



Public Service Commission  
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COMMISSION CLERK

DATE: MAY 8, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK &  
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (SALAK,  
MOSES *OR* FUTRELL, *MT* HOWARD *SA*)  
OFFICE OF THE GENERAL COUNSEL (ROJAS) *92*

RE: DOCKET NO. 991222-TP - REQUEST FOR SUBMISSION OF  
PROPOSALS FOR RELAY SERVICE, BEGINNING IN JUNE 2000, FOR  
THE HEARING AND SPEECH IMPAIRED, AND OTHER IMPLEMENTATION  
MATTERS IN COMPLIANCE WITH THE FLORIDA TELECOMMUNICATIONS  
ACCESS SYSTEM ACT OF 1991.

AGENDA: 05/20/03 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTPI'S FISCAL YEAR  
WHICH BEGINS JULY 1, 2003. TIME IS ALSO NEEDED  
TO ALLOW LECS & ALECS TO EFFECT ANY SURCHARGE  
BILLING CHANGES BY JULY 1, 2003.

SPECIAL INSTRUCTIONS: ANTICIPATE THE NEED FOR SIGN LANGUAGE  
INTERPRETERS AND ASSISTIVE LISTENING  
DEVICES. PLACE NEAR THE BEGINNING OF THE  
AGENDA OR AT A TIME CERTAIN TO REDUCE  
INTERPRETER COSTS.

FILE NAME AND LOCATION: S:\PSC\CMP\WP\991222.RCM

DOCUMENT NUMBER DATE

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FPSC-COMMISSION CLERK

**CASE BACKGROUND**

The Telecommunications Access System Act of 1991 (TASA) became effective May 24, 1991 and is found in Part II, Chapter 427, Florida Statutes. TASA provides funding for the distribution of specialized telecommunications devices and provision of intrastate relay service through the imposition of a surcharge of up to \$.25 per access line per month. Accounts with over 25 lines are billed for only 25 lines.

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, was named by the Commission to serve as the TASA administrator. Currently, FTRI has over 234,000 Floridians in its client data base.

On July 1, 1991, the LECs began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581; the surcharge was increased to \$.10 per access line on July 1, 1992. The surcharge remained at \$.10 per access line through November 30, 1994. Effective December 1, 1994, the surcharge was increased to \$.12 per access line. Due to expense reductions proposed by FTRI and a cash balance in its surplus fund account, the surcharge was reduced from \$.12 to \$.10 for the fiscal year 1995-1996. Staff was aware that the cash balance would be reduced during the fiscal year and that an increase in the surcharge would be required for the 1996-97 fiscal year. Accordingly, the surcharge was increased back to \$.12 July 1, 1996, and remained at \$.12 for the 1997-98 fiscal year. Because of an increase in FTRI's surplus account the surcharge was reduced to \$.11 for the 1998-99 fiscal year. The surcharge was again reduced for the 1999-2000 fiscal year, to \$.09. Again, to reduce its surplus fund account, the surcharge was further reduced in the 2000-2001 fiscal year, to \$.08. For the 2001-2002 fiscal year the surcharge was increased to \$.12. This increase was a result of FTRI's annual expenses growing due to the implementation of Turbo Code, significant increases related to the upkeep of certain equipment, the addition of Regional Distribution Centers (RDCs), and increased outreach. The surcharge was decreased to \$.08 for fiscal year 2002-2003 to decrease the surplus fund account once more.

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In June 2000, the Commission executed a contract with Sprint to provide the relay service that TASA requires. Based upon previous Commission decisions, the current contract expires June 1, 2005.

Issue 1 of this recommendation addresses the appointment of three new TASA Advisory Committee Members, and Issue 2 addresses FTRI's proposed budget for the 2003-2004 fiscal year. FTRI proposes to increase the surcharge to \$.12 for fiscal year 2003-2004.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should Mr. Richard Kottler, Mr. Tom Kemble, and Ms. Nancy Schnitzer be named to the TASA Advisory Committee?

