

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Request for submission of proposals for relay service, beginning in June 2005, for the hearing and speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

DOCKET NO. 040763-TP
ORDER NO. PSC-05-0571-PAA-TP
ISSUED: May 23, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING BUDGET

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

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 this Commission to serve as the TASA administrator. On July 1, 1991, the Local Exchange Companies (LECs) began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581. Since that time, the surcharge has changed and is currently \$.15.

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FPS-COMMISSION CLERK

In June 2000, we 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.

In January, 2005, we executed a contract with Sprint to provide the relay service starting June 1, 2005.

We are vested with jurisdiction over this matter pursuant to Chapter 427, Florida Statutes.

Analysis of Issues

FTRI's budget request projects that total revenues at the current \$.15 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. The budget projects total revenues of \$17,114,765 and total expenses of \$18,399,840. The difference will be drawn from a surplus account which is projected to be \$3,458,395 at the end of fiscal year 2004-2005.

We have reviewed FTRI's budget request and find it is reasonable. FTRI has decreased its budget request for many of the items. Two of the five budget categories are projected to be less than the Commission - approved amounts in the budget last year. The largest increase in the projected expenses is the cost of the relay system minutes of use. Under the new contract effective June 1, 2005, the cost will increase from \$.73 to \$.75 per minute. This projected expense is \$1,223,935 higher than last year. The minutes of use for regular relay calls is projected to be 8,879,743 which will be 5% less than last year's 9,347,104 minutes of use. A reduction in the cost of Captel service under the new contract offsets some of the increase in cost for the regular relay service minutes of use.

Accordingly, we hereby approve a 2005-2006 fiscal year FTRI budget of \$18,399,840 as set forth in Attachment A, effective July 1, 2005, and that the TASA surcharge shall remain at \$.15.

FTRI, in its cover letter submitting its proposed 2005/2006 budget, proposes to eliminate the verbiage regarding Commission authorization prior to moving amounts between categories greater than 10% which has been included in each of this Commission Orders approving FTRI's annual budgets. FTRI states that:

While such language may have served a purpose at the time it was initially propounded in 1991, the need for and potential benefit of such language has diminished over the years. The limitation as currently written only applies to movement of amounts between budget categories and serves only to limit the flexibility of FTRI in performing its duties as the Administrator of TASA. So long as the surcharge is not affected, there should be no limitation on movement of amounts from one category to another.

The language instituting the requirement regarding movement of funds between categories was included in a staff recommendation addressing FTRI's 1993-1994 proposed budget. Issue three of that recommendation recommended that FTRI's 1993-1994 proposed budget be approved, with the understanding that the budget would be broken down into five

categories: Relay Expenses, Equipment & Repairs, Equipment Distribution & Training, Outreach, and General & Administrative.

By Order No. PSC-93-0995-FOF-TP, issued July 7, 1993, in Docket No. 910496-TP, In Re: Implementation of Florida Telecommunications Access System Act of 1991, we approved FTRI's 1993-1994, proposed budget requiring that the budget be grouped into the five categories listed above. In addition, the Order provided that "FTRI may move amounts between these five categories not to exceed 10 percent of the category from which the funds are being moved, without prior Commission authorization." Since that time, we have included that verbiage in the annual recommendations addressing FTRI's annual budgets.

FTRI believes that the existing verbiage regarding movement of funds between categories is "unnecessary, impractical, and outdated language." It is the view of the FTRI board that "spending priority go to pay for the relay and equipment distribution and, should it be necessary to transfer funds from other accounts to maintain these programs, FTRI should have that flexibility without any unnecessary delay." However, using FTRI's proposed 2005-2006 budget as an example, under the current requirement for movement of funds, FTRI would be free to move \$935,759 from Category I, \$482,236 from Category II, \$217,350 from Category III, \$73,156 from Category IV, and \$131,352 from Category V (\$1,839,853 in total) without prior Commission approval. Thus, we find that the current requirement for movement of funds allows FTRI the flexibility it needs to move a significant amount of monies between categories without our prior approval. In view of our statutory responsibilities, we find it important to closely oversee the monies used by FTRI. Section 427.705(2), Florida Statutes, states "The Commission shall have the authority to establish fiscal and operational requirements for the administrator to follow in order to ensure that the administrative costs of the system are reasonable."

The requirement of prior Commission approval of movement of funds greater than 10% from a category is a useful instrument in overseeing the administration of the funds to ensure reasonableness, and this requirement does not pose a burden to FTRI. Furthermore, it is important that we be involved in any movement of monies greater than 10% because of the significance of the amounts. As the Florida Relay program has developed over the years, the FTRI budget has increased to over \$18 million dollars, making the 10% requirement even more material. Therefore, we shall maintain the requirement that FTRI may not move amounts between the five categories of costs in excess of 10% of the category from which the funds are being moved, without prior Commission authorization.

This docket shall remain open during the contract period with Sprint as the relay provider for purposes of monitoring relay and contract issues that arise during the contract term.

Therefore it is,


ORDERED by the Florida Public Service Commission that the FTRI budget for the 2005-2006 fiscal year is approved at \$18,399,840 as set forth in Attachment A, effective July 1, 2005, and that the TASA surcharge shall remain at \$.15. It is further

ORDERED that shall the budgetary language shall maintain the requirement that FTRI may not move amounts between the five categories of costs in excess of 10% of the category from which the funds are being moved, without prior Commission authorization. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this docket should remain open during the contract period with Sprint as the relay provider.

By ORDER of the Florida Public Service Commission this 23rd day of May, 2005.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JPR

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 13, 2005.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
 FISCAL YEAR 2005-2006 BUDGET

	2004-2005 APPROVED BUDGET	2004-2005 ESTIMATED REV & EXPEND	2005-2006 PROPOSED BUDGET	VARIANCE 2004-2005 BDGT 2005-2006 BDGT