

2015-2016

TRS Filing Presentation

Harrisburg

Pennsylvania

April 7, 2015

Road Map

- MARS-based Services
 - Rate Development Process
 - Current versus Proposed Rates / Demand Table
 - Demand Trend Charts
- IP CTS
 - Cost Trends
 - Demand Trend
- IP Relay
 - 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	860,269.07	1,529,497.00	\$1,083,939.03
B	\$0.85	SM	141,312.42	189,595.98	\$161,156.58
C	\$0.93	SM	57,071.00	85,445.00	\$79,463.85
D	\$1.30	CM	926,051.13	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	\$21,569,369
◦ Total Intrastate Conversation Minutes	10,962,240
◦ Other Costs Paid to Providers	\$3,552,196
◦ Per minute Rate for Traditional TRS	\$2.2916
◦ Per Minute Speech to Speech Outreach Additive	\$1.1310
◦ Per minute Rate for Speech to Speech	\$3.4226

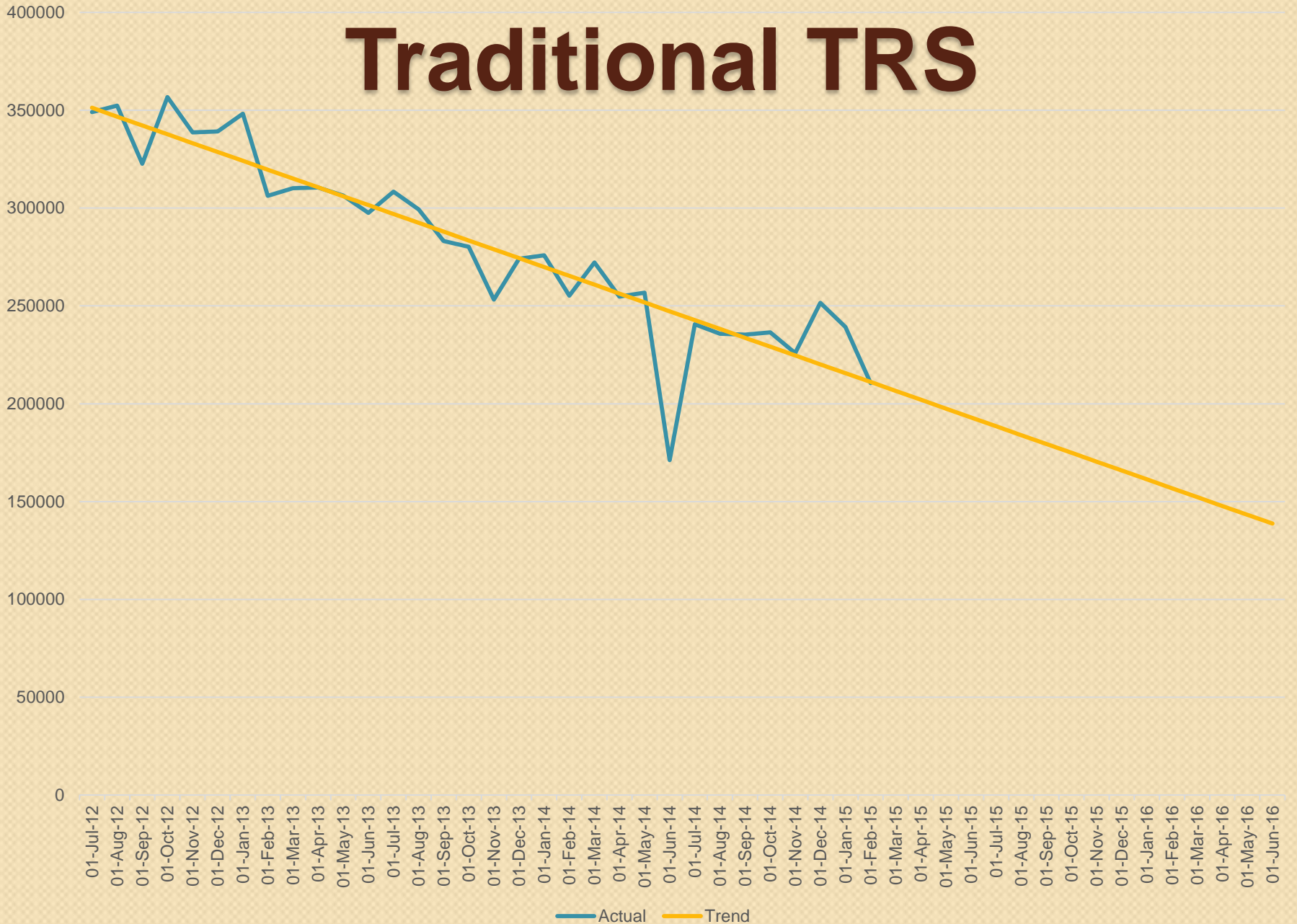
- Caption Telephone and IP Caption Telephone

