

Calendar Year 2012

ANNUAL

TELECOMMUNICATIONS

REPORT

of the

Wyoming Public Service Commission

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Foreword

The 2013 Annual Telecommunications Report provides an update on the state of the telecommunications industry in Wyoming through the end of calendar year 2012. It addresses:

- A. Commission activity 2012;
- B. Wyoming Universal Service Fund (WUSF);
- C. Federal Universal Service Fund (FUSF);
- D. Basic Local Telephone Prices (Rates);
- E. Market Trends (including Consumer Issues); and,
- F. Wyoming Relay.

Appendix A. Wyoming Incumbent Local Exchange Carriers (ILECs) December 31, 2012. (Available online at http://psc.state.wy.us/pscdocs/download/WPSC_Telecom_CY2012_Report_Final.pdf.)

A. Commission Activity 2012

The Commission processed 146 telecommunications applications and cases in 2012, including tariff and price list filings, interconnection agreements, and certificates of public convenience and necessity, show cause proceedings, federal universal service eligible telecommunications carrier designations and certifications, and intrastate rate rebalancing.

The last incumbent telecommunications company to reduce switched access rates to \$0.03 per minute pursuant to the 2007 Wyoming Telecommunications Act (2007 Act) was Dubois Telephone in December 2011. No switched access rate adjustment applications were filed in 2012.

Annually, the Commission certifies all carriers eligible to receive federal high cost universal service support for rural and non-rural carriers as “eligible telecommunications carriers” (ETCs). The annual certification is due to the Federal Communications Commission (FCC) on October 1 of each year. This certification verifies that all federal high cost support will be used for the provision, maintenance, and upgrading of facilities and services for which support is intended. The Commission certified 16 eligible telecommunications carriers on September 28, 2012.

During 2012, commissioners and staff participated in local and national telecommunications association meetings such as the Wyoming Telephone Association, the Tri-State Telephone Association, the National Association of Regulatory Utility Commissioners and others to maintain awareness of current issues, developments and trends.

- **Other Matters**

The Wyoming Telecommunications Act of 1995 (1995 Act) preceded the federal Telecommunications Act of 1996, establishing Wyoming as a leader in telecommunications regulation reform. The 1995 Act established:

- cost based pricing¹ of telecommunications services
- the Wyoming Universal Service Fund (WUSF)
- definitions for competitive and noncompetitive services
- criteria for competitive designations
- prohibitions against cross subsidies between services

In 1995, Wyoming had 14 incumbent local exchange carriers (ILECs) and no competitive local exchange carriers (CLECs). On December 31, 2012, there were 14 incumbent local exchange carriers, 13 competitive registered local exchange carriers actively providing service), and 185 interexchange carriers (IXCs) in Wyoming.

Over the past decade there have been significant changes in the industry such as the growth of cellular service, more competition for telephone customers by cable television providers, and bundling of telephone service in pricing packages together with TV, Internet, and cellular service.

The 2007 Act limits the Commission's jurisdiction over rates to non-competitive essential local service and switched access service provided by ILECs. (Each local exchange company's initial maximum price was capped at the price in effect as of July 1, 2006.) The 2007 Act limited intrastate switched access rates to \$0.03 or less per minute after January 1, 2010, and provided specific standards for determining whether ILECs' services are subject to effective competition. The Commission's role in responding to customer inquiries and price and service complaints was altered with the elimination of various filing requirements. The maintenance of tariff sheets and price schedules for competitive services was reduced with most carriers' electing to provide that information to the public online.

On October 27, 2011, the FCC ordered significant structural changes in the industry, mandating a focus on reductions of intrastate switched access charges to \$0.0007 per minute ("triple 07" in industry parlance) and phasing in universal service reform for broadband over a multi-year period. Much of the industry's focus in 2012 was on federal universal service (FUSF) and intercarrier compensation (ICC) reform.

¹ Cost based pricing as mandated by the 1995 Act meant prices that recover total service long-run incremental cost (TSLRIC). TSLRIC approximates the long-run marginal cost of providing service. TSLRIC is the total forward-looking marginal cost of providing a service, using least cost technology, divided by the number of units of production.

B. Wyoming Universal Service Fund (WUSF)

The WUSF established by W.S. §§ 37-15-501 and 502 and further defined in Section 500 of the Commission’s Rules, ensures affordable prices for local exchange services. The WUSF was established to “assist only those customers of telecommunications companies located in areas of this state with relatively high rates for essential services.” The fund supports high-cost customers through an explicit subsidy when their rate for local telecommunications service, after consideration of federal universal service funds, exceeds 130% of the statewide weighted average rate.

The WUSF is funded by an assessment on gross intrastate wireline, cellular and long distance retail revenues. The assessment revenue (1.0% of intrastate telecommunications bills in 2012) funds support high-cost basic line charges to maintain affordable rates. After crediting high-cost customers with federal universal service high-cost support to the carrier, no customer pays more than 130% of the weighted statewide average price for essential local service. Each year this benchmark is recalculated to reflect changes in the marketplace for basic telephone service. (The WUSF benchmark is \$33.07 per month for the 2012–2013 fiscal year.)