**RECOMMENDATION:** Yes, Mr. Richard Kottler, Mr. Tom Kemble, and Ms. Nancy Schnitzer should be named to the TASA Advisory Committee.  
**(SALAK, HOWARD)**

**STAFF ANALYSIS:** Section 427.706 of TASA allows the Advisory Committee to consist of up to ten members recommended by various organizations and named to the committee by the Commission. The committee's role is to provide the expertise, experience, and perspective of persons who are hearing impaired or speech impaired to the Commission and to FTRI during all phases of the development and operation of the telecommunications access system.

The Advisory Committee is currently comprised of the following members:

<b>RECOMMENDING ORGANIZATION</b>	<b>NAME OF MEMBER</b>
Advocacy Center for Persons with Disabilities, Inc.	Steve Howells
Deaf Service Center	Jerry Connor
Florida Telecommunications Industry Association	Susan Langston Jim Smith
Self Help for the Hard of Hearing	Shirley Jones
Coalition for Persons with Dual Sensory Disabilities	Harry Anderson
Florida Association of the Deaf, Inc.	Stephen Hardy Chris Wagner

Mr. Jerry Conner, Ms. Susan Langston and Mr. Jim Smith have recently resigned from their positions on the Advisory Committee. The Deaf Service Center has recommended Mr. Richard Kottler as a replacement for Jerry Conner. The Florida Telecommunications Industry Association has recommended Mr. Tom Kemble and Ms. Nancy Schnitzer as replacements for Jim Smith and Susan Langston.

Staff concurs and therefore recommends that Mr. Richard Kottler, Mr. Tom Kemble, and Ms. Nancy Schnitzer be named to the TASA Advisory Committee.

**ISSUE 2:** Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 2003-2004 be approved effective July 1, 2003, and the TASA surcharge increased to \$.12 per access line?

**RECOMMENDATION:** Yes. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 2003-2004 should be approved and the surcharge should be increased to \$.12 per access line.

Local exchange telephone companies and alternative local exchange companies should be ordered to assess a \$.12 surcharge beginning July 1, 2003.

As is the case today, the budget shall be grouped into five categories. FTRI may move amounts between these five categories not to exceed 10% of the category from which the funds are being moved; greater movement would require prior Commission authorization. (**SALAK, FUTRELL, MOSES, HOWARD**)

**STAFF ANALYSIS:** Staff believes the proposed \$.12 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. The budget projects total revenues at a \$.12 surcharge to be \$15,487,150 and total expenses to be \$15,402,815. It is believed that increasing the surcharge to \$.12 will enable FTRI to maintain its current level of service (plus growth.)

The main driver of the increased surcharge is the reduction of the surplus account to a reasonable level. The surcharge for 2002-2003 was established at \$.08 in order to decrease the surplus account.

Staff has reviewed FTRI's budget request and believes it appears reasonable. The major cost increases over the 2002-2003 approved budget include the purchase of additional equipment for distribution, the addition of new regional distribution centers (RDCs), and employee compensation and benefits.

Staff recommends that the Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 2003-2004 should be approved and the surcharge should be increased to \$.12 per access line.

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In addition, the local exchange telephone companies and alternative local exchange companies should be ordered to assess a \$.12 surcharge beginning July 1, 2003.

As is the case today, the budget shall be grouped into five categories. FTRI may move amounts between these five categories not to exceed 10% of the category from which the funds are being moved; greater movement would require prior Commission authorization.

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**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** No, this docket should not be closed. (ROJAS)

**STAFF ANALYSIS:** This docket should remain open during the contract period with Sprint as the relay provider. This docket is used to monitor relay and contract issues that arise during the contract term.