◦ Total Intrastate Payments per minute compensation	\$48,602,156
◦ Other Costs Paid to Providers	\$1,087,044
◦ Total Intrastate Conversation Minutes	26,321,380
◦ Per minute Rate for Caption Telephone Services	\$1.8878

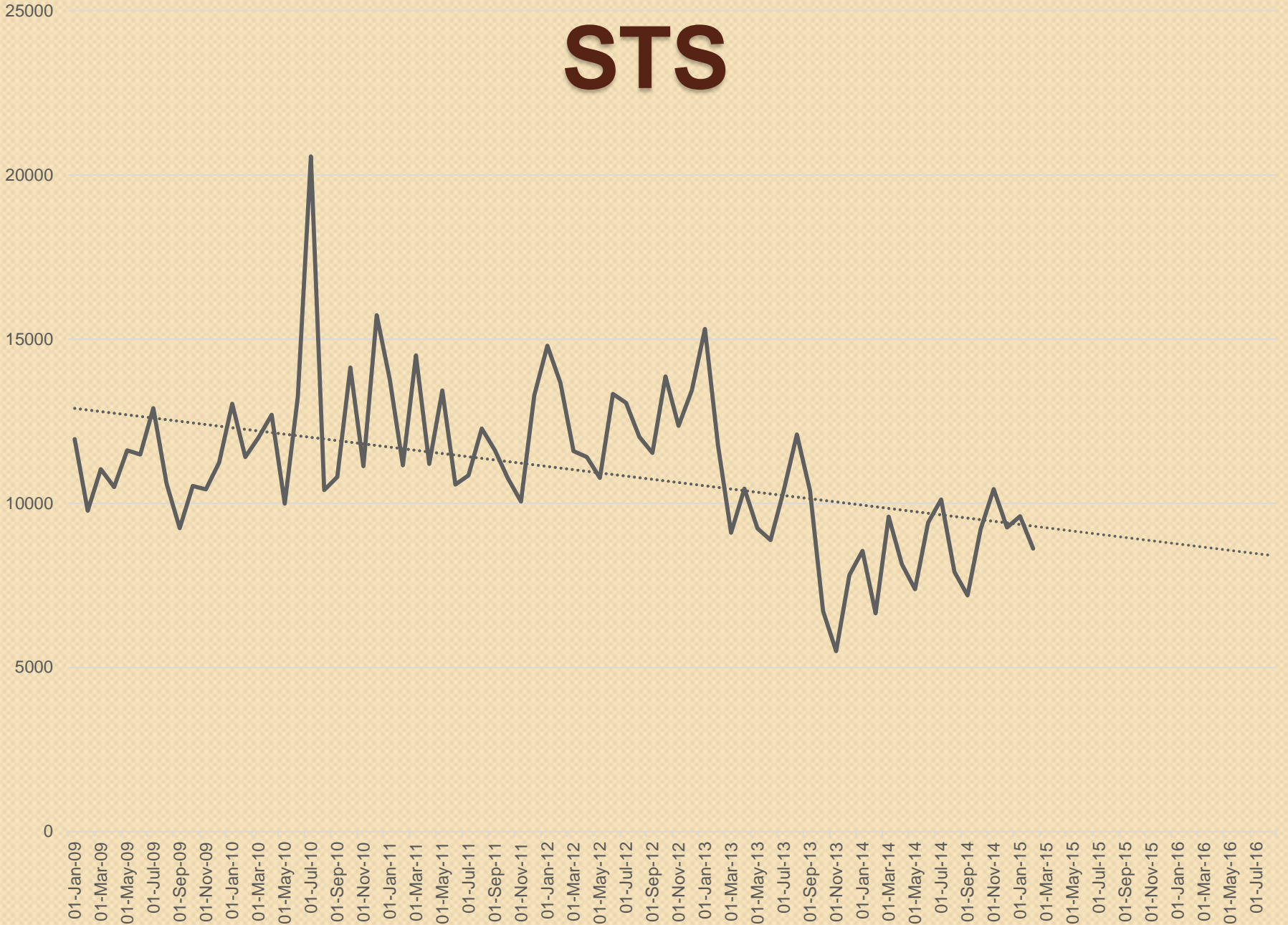
MARS Based Services Alt 1

	May 1, 2014 Filing			May 1, 2015 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	2,271,964	\$2.1170	\$4,809,748		1,963,360	\$2.2916	\$4,499,237
Speech to Speech	91,063	\$3.2480	\$295,773		120,000	\$3.4426	\$413,112
Caption Telephone	8,653,304	\$1.8205	\$15,753,340		6,833,358	\$1.8878	\$12,900,014
IP Caption Telephone	130,883,247	\$1.8205	\$238,273,134		202,651,457	\$1.8878	\$382,565,409
Total	141,899,673		\$259,131,994		211,568,170		\$400,377,772

