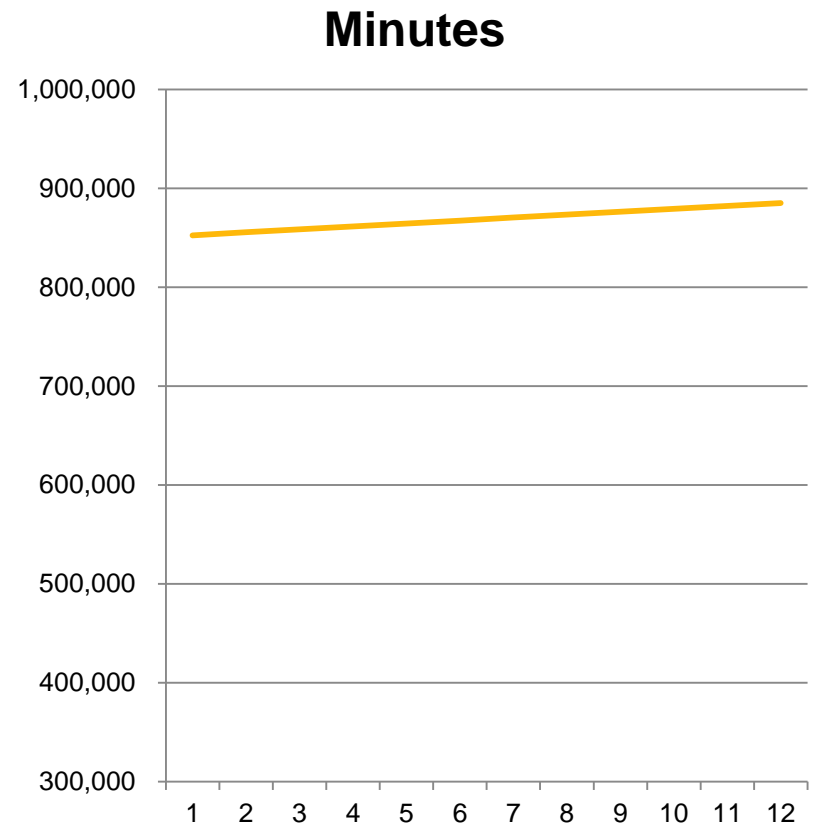


# CTS

Historical CTS  
(Jan 2010- Feb 2012)



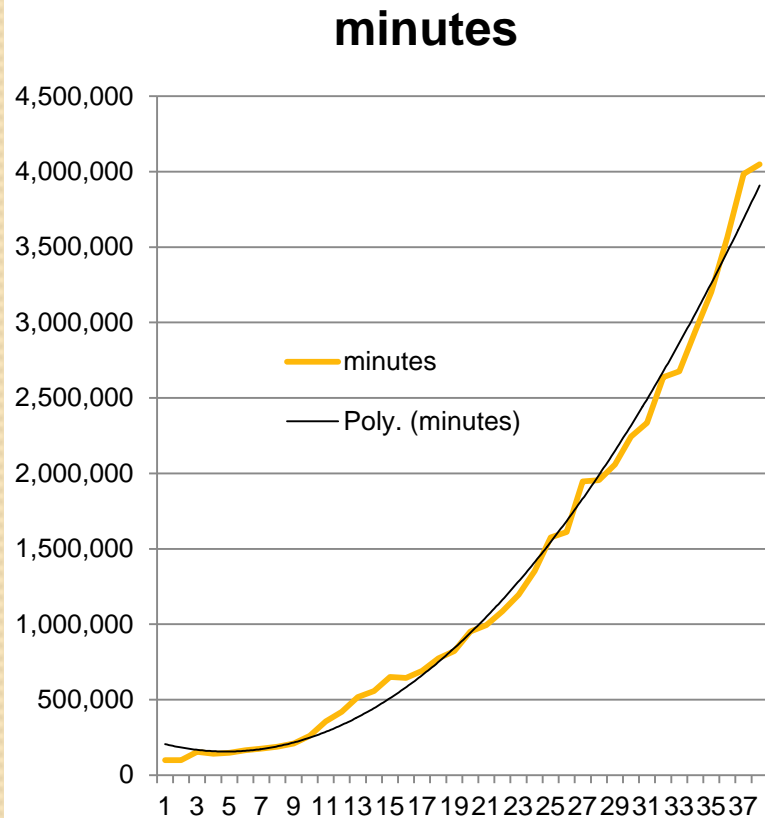
Projected CTS  
(July 2012-2013)