Table 1 shows assessment level variation from 0% to 6% as funding requirements changed due to fluctuations in local telecommunications service prices, the level of federal support provided to Wyoming’s local exchange carriers, and the balance in the WUSF. The 2012-2013 WUSF assessment was set at 1.00% of gross intrastate retail telecommunications revenues.²

Table 1 - WUSF Assessments		
Assessment	Docket Number	Effective Date
1%	90072-XO-97-1	07/01/97
2%	90072-XO-98-2	04/01/98
2%	90072-XO-98-3	07/01/98
6%	90072-XO-98-4	10/01/98
3%	90072-XO-99-6	03/01/99
2%	90072-XO-99-10	07/01/99
3%	90072-XO-99-11	10/01/99
2%	90072-XO-00-13	07/01/00
4%	90072-XO-01-17	07/01/01
4%	90072-XO-02-20	07/01/02
1%	90072-XO-03-22	07/01/03
0%	90072-XO-04-24	07/01/04
0%	90072-XO-05-25	07/01/05
0.85%	90072-26-XO-06	07/01/06
1.05%	90072-27-XO-07	07/01/07
1.00%	90072-XO-28-08	07/01/08
1.00%	90072-XO-29-09	07/01/09
1.20%	90072-32-XO-10	07/01/10
1.20%	90072-35-XO-11	07/01/11
1.00%	90072-37-XO-12	07/01/12

² Docket No. 90072-37-XO-12.

The WUSF manager provided reports and documentation with the Commission, illustrating the computation of a recommended assessment level for the 2012-2013 WUSF fiscal year and fund activity for the 2011-2012 fiscal year as set forth in **Tables 2 and 3**:

Table 2
WUSF Receipts and Disbursements
July 1, 2011 - June 30, 2012

Fiscal Year Beginning Balance (July 1, 2011)		\$ 788,215
Fund Receipts:		
Net Assessments Received	\$ 3,091,377	
Qwest Section 271 QPAP Payments	\$ -	
Investment Income	\$ 35,923	
Total Fiscal Year Receipts		\$ 3,127,300
Fund Disbursements:		
Support Payments to Carriers	\$ (2,619,795)	
Administrative Costs	\$ (67,405)	
Office Expenses, Audit, Misc.	\$ (60,138)	
Total Fiscal Year Disbursements		\$ (2,747,338)
Fiscal Year Ending Balance (June 30, 2012)		\$ 1,168,177

Table 3
Price Averages and Total Support Projections
July 1, 2012 - June 30, 2013

	Essential Lines
Statewide Weighted Average Essential Service Price	\$ 25.44
130% Support Benchmark	\$ 33.07
Total 2012-2013 Support Projection	\$ 2,548,608

The Commission established the WUSF assessment level for the twelve-month period beginning July 1, 2012, at 1.0% of gross intrastate retail revenues. The Commission also established the weighted statewide average price at \$25.44 and the associated 130% support benchmark at \$33.07 for the WUSF fiscal year beginning July 1, 2012.

Table 4
WUSF Contributions by Carrier Type
2011-2012

WUSF CONTRIBUTIONS BY CARRIER TYPE					
	Number	2011 Contribution	%	2012 Contribution	%
WIRELESS	28	\$ 1,989,982	59%	\$1,721,940	61%
COMPETITIVE LOCAL EXCHANGE (CLEC)	24	\$ 260,489	8%	\$188,580	7%
INCUMBENT LOCAL EXCHANGE (ILEC)	15	\$ 1,050,207	31%	\$840,931	30%
INTEREXCHANGE (IXC) & OTHER	135	\$ 80,924	2%	\$71,940	3%
TOTAL	202	\$ 3,381,602	100%	\$2,823,390	100%

C. Federal Universal Service Fund (FUSF)

On November 18, 2011, the FCC issued its Report and Order which directed comprehensive reforms of its universal service fund and intercarrier compensation systems (National Broadband Plan) to accelerate broadband access, and transforming the existing universal service fund into the Connect America Fund (CAF), shifting the focus of the program to proliferation of broadband service.

The Commission filed a petition for review of the new FCC rules because they will require every telecommunications company receiving high-cost universal service support to self-certify annually that the price of its voice services is no more than two standard deviations above the applicable national average urban rate for voice services. This is essentially a requirement that a company certify that its rates are reasonably comparable to the national average urban rate. Such a certification for Wyoming ETCs may be impossible and inconsistent with previous rulings. There is concern the FCC might constrain funding for carriers who cannot make the comparability certification, which could have significant impact on Wyoming carriers, their customers, and the WUSF.

• Eligible Telecommunications Carriers (ETCs)

On September 28, 2012, the Commission filed its annual certifications of rural, non-rural, and competitive ETCs with the FCC and the Universal Service Administrative Company (USAC). The Commission's review of each carrier's application for certification ensures that federal universal service support for ETCs is used for the nine supported services.³

³ Voice grade access to the public switched network, local usage, dial tone multi-frequency signaling, single party service, access to emergency service, access to operator service, access to interexchange service, access to directory assistance, and toll limitation service for qualifying low-income customers.

Figure 1 - Certified ETCs

1. Advanced Communications Technology
2. All West Communications
3. All West Wireless
4. All West Wyoming
5. CenturyTel of Wyoming
6. Chugwater Telephone Company
7. Dubois Telephone Exchange
8. Gold Star Communications LLC
9. Qwest Corporation (now CenturyLink QC)
10. Range Telephone Cooperative (includes RT Communications)
11. Silver Star Communications (CLEC)
12. Silver Star Communications (ILEC)
13. Tri County Telephone Association (includes TCT WEST)
14. Union Telephone Company
15. Union Telephone Company d/b/a Union Cellular
16. United Telephone Company of the West/Embarq (now CenturyLink of the West)

Annual certification is a federal requirement for the continued receipt of federal universal service support by Wyoming's designated ETCs. The ETC certification requirements are set forth in Commission Rule 514.