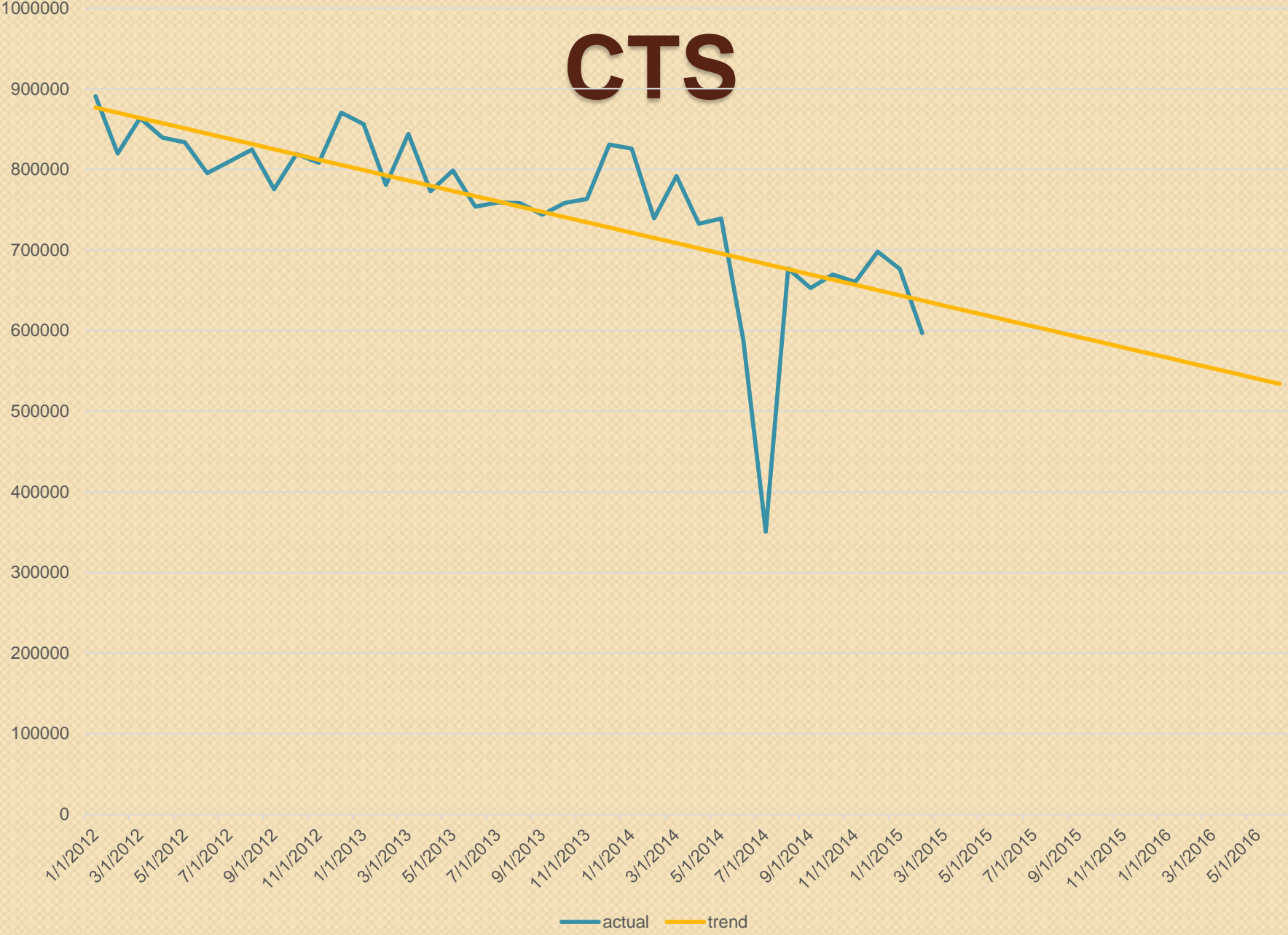
Traditional TRS



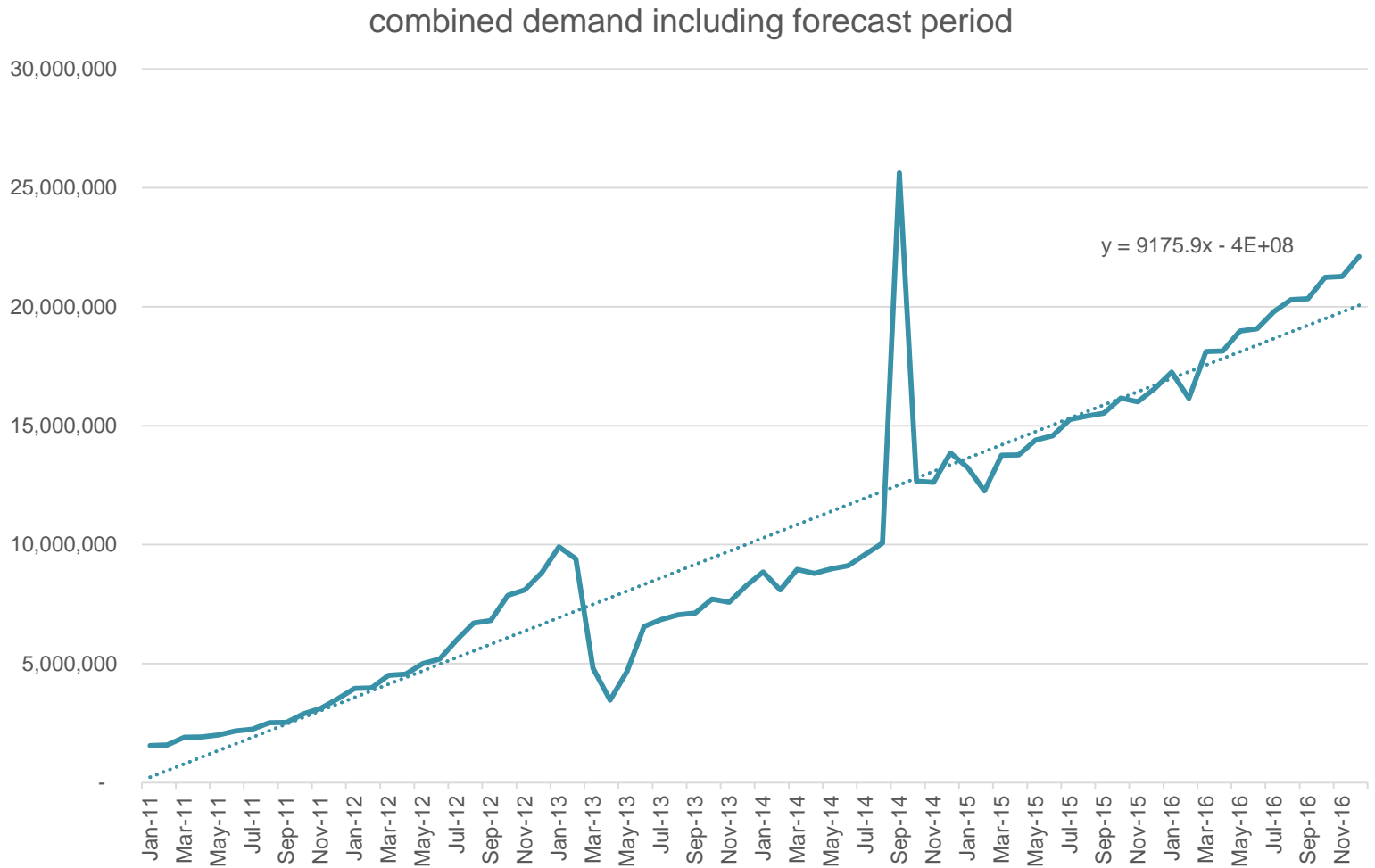
STS



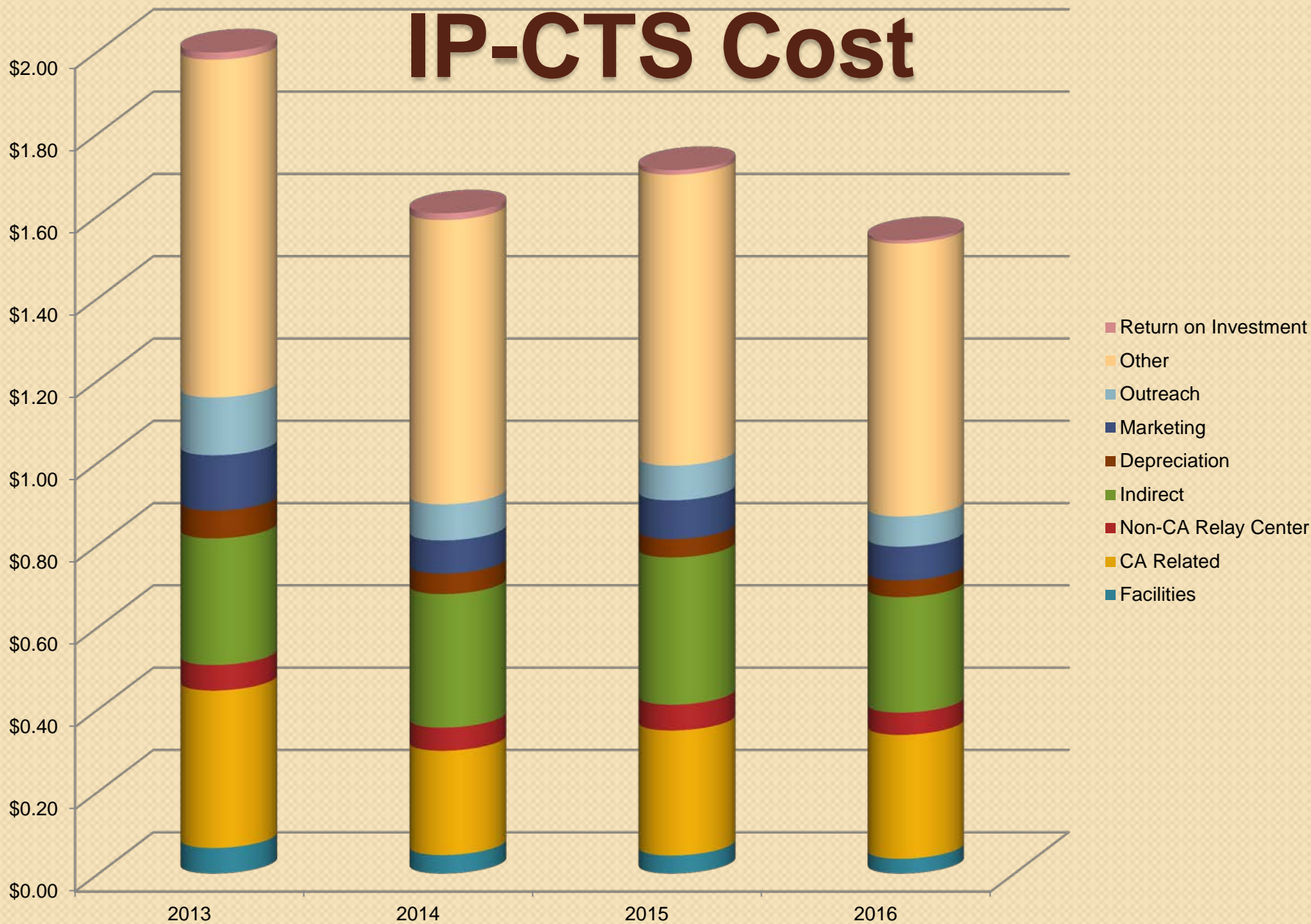
CTS



IP-CTS Actual and Provider Forecast



IP-CTS Cost



IP-CTS Cost

Category	2013	2014	2015	2016
Facilities	0.0619	0.0448	0.0437	0.0359
CA Related	0.3828	0.2536	0.3039	0.3012
Non-CA Relay Center	0.0620	0.0562	0.0628	0.0539
Indirect	0.3080	0.3246	0.3580	0.2810
Depreciation	0.0675	0.0499	0.0446	0.0406
Marketing	0.1344	0.0806	0.0943	0.0820
Outreach	0.1405	0.0877	0.0841	0.0734
Other	0.8211	0.6909	0.7073	0.6636
Return on Investment	0.0175	0.0163	0.0113	0.0079
Total Cost	1.9957	1.6046	1.7099	1.5394