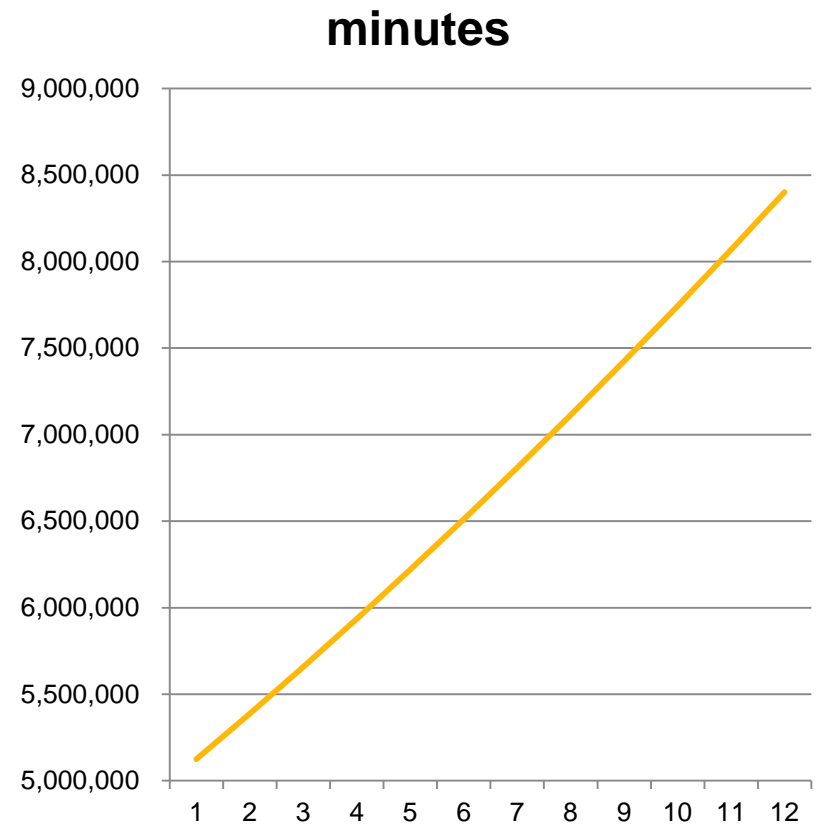


# IP CTS

Historical IP CTS  
(Jan 2009 – Feb 2012)



Projected IP CTS  
(July 2012 – June 2013)