On November 4, 2008, the Commission granted Qwest's ETC certification application, but required an audit of its use of federal universal service funds.⁴ On April 15, 2009, Qwest filed the final audit report accompanied by Qwest's response. The audit report reveals unresolved issues most significantly an accumulated uncredited FUSF account balance of \$7,478,881, as of the end of October, 2010 that could not be determined within the context of the ETC docket. Investigation of the issues regarding the undistributed federal funds is ongoing.

⁴ Docket No. 70000-1387-TA-08, issued May 20, 2009.

Table 5 shows that Qwest’s rural residential customers pay an average monthly rate of \$43.82.

Table 5
Comparability of CenturyLink QC (f/k/a Qwest) Rates to National Weighted Average Urban Rate Plus Two Standard Deviations and Example of Taxes, Fees, and Surcharges on a Typical Residential CenturyLink QC Bill as of December 31, 2011

	Base Rate Area	Zone One	Zone Two	Zone Three
Basic Service Rate	\$23.10	\$23.10	\$23.10	\$23.10
Zone Additive	\$0.00	\$15.50	\$25.50	\$46.25
Gross Rate	\$23.10	\$38.60	\$48.60	\$69.35
Federal USF Credit		\$5.02	\$15.14	\$32.03
Rate Net of FUSF	\$23.10	\$33.58	\$33.46	\$37.32
Wyoming USF Credit		\$0.51	\$0.39	\$4.25
Net Rate (before taxes and surcharges)	\$23.10	\$33.07	\$33.07	\$33.07
Subscriber Line Charge	\$6.50	\$6.50	\$6.50	\$6.50
FUSF Surcharge = SLC*15.3%	\$0.99	\$0.99	\$0.99	\$0.99
WUSF Surcharge = 1.0%	\$0.23	\$0.39	\$0.49	\$0.69
Telecomm Relay	\$0.03	\$0.03	\$0.03	\$0.03
Wyoming Lifeline	\$0.00	\$0.00	\$0.00	\$0.00
E 9-1-1	\$0.75	\$0.75	\$0.75	\$0.75
Federal Excise Tax = 3%	\$0.20	\$0.20	\$0.20	\$0.20
Wyoming Sales Tax =4.8%	\$1.11	\$1.59	\$1.59	\$1.59
Final Bill to Customer	\$32.91	\$43.51	\$43.61	\$43.82
FCC Benchmark	\$36.52	\$36.52	\$36.52	\$36.52
Comparability Shortfall	\$0.00	\$6.99	\$7.09	\$7.30
Number of Lines as of December 31, 2011*		8,963	8,542	15,567

* Number of lines used in calculation of weighted statewide average price in 2012-2013 WUSF fiscal year.

The Qwest Price Plan approved by the Commission in 1999, required that one hundred percent (100%) of the federal high cost support received by Qwest (now CenturyLink QC) in Wyoming be directed to bill credits to its rural customers. Based on these facts, the methods in which the average urban rate was calculated and the Federal rate comparison requirements, we concluded that CenturyLink QC’s rural residential rates are not reasonably comparable to the nationwide urban rate benchmark. The continued presence of substantial implicit subsidies in local rates constituting the average urban rate and the nationwide urban rate benchmark contribute to this result.

Although there are several reasons why the rates are not reasonably comparable, the main factor is that Wyoming has cost-based rates for its rural areas and no other state does. This has been a fact recognized several times by the FCC. The Commission has fully implemented the pro-competitive statutory mandates of the 1995 Act (W.S. §§ 37-15-101, *et seq.*). The 1995 Act (W.S. § 37-15-402) required cost-based pricing for all retail telecommunications services in Wyoming; W.S. § 37-15-403 prohibited cross subsidies and eliminated implicit subsidies; and W.S. § 37-15-501 established the WUSF. CenturyLink QC now has in place de-averaged cost-based residential rates with implicit subsidies removed from residential rates; and the Commission has fully implemented Wyoming’s

explicit subsidy support program (WUSF). The residential rate in Qwest’s high-cost Zone 3 of \$43.82 reflects the truly high cost telecommunications environment present in much of Wyoming, due to our sparse population.

Each year, the Federal-State Joint Board on Universal Service releases a Monitoring Report on the various components of the FUSF support programs containing information on various universal service support mechanisms. It also summarizes annual contributions to and disbursements from the major federal universal service support programs: low-income; high-cost; schools and libraries; and rural health care. Below are trend data for federal universal service fund support for Wyoming from the most recently available 2012 Monitoring Report.⁵

Table 6 shows that of the \$404,125 in federal low-income support for Wyoming in 2011, \$400,122 was for non-tribal Lifeline, \$46,969 for tribal Lifeline, \$3,581 was for non-tribal Link Up, and \$244 was for tribal Link Up. Lifeline provides qualified low-income recipients a discount on their monthly local phone bill, and Link Up provides support for new installations. Lifeline is matched by a state contribution from the Wyoming Telephone Assistance Program.

Table 6 - Wyoming Low Income Support

2008	2009	2010	2011
\$729,646	\$468,807	\$453,652	\$404,125

Table 7 illustrates the changes in federal universal service funding from 2010 – 2011. High-cost disbursements to Wyoming decreased and nationally high-cost support declined by more than \$236 million. Over-all high-cost disbursements to a given state are primarily affected by investment levels of incumbent rural ILECs and incumbent line losses to competitors where competitors may not be eligible to receive support. Wyoming low-income disbursements declined while national disbursements increased. Schools and libraries disbursements through the E-rate decreased in Wyoming and nationally rural health care disbursements increased slightly in Wyoming while national figures rose. Finally, the table shows that contributions by Wyoming ratepayers into the federal universal service program increased by about \$900,000 in 2011, while total disbursements to Wyoming decreased by about \$9 million.