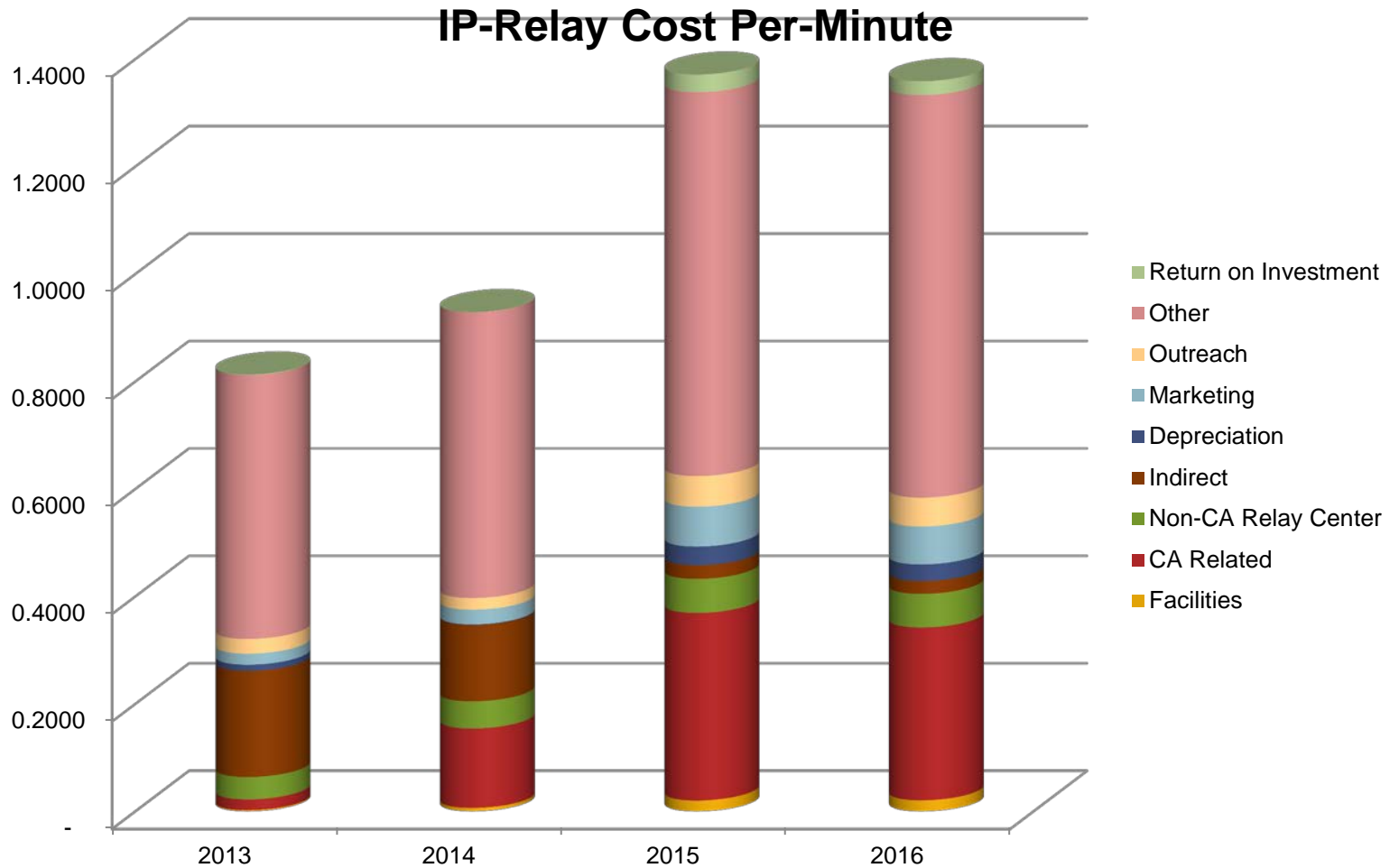
MARS Revenue Alt 2

	Rate	Demand	Fund Requirement
IP-CTS	\$1.6306	202,651,451	\$330,443,456
Other MARS services			\$17,812,363
MARS alternative 2			\$348,255,819

IP-Relay Cost by Function

Category	2013	2014	2015	2016	Tariff year projected cost	
					2015-2016	
Facilities	0.0022	0.0065	0.0202	0.0205	0.0202	
CA Related	0.0200	0.1477	0.3490	0.3215	0.3318	
Non-CA Relay Center	0.0417	0.0507	0.0635	0.0627	0.0626	
Indirect	0.1976	0.1423	0.0254	0.0238	0.0243	
Depreciation	0.0114	0.0009	0.0347	0.0310	0.0325	
Marketing	0.0205	0.0273	0.0742	0.0707	0.0717	
Outreach	0.0274	0.0217	0.0571	0.0537	0.0549	
Other	0.4912	0.5320	0.7143	0.7491	0.7268	
Return on Investment	0.0010	0.0003	0.0329	0.0259	0.0290	
Total Cost	0.8131	0.9293	1.3713	1.3590	1.3538	
Cost w/o outreach	0.7857	0.9076	1.3142	1.3053	-	1.2989

IP-Relay Cost Trend



Video Relay Service

- Current Compensation Rates:
 - Tier 1 (0-500,000 minutes per month)
 - Tier 2 (500k – 1 million minutes per month)
 - Tier 3 (> 1 million minutes per month)