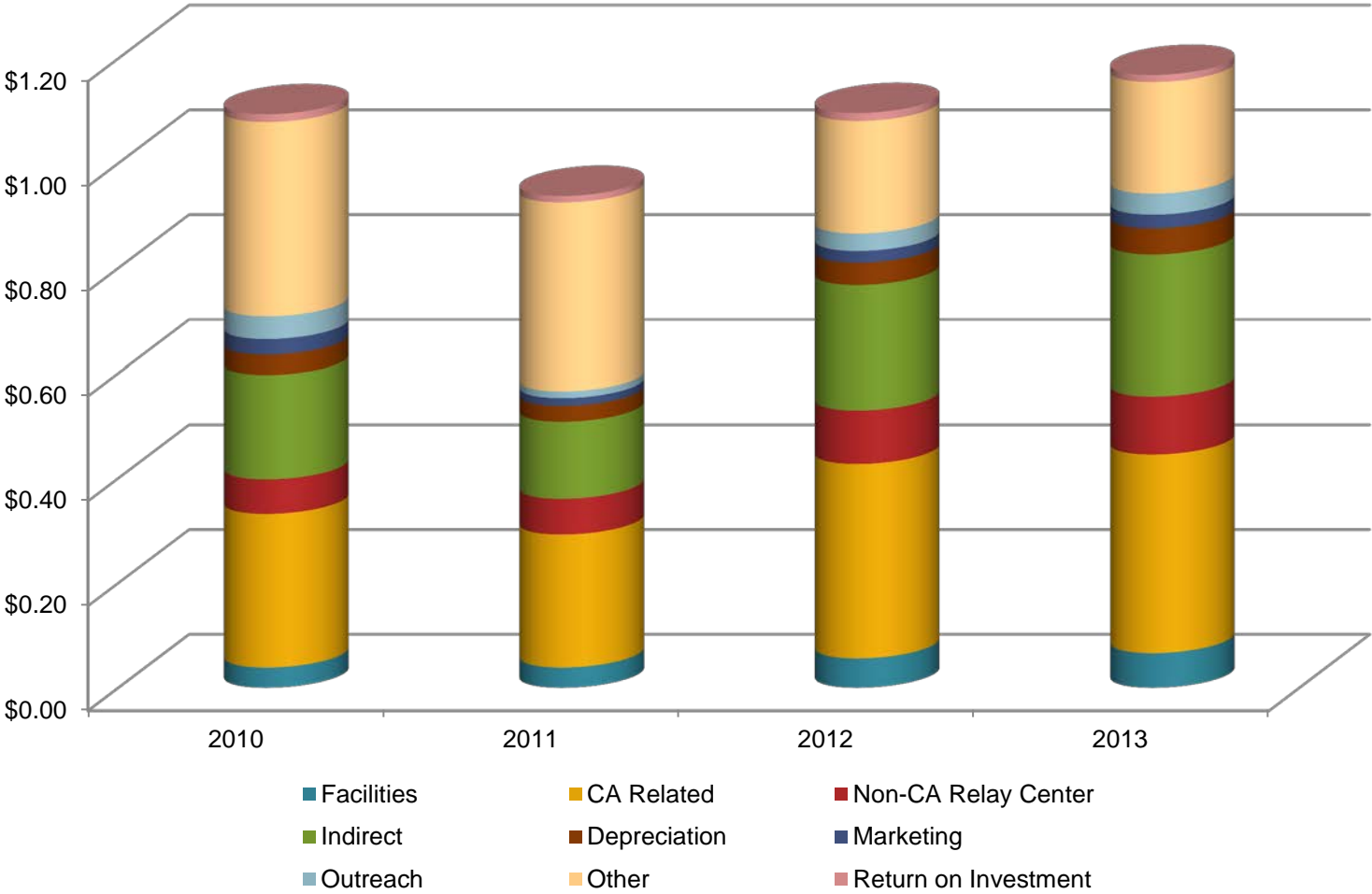
# IP Relay

- Compensation rate shall apply to interstate and intrastate IP Relay based on price caps, and that the rate shall be set for three-year periods, subject to adjustment, beginning with the 2007-2008 Fund year
- The 2<sup>nd</sup> three year period expires on June 30, 2013

# IP Relay

- Cost Categories
  - Facilities-
    - Land, Buildings, Utilities, Property Taxes, etc.
  - CA Related-
    - Salaries and Benefits plus Subcontractor
  - Non-CA Relay Center Expenses-
    - Management, Staff, Telecom Billing and other “Center Expenses
  - Indirect Expenses
    - Accounting, Legal, Engineering, R&D, Operations Support, etc.
  - Depreciation Expense
    - Depreciation Expense associated with Capital Investment
  - Marketing Expense
  - Outreach Expense
  - Other Expense
  - Return on Investment @ 11.25%

# IP Relay Cost Per Minute By Cost Category



# IP Relay Average Cost Per Minute Cost Data

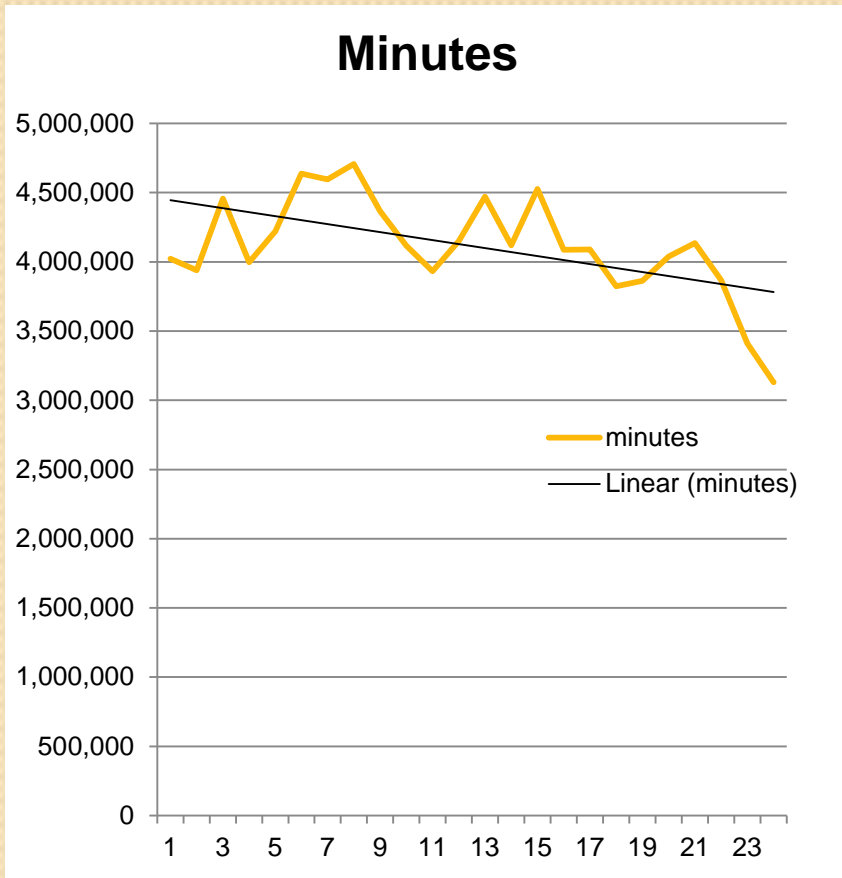
Category	2010	2011	2012	2013
Facilities	0.0385	0.0385	0.0559	0.0659
CA Related	0.2933	0.2539	0.3712	0.3791
Non-CA Relay Center	0.0658	0.0681	0.1017	0.1105
Indirect	0.1988	0.1471	0.2389	0.2704
Depreciation	0.0388	0.0303	0.0424	0.0496
Marketing	0.0294	0.0147	0.0225	0.0263
Outreach	0.0431	0.0128	0.0333	0.0401
Other	0.3708	0.3598	0.2147	0.2129
Return on Investment	0.01495	0.01242	0.01522	0.01361
Total Cost	1.0935	0.9375	1.0957	1.1684