⁵ <http://www.fcc.gov.encyclopedia/federal-state-joint-board-monitoring-reports>

Table 7 – Federal Universal Service Mechanisms 2009 - 2011
(Annual Payments and Contributions in Thousands)

	High-Cost Support	Low-Income Support	Schools and Libraries	Rural Health Care	Total Payments		Estimated Contributions		Estimated Net Dollar Flow
					Amount	% of Total	Amount	% of Total	
Wyoming 2010	\$52,256	\$453	\$3,881	\$113	\$56,703	0.71%	\$15,373	0.19%	\$41,330
Wyoming 2011	\$43,746	\$403	\$3,294	\$250	\$47,695	0.58%	\$16,273	0.20%	\$31,422
Change	-\$8,510	-\$50	-\$587	\$137	-\$9,008		\$900		-\$9,908
U.S. 2010	\$4,267,746	\$1,315,734	\$2,282,499	\$85,952	\$7,951,931	100%	\$8,057,357	100%	
U.S. 2011	\$4,031,268	\$1,750,728	\$2,232,539	\$141,013	\$8,155,548	100.00%	\$8,262,633	100%	
Change	-\$236,478	\$434,994	-\$49,960	\$55,061	\$203,617		\$205,276		

The Universal Service Administrative Company (USAC) administers federal universal service. **Table 8** shows the total amounts that Wyoming’s ETCs have received federal high-cost support, including high-cost model and high-cost loop support. High cost model support is based up a computer model that applies to CenturyLink QC, as a non-rural carrier, and to competitive ETCs who provide lines in CenturyLink QC high-cost Zones 1-3. High-cost model support varies mainly due to the number of lines served. High-cost loop support is based upon embedded investments and expenses, and applies to rural carriers and to competitive ETCs providing service in rural carrier service areas. High-cost loop support varies mainly based upon changes in investment and expenses incurred by the rural companies. Disbursements can also vary as USAC implements “true-ups” to the accounting. Support amounts are subject to quarterly revisions and updates throughout the reporting year and thereafter. Note that Gold Star did not receive support until in March, 2011, since it had only recently been designated as eligible for support. Alltel’s figures were adjusted severely in 2011 because its owner, Verizon, had submitted inaccurate line counts in previous periods.

Table 8
Federal High-Cost Model, High-Cost Loop, and Frozen High-Cost Support: 2009 - 2012

	2009	2010	2011	2012
Advanced Communications Technologies	\$16,746	\$25,756	\$20,459	\$30,354
All West Communications	-\$960	\$204	\$44,659	\$66,954
All West Wyoming				\$678
All West Wireless				\$2,514
CenturyTel	\$177,492	\$138,897	\$40,893	\$817,410
Chugwater Telephone	\$82,152	\$100,704	\$89,784	\$79,830
Dubois Telephone	\$1,200,053	\$1,131,745	\$1,014,704	\$993,118
Gold Star	\$134,915	\$1,285,179	\$769,602	\$1,622,073
Qwest	\$7,528,476	\$8,732,969	\$8,051,913	\$11,345,133
Range Tel	\$3,113,829	\$3,476,013	\$3,645,803	\$3,294,573
Silverstar CLEC	\$32,050	\$41,050	\$44,241	\$58,173
Silverstar ILEC	\$1,413,678	\$1,717,145	\$1,295,172	\$1,282,035
TCT	\$5,115,192	\$4,413,215	\$4,187,902	\$4,446,003
Union	\$202,584	\$22,152	\$6,120	\$7,224
Union Cellular	\$1,959,779	\$1,103,785	\$1,841,765	\$7,023,318
United	\$939	\$3,807	\$63,183	\$744,864
Alltel	\$6,196,238	\$3,422,172	-\$1,496,172	\$6,569
Total Wyoming	\$27,173,163	\$25,614,793	\$19,620,028	\$31,822,835

Chart 1 illustrates receipt of the federal support funds by Wyoming ETCs from 2009 to 2012. This includes support to incumbent local exchange companies (ILECs) and competitive ETCs (CETCs). This data includes all forms of federal high cost support: high-cost model support, high-cost loop support, interstate access support, interstate common line support, local switching support, long term support, safety net additive support, and safety valve support.