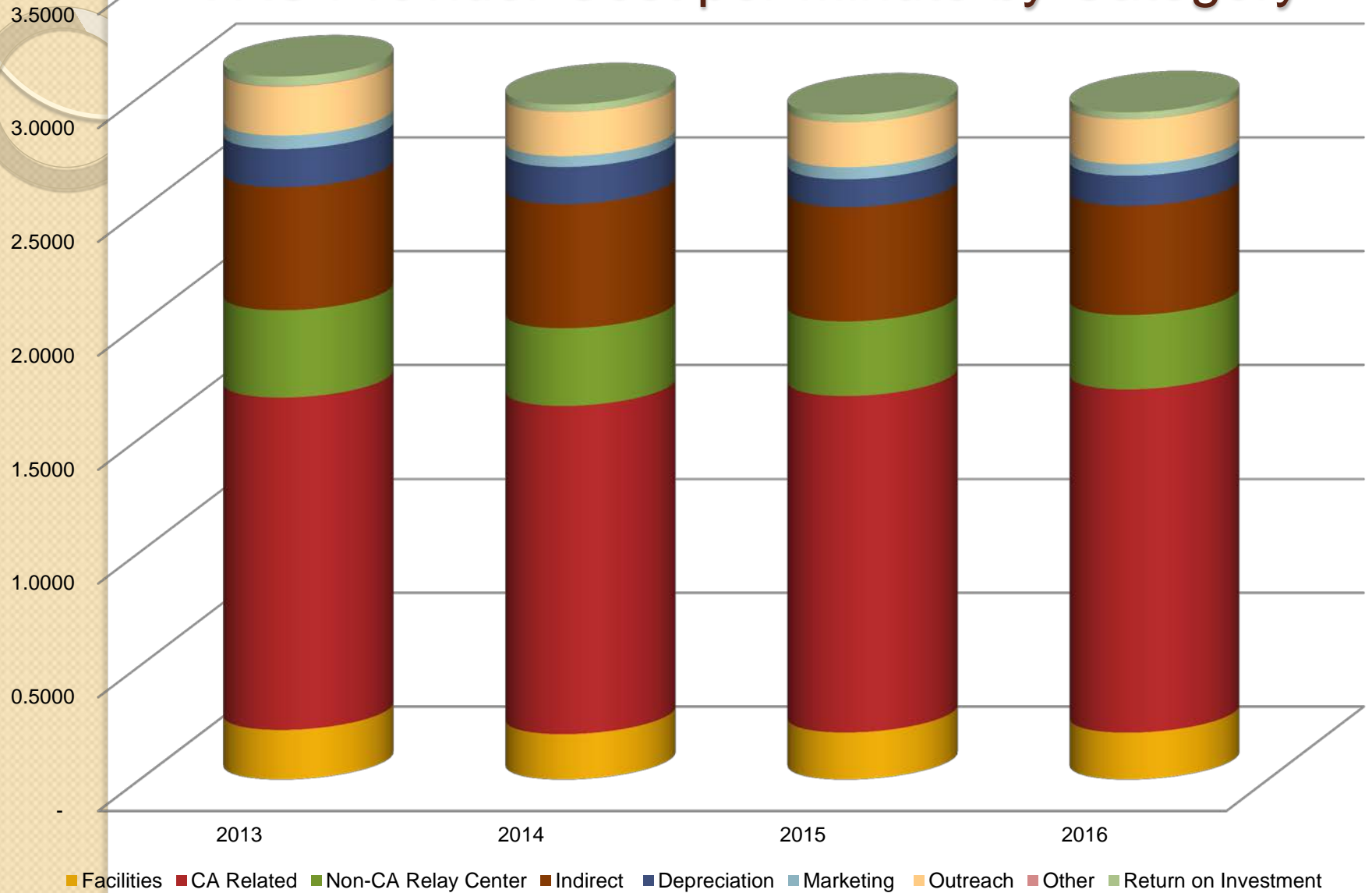
Video Relay Service

- 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%

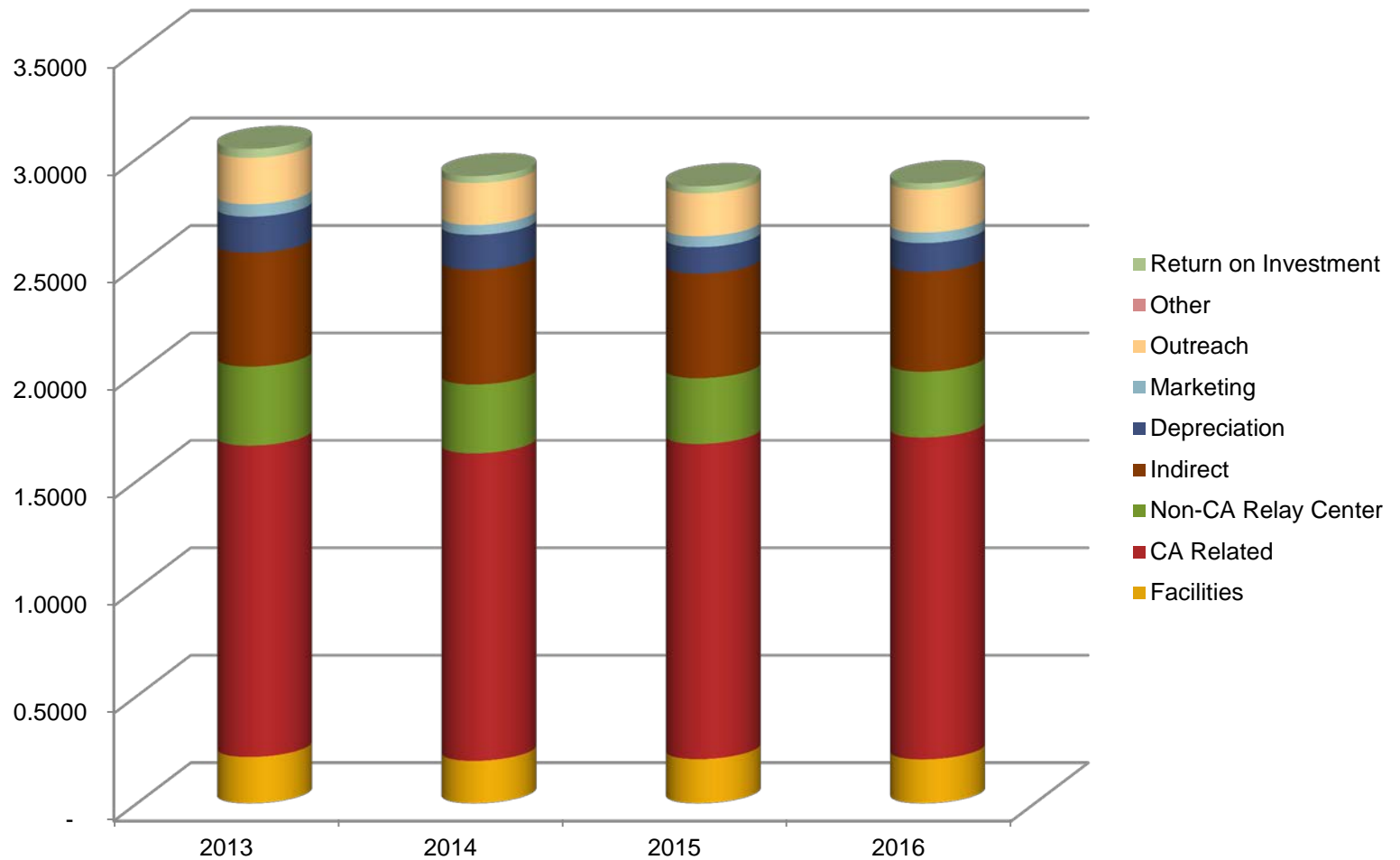
VRS Per Minute Component Costs in Dollars

Category	2013	2014	2015	2016
Facilities	0.2181	0.1995	0.2067	0.2060
CA Related	1.4608	1.4429	1.4792	1.5090
Non-CA Relay Center	0.3820	0.3395	0.3260	0.3246
Indirect	0.5405	0.5456	0.5021	0.4800
Depreciation	0.1682	0.1632	0.1226	0.1320
Marketing	0.0593	0.0477	0.0530	0.0509
Outreach	0.2142	0.1937	0.1975	0.1973
Other	0.0033	0.0011	0.0011	0.0015
Return on Investment	0.0417	0.0322	0.0329	0.0296
Total Cost	3.0880	2.9655	2.9210	2.9309

VRS Provider Cost per Minute by Category



VRS – Big Three Cost Trend



VRS Revenue

July – December 2015

	Demand	Rate	Revenue
Tier 1	10,363,622	\$5.06	\$ 52,439,930
Tier2	8,914,691	\$4.82	\$ 42,968,811
Tier 3	47,315,099	\$4.06	\$ 192,099,304
Total	66,593,413		\$ 287,508,044

January – June 2016

	Demand	Rate	Revenue
	10,553,148	\$4.82	\$ 50,866,175
	9,000,000	\$4.82	\$ 43,380,000
	48,378,977	\$3.87	\$ 187,226,641
	67,932,125		\$ 281,472,815

TRS Fund Requirement for 2015-2016

- MARS Based Services Alt 1 \$400,377,772
 - MARS Based Services Alt 2 \$348,255,819
 - Other – including IP-Relay
 - VRS \$568,980,859
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- 2014-2015 Fund Size \$ Million
 - 2015-2016 Alternative 1 \$ Million
 - 2015-2016 Alternative 2 \$ Million