# IP Rate Development

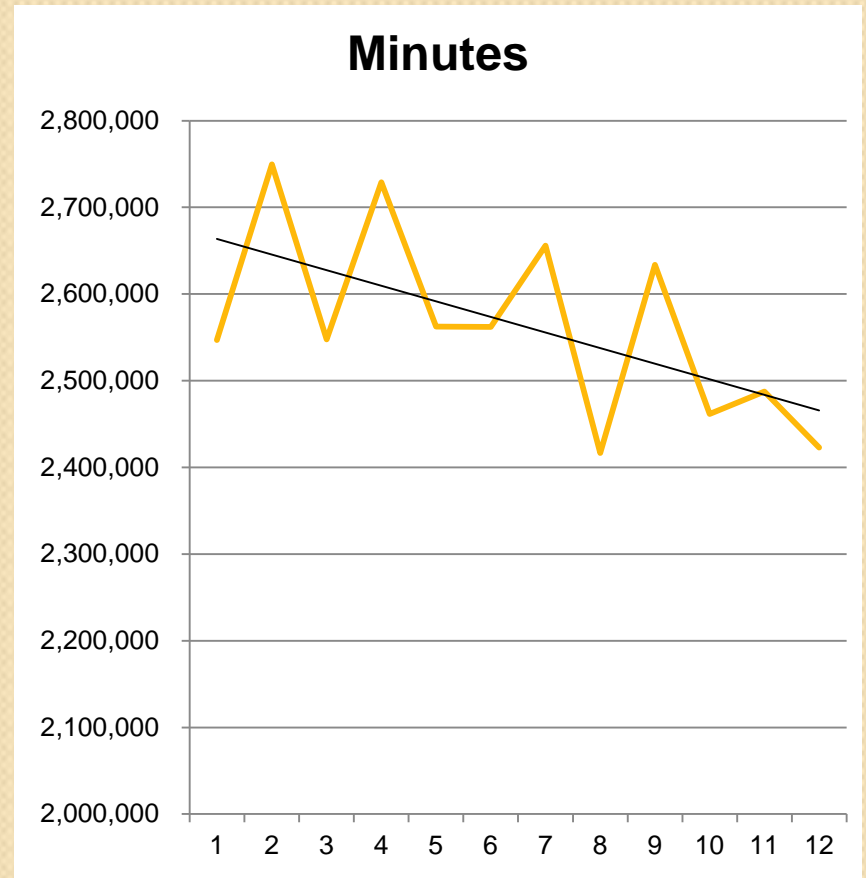
2011-2012 IP Base Rate		2012-2013 Rate	
1.292	x (1.000 - .005)	=	1.286
1.292	x 0.995	=	1.286

# IP Demand

Historical IP Demand  
(Jan 2010 – Dec 2011)



Projected IP Demand  
(July 2012 – June 2013)



# IP Relay Service

May 1, 2011 Filing		
Demand	Rate	Fund Requirement
51,566,205	\$1.292	\$66,623,537

May 1, 2012 Filing		
Demand	Rate	Fund Requirement
30,775,976	\$1.286	\$39,577,906



# Video Relay Service

- Current Compensation Rates:
  - Tier 1 (0-50,000 minutes per month) \$6.2390
  - Tier 2 (50k – 500k minutes per month) \$6.2335
  - Tier 3 (> 500k minutes per month) \$5.0668