**Chart 1
Federal High-Cost Universal Service Support**

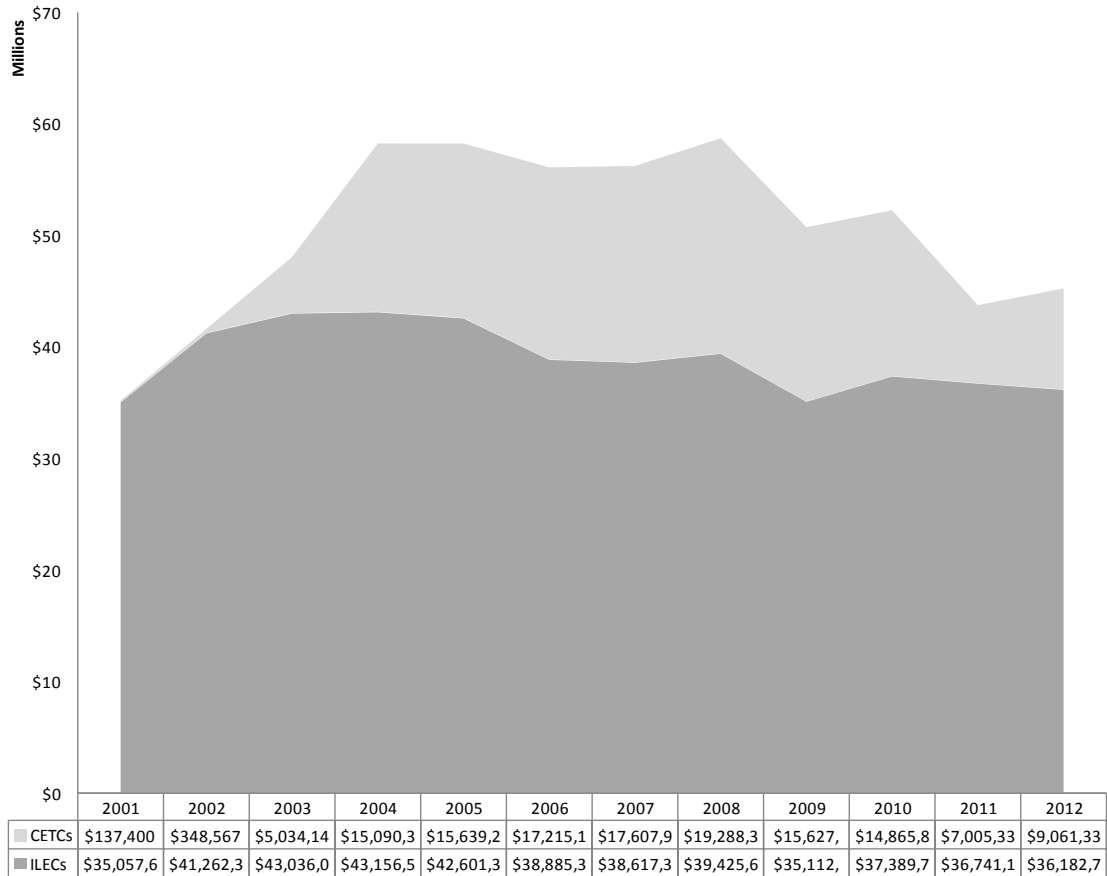


Chart 1 shows funding for both ILECs and CETCs showing an apparent decline in 2009. However, the chart shows funding for CETCs has multiplied since 2001. Both phenomena are partly attributable to the explosive growth of the cellular phone service industry and changes in the ownership structure of the cellular phone service providers. Federal policy changes such as capping the support for competitive providers and “price cap” carriers such as CenturyLink QC also contributed to these changes.

D. Basic Local Telephone Prices (Rates)

**Table 9
Basic Local Residential Telephone Service Prices**

Company	Residential Prices**	
	1995	12/31/2012
Qwest		
base rate area:	\$14.64	\$23.10
farthest from base area:	\$24.54	\$69.35
Union Telephone		
base rate area:	\$8.49	\$41.68
farthest from base area:	\$26.49	\$89.20
CenturyTel of Wyoming		
base rate area:	\$10.00	\$15.00
farthest from base area:	\$17.50	\$28.00
Dubois Telephone	\$28.23	\$33.76
Range Telephone	\$11.65	\$17.50
RT Communications		
Shoshoni & central WY exch:	\$10.04	\$23.99
farthest from base area:	\$19.94	\$33.89
Thermopolis & farthest from base area:	\$10.78	\$23.89
	\$20.68	\$33.89
Worland exchange:	\$11.51	\$23.99
farthest from base area:	\$21.41	\$33.89
Pine Bluffs, Burns, Carpenter:	\$12.98	\$23.99
farthest from base area:	\$22.88	\$33.89
Embarq/United		
Guernsey exchange:	\$7.94	\$35.38
LaGrange exchange:	\$11.13	\$71.34
Lingle exchange:	\$11.13	\$71.34
West Lyman	\$11.13	\$70.82
Torrington exchange:	\$11.13	\$26.64
TCT West		
Greybull exchange:	\$10.14	\$27.31
Lovell exchange:	\$10.78	\$30.63
Basin exchange:	\$10.78	\$31.42
Frannie & Meeteetse:	\$10.78	\$45.08
Tri County Telephone		
Burlington exchange:	\$6.75	\$44.86
all other exchanges:	\$8.25	\$45.08
Teton Telecom **	\$29.65	\$31.25
Silver Star	\$16.80	\$26.45
Chugwater Telephone	\$10.50	\$80.76
All West	\$14.25	\$59.52

NOTE: Prices above the 130% benchmark are reduced by application of FUSF and/or WUSF support credits.

**Prices were based on cost (TSLRIC) pursuant to the 1995 Act.

- **Switched access rates under the 1995 and 2007 Acts**

W.S. § 37-15-411 (1995 Act) required the Commission to investigate the appropriate way to calculate intrastate switched access charges and ways to phase out intercompany subsidies in Wyoming by January 1, 2002. The Commission held an investigation (General Order No. 74), which led to a decision to switched access pricing on a company-by-company basis and a determination that it lacked statutory authority to implement pricing by rule. Since 1999, switched access prices have changed principally in ILEC pricing cases, which also changed local service rates to comply with the 1995 Act's cost-based pricing (TSLRIC) mandate. Generally, switched access rates were reduced as local business and residential rates increased to cover their own TSLRIC costs, reversing the long-standing pricing policy, prevalent throughout the United States, allowing higher access and toll service prices to offset some of the cost of basic local service. **Table 10** illustrates the changes in switched access prices in Wyoming between the implementation of the 1995 Act and the end of 2012.