**ATTACHMENT A**

	FTRI PROPOSED BUDGET 2002/2003	FTRI BEST VIEW ACTUAL 2002/2003	FTRI PROPOSED BUDGET 2003/2004
<b>OPERATING REVENUE</b>			
1. Surcharges	\$10,584,544	10,273,400	15,487,150
2. Interest Income	46,127	50,226	11,714
3. Service/Other	0	0	0
<b>TOTAL OPERATING REVENUE</b>	<b>10,630,671</b>	<b>10,323,626</b>	<b>15,498,864</b>
<b>OPERATING EXPENSES</b>			
<b>Category I - Relay Services</b>			
4. DPR Provider	\$8,535,912	8,177,849	8,011,548
<b>SUBTOTAL-Category 1</b>	<b>8,535,912</b>	<b>8,177,849</b>	<b>8,011,548</b>
<b>Category II - Equipment/Repair</b>			
5. TDD Equipment	396,200	346,400	445,278
6. Large Print TDDs	5,370	12,822	13,632
7. VCH/HCO-TDD	73,062	81,181	70,920
8. VCO Telephone	49,615	57,426	82,936
9. Dual Sensory Equipment	28,130	33,345	39,840
10. VCP Hearing Impaired	2,284,814	2,598,707	2,458,272
11. VCP Speech Impaired	13,524	14,702	14,612
12. TeliTalk Speech Aid	150,000	78,000	360,000
13. In-Line Amplifier	6,983	5,078	6,240
14. ARS Signaling Equip.	301,530	306,608	266,281
15. VRS Signaling Equip.	72,414	72,665	73,950
16. TRS Signaling Equip.	1,440	1,080	1,344
17. Telecomm Equip. Repair	87,566	29,852	87,566
<b>SUBTOTAL-Category II</b>	<b>3,470,648</b>	<b>3,637,866</b>	<b>3,920,871</b>
<b>Category III-Equipment</b>			
18. Freight-Telecomm Equip.	43,486	38,406	47,112
19. Regional Distr. Centers	1,050,797	1,139,336	1,267,752
20. Workshop Expenses	36,837	32,192	43,235
21. Training Expenses	68,472	51,651	32,400
<b>SUBTOTAL-Category III</b>	<b>1,199,592</b>	<b>1,261,585</b>	<b>1,390,499</b>
<b>Category IV-Outreach</b>			
22. Outreach Expense	\$926,550	810,145	892,900
<b>SUBTOTAL- Category IV</b>	<b>926,550</b>	<b>810,145</b>	<b>892,900</b>



	FTRI PROPOSED BUDGET 2002/2003	FTRI BEST VIEW ACTUAL 2002/2003	FTRI PROPOSED BUDGET 2003/2004
<b>Category V - General &amp; Administrative</b>			
23. Advertising	\$1,386	3,263	3,000
24. Accounting/Auditing	14,500	14,125	28,000
25. Legal	72,000	72,000	72,000
26. Computer Consultation	4,190	7,500	4,690
27. Bank Charges	1,740	1,929	2,160
28. Dues & Subscriptions	2,151	1,668	2,365
29. Office Furniture Purchase	9,523	6,059	9,574
30. Office Equipment Purchase	24,911	16,612	34,311
31. Office Equipment Lease	4,719	3,212	4,712
32. Insurance-Hlth/Life/Dsblty	151,722	135,458	183,893
33. Insurance-Other	4,876	4,565	5,660
34. Office Expense	12,400	13,913	20,648
35. Office moving expense	0	0	0
36. Postage	18,221	17,339	24,703
37. Printing	2,900	6,027	4,052
38. Rent	77,270	77,709	78,816
39. Utilities	5,119	4,790	6,290
40. Retirement	49,403	40,985	58,352
41. Employee Compensation	437,194	397,014	516,391
42. Temporary Employment	14,560	19,826	19,404
43. Taxes-Payroll	33,445	30,372	39,504
44. Taxes-Unempl. Comp	597	3,198	4,094
45. Taxes-Licenses	62	61	61
46. Telephone	21,053	18,314	21,286
47. Travel & Business	21,000	13,317	28,096
48. Equip. Maint.	6,120	1,110	6,615
49. Employee Training/Dev.	4,210	2,876	4,900
50. Meeting Expense	2,660	2,016	3,220
51. Misc. Expense	200	0	200
<b>SUBTOTAL-Category V</b>	<b>998,132</b>	<b>915,258</b>	<b>1,186,997</b>
<b>TOTAL EXPENSES</b>	<b>15,130,834</b>	<b>14,802,703</b>	<b>15,402,815</b>
<b>REVENUE LESS EXPENSES</b>	<b>(4,500,163)</b>	<b>(4,479,077)</b>	<b>96,049</b>