Table 10
Switched Access and Intrastate Toll Rates

Company	Switched Access Rates (¢ per minute)	
	1995	31-Dec-12
Qwest	\$0.0971	\$0.014698
Tri County Telephone	\$0.1653	\$0.015445
TCT West	\$0.0971	\$0.015445
Dubois Telephone	\$0.1152	\$0.030000
Union Telephone	\$0.1060	\$0.030000
Embarq/United	\$0.1033	\$0.015000
RT Communications	\$0.0971	\$0.030000
Range Telephone	\$0.0908	\$0.030000
CenturyTel	\$0.0660	\$0.030000
All West	\$0.1478	\$0.015000
Chugwater Telephone	\$0.0899	\$0.030000
Silver Star Communications	\$0.0971	\$0.030000
Teton	\$0.0659	\$0.030000

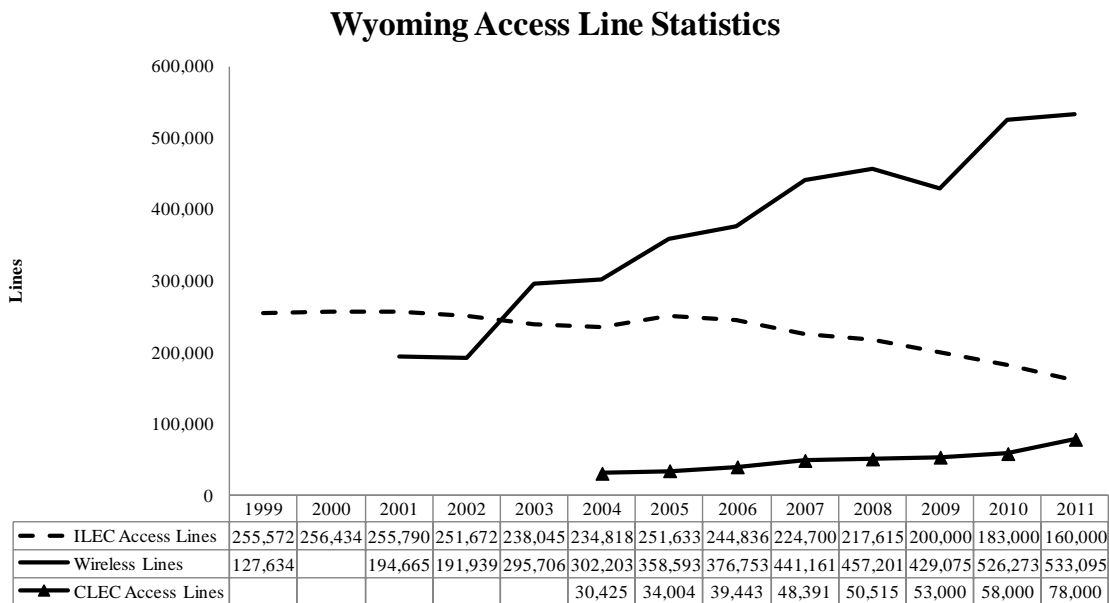
Because switched access is a noncompetitive essential telecommunications service under the 2007 Act, switched access rates are subject to the initial maximum price as defined in W.S. § 37-15-203(a). Since the passage of the 2007 Act, Chugwater, Range, RT, Embarq, and Dubois Telephone Exchange sought and received authority to charge the maximum switched access rate of \$0.03 per minute.

E. Market Trends

In January, 2013, the Industry Analysis and Technology Division of the FCC’s Wireline Competition Bureau issued its *Local Telephone Competition* report containing selected local exchange telecommunications data as reported by industry effective December 31, 2011.⁶ The report analyzes the state of competitiveness in the nation’s telecommunications market, and provides a snapshot of local telephone service competition based on switched access lines in service and numbers of mobile wireless subscribers.

Chart 2 provides Wyoming access line statistics as reported to the FCC for its *Local Telephone Competition* report.

Chart 2



In 2011, the number of ILEC lines continued to decline. It is notable that for the first time in this century, wireless lines also decreased somewhat in 2009, although the growth in the number of cellular lines in Wyoming regained momentum in 2011. Meantime, CLEC line counts maintained their modest upward trend. Total end-user non-incumbent VoIP subscriptions (stand-alone and purchased in bundles with Internet in Wyoming, as of December 31, 2011, was approximately 62,000. Incumbent VoIP subscriptions purchased bundled with Internet was not reported by the FCC due to the small number of reporting entities. The data is confidential due to commercial sensitivity.

Prior to June 2005, the FCC collected data only from carriers with at least 10,000 switched access lines or mobile telephony subscribers in service in a particular state. Small carriers, many of whom serve rural areas, were therefore underrepresented in the earlier data. In Wyoming, the FCC-required reports from Qwest, Union Telephone, RT Communications, Verizon Wireless, and Western Wireless (now Alltel Communications). For the December 31, 2006, reporting period the FCC began

⁶ <http://transition.fcc.gov/wcb/iatd/comp.html>

collecting data from all carriers regardless of size. By including these carriers, the reported number of incumbent LEC and competitive LEC holding companies and unaffiliated carriers reporting local telephone service information tripled and the number of reporting facilities-based mobile telephony providers doubled. Thus, the post-December 2006 data provide more comprehensive comparative statistics for Wyoming and the nation.

Cellular telecommunications

The Commission does not regulate the service offerings of cellular providers but acts in such matters as the arbitration of controversies between wireless and wireline companies and with respect to some surcharges and assessments, including E-911, Wyoming Relay and the assessment for the WUSF. The Commission received and resolved eight cellular billing and service quality complaints. There has been great expansion in Wyoming cellular markets, with the number of cellular subscribers now exceeding the number of land access lines. Line count reports from all service providers, large and small, wireline and wireless, (See Chart 3) illustrate the rise in popularity of wireless telephony in Wyoming. Wyoming consumers continue to find more cellular service offerings, including packages, routinely and widely available to them

Consumer Issues

- **Telecommunications complaints.**

The number of customer complaints to the Commission decreased from 416 in 2011 to 312 in 2012. **Table 11** places the volume of telecommunications complaints into perspective:

**Table 11
Consumer Complaints 2009-2012**

Year	Water	Gas	Electric	Local Telecommunications	Long Distance Telecommunications
2009	1%	51%	19%	26%	3%
2010	2%	39%	33%	24%	2%
2011	1%	19%	51%	26%	3%
2012	3%	17%	47%	31%	2%

Many of the complaints lodged with the Commission concern more traditional subjects such as service quality, support for advanced services, availability of service enhancements, billing errors and disagreements, and misunderstanding of various charges appearing on bills.

Persistent problems.

- Complaints result when telephone companies misquote the cost of services to customers or have given them incorrect information. Misquotes sometimes involve significant dollar amounts and create billing discrepancies.

- Third party billing charges on telecommunications bills. (If consumers do not scrutinize their bills, they do not notice these charges.)
- Consumers in certain rural areas of Wyoming experience quality and reliability issues with their local telephone service such as static, phantom 911 calls, extended outages, phantom ringing during night time hours and weather related outages. The Commission has opened a series of investigations into these service issues, which continues with a current focus on service quality and reliability issues in rural Niobrara County.

In addition to the 312 complaints received during the reporting year, the Commission received 16 customer requests for information. Most of these questions concerned the need for additional and higher speed service, price and service charges, customer deposits, telemarketing, desire for more providers, line extensions, changing bill due dates, and rate increases. Customers remain very interested in the details of the taxes, fees, surcharges and distance charges appearing on their telephone bills. Customers who do not understand distance or zone charges and who are unable to get clear answers from telephone companies continue to contact the Commission. Customers often want charges verified and seek regulatory and legislative action to eliminate them.

The number of unresolved complaints carried over each month has decreased to an average of 11, a 35% decrease over 2011.

F. Wyoming Relay

Telecommunications Relay Service (TRS), Americans with Disabilities Act (ADA) mandate, is designed to provide universal telephone service for people who are hearing, sight, or speech-impaired. On July 16, 2008, the Federal Communications Commission (FCC) again granted certification to Wyoming's TRS program (Wyoming Relay) as meeting or exceeding all established operational, technical, and functional minimum standards. The certification is in effect through July 25, 2013. The Department of Workforce Services, Division of Vocational Rehabilitation submitted an application for renewal of the current certification on October 15, 2012.

On August 1, 2011, after an extensive competitive procurement process, Sprint Communications Company was contracted to provide Wyoming Relay services. (Sprint Communications Company currently provides full relay services to 30 states.)

The majority of traditional Wyoming Relay calls are from Voice Carryover (VCO) users and text telephone (TTY) users, with VCO users initiating more calls in 2012 than any other type of traditional relay user. Traditional Wyoming Relay calls do not include captioned telephone relay service (CTS), which is counted separately. In 2012, the average number of inbound traditional Wyoming Relay calls per month was 1,242. Feedback from consumers indicates that Wyoming Relay customers are continuing to switch technology and services. Wyoming Relay customers are increasingly using text messaging, emails, and instant messaging, as well as Internet Protocol (IP) Relay Service and Video Relay Service (VRS). IP Relay and VRS are currently under the federal jurisdiction and both intrastate

and interstate calls are paid from the interstate TRS Fund. Therefore, Wyoming citizens are able to make IP and/or VRS calls at no cost to the State.

The most used Wyoming Relay service is CTS, which allows users to listen to a call while receiving written captions on a specialized telephone. (CapTel®) The voice recognition generated captions are displayed nearly simultaneously with the caller's speech, making CTS ideal for hearing impaired users. When a CTS user places a call by dialing direct the CapTel® automatically connects to a captioning service. CTS users do not interact with the operator or "set up" the call in any special way. Wyoming Relay also provides 2-Line CapTel® that requires two telephone lines and provides advanced features not otherwise available. Captioned telephone service is provided over an internet connection. (Web CapTel®, and wireless CapTel® are also available.) The captioned services utilizing the internet (IP CTS) are paid for by the interstate TRS fund and are not billed to the State. The average number of inbound CTS calls per month in 2012 was 3,159. The average number of CTS session minutes of service each month was 9,114 in 2012.

Wyoming Statutes authorize funding for TRS and an equipment distribution program from a telephone line surcharge. (Persons seeking equipment through the program must demonstrate financial need.) In 2012, the following equipment was distributed free of charge to individuals with communication impairments who met the financial needs test: 34 amplified corded and cordless telephones, 2 amplified cellular telephones, 3 text telephones (TTYs), 21 signaling devices, 1 in-line amplifier, 1 VCO device, 19 CapTel® telephones, and 43 miscellaneous devices (including surge protectors, telephone cords, DSL filters, and headsets/neckloops).

Table 12
Summary of TRS Contact Information

All Call Types	7-1-1
Text Telephone (TTY) and HCO Access to Wyoming Relay	1-800-877-9965
Voice Access to Wyoming Relay	1-800-877-9975
To Reach a CapTel [®] User	1-877-243-2823
Voice Carryover (VCO) Access to Wyoming Relay	1-877-877-1474
Speech-to-Speech (STS) Access to Wyoming Relay	1-877-787-0503
Wyoming Relay Access to Pay-Per-Call Services	1-900-230-3327
Servicio en Español (Spanish Language Service)	1-800-829-2783V/TTY
24-Hour Customer Service Center	1-888-694-4450 V/TTY
Relay Service and Equipment Information	1-800-452-1408 V/TTY

After 7-1-1 dialing access for relay services was implemented nationwide in 2001, Wyoming Relay maintained the existing toll-free access numbers in addition to adding 7-1-1 as a convenience to relay users. The majority of Wyoming Relay calls now come in via 7-1-1 dialing access.

Primary services offered by Wyoming Relay include:

Equal Access to Carrier of Choice: Wyoming Relay gives users access to their chosen Inter-LATA (interstate) and Intra-LATA (intrastate) carrier or carriers when making relay calls, and to all other operator services to the same extent that such access is provided to standard phone users.

Pay Phones: All local relay calls made from a pay phone are free. When placing a long distance relay call from a pay phone, the relay operator must be provided with a way to bill the call (i.e. a calling card). Coins cannot be used to pay for a long distance relay call from a pay phone.

TTY (Text Telephone): Traditional relay is a service for people who use a TTY by typing their side of the conversation and reading the other party's response. The Wyoming Relay access phone number for TTY is **1-877-877-9965**.

Voice Carryover (VCO): VCO allows a deaf or hard-of-hearing person to speak directly to a hearing person. When the hearing person speaks, a relay operator will type to the deaf or hard-of-hearing person everything that is said and the communication will appear on a text display. The Wyoming Relay access phone number for VCO is **1-877-877-1474**.

Hearing Carryover (HCO): HCO allows hearing users with speech disabilities to listen to the person they are calling. The HCO user types the desired conversation for the relay operator to read to the standard telephone user. The Wyoming Relay access number for HCO is **1-877-877-9965**.

Speech-to-Speech (STS): Specially trained relay operators voice conversations for persons with speech disabilities or persons who use a speech synthesizer. The Wyoming Relay access phone number for STS is **1-877-787-0503**.

Servicio en Español: Wyoming Relay Service ofrece el sistema de Relay en Español para llamadas en las cuales ambas partes hablen español. Para usar el sistema de Relay en Español de Wyoming Relay Service, marque el **1-800-829-2783** (Voz/TTY).

Spanish Language Relay Service: TTY users can type in Spanish and the conversations will be relayed in Spanish or translated to English. This is also available to hearing/voice relay users. To access this service, users should dial **1-800-829-2783** (Voice/TTY).

Pay-Per-Call Calls: Deaf, hard-of-hearing, deaf-blind, and speech-disabled callers may access 9-0-0 or other pay-per-call services using Wyoming Relay by dialing **1-900-230-3327**.

Directory Assistance: Wyoming Relay provides access to local, intrastate, and interstate directory assistance.

Answering Machine Retrieval (AMR): Users can ask relay operators to retrieve messages from their voice or TTY answering machines or voicemail. If needed, the caller gives the relay operator a password, and places the handset next to the speaker of the answering machine or voicemail until all messages are retrieved, and then the relay operator types or voices the message(s) back to the relay user.

Handling of Emergency Calls: Wyoming Relay provides a system for incoming emergency calls that, at a minimum, automatically and immediately transfers the caller to the nearest PSAP (Public Safety Answering Point, also known as an emergency dispatch or 9-1-1 center). In addition, the relay operator passes along the caller's telephone number to the dispatcher when a caller disconnects before being connected to emergency services. *Despite this, Wyoming Relay encourages users to dial 9-1-1 directly in the event of an emergency.*

Relay Operator Gender Preferences: Traditional Wyoming Relay users may request a relay operator of either gender at the initiation of a call or when there is a change of relay operators.

Speed of Answer: 85% of all Wyoming Relay calls are answered within 10 seconds. This service requirement helps to ensure that relay calls are answered quickly and are not placed on hold or in queue.

60 WPM Typing Speed: Traditional Wyoming Relay operators are required to type a minimum of 60 words per minute (WPM).

Caller ID and Other Advanced Services: Wyoming Relay uses SS7 technology to provide true Caller ID that transmits the 10-digit number of the calling party. Because Wyoming Relay can pass, send, and receive calling line identification information, a whole host of other advanced features is now available, including: Call Rejection, Call Acceptance, Anonymous Call Rejection, Preferred Call Forwarding, and Unique Flash.

Wireless Calls: Wyoming Relay Service is capable of processing relay calls that involve pagers, cellular, and personal communication services (PCS).

Consumer Complaints: Complaint resolution procedures incorporate multiple checks and balances to ensure that complaints are promptly and satisfactorily resolved for Wyoming Relay customers. For questions, problems, or to receive free relay training and information, contact Wyoming Relay Customer Service (available 24 hours per day at **1-888-694-4450**) or the state office (available during working hours at **1-800-452-1408** V/TTY or dws-wyrelay@wyo.gov). Additional information on Wyoming Relay may also be found at www.wyomingrelay.com.

The Wyoming TRS Advisory Committee

In 1991, W.S. §§ 16-9-202 through 204 created the TRS Advisory Committee, with seven-members appointed by the Governor for three-year terms. The Committee provides advice and counsel concerning the administration of the Wyoming Relay Program, and annually determines the amount of the telephone surcharge per access line. Members are selected from appointment districts, and not more than four members may be affiliated with the same political party. The current members are: Patricia McCabe (D), District 1 (Platte, Goshen, and Laramie counties); Kenneth Coiteux (D), District 2 (Sweetwater, Carbon, and Albany counties); Vacant, District 3 (Teton, Sublette, Lincoln, and Uinta counties); Bonnie Blackford (R), District 4 (Sheridan, Campbell, and Johnson counties); Vacant, District 5 (Park, Big Horn, Hot Springs, and Washakie counties); Edward Scott (R), District 6 (Crook, Weston, and Niobrara counties); and Catherine Burns (D), District 7 (Fremont, Natrona, and Converse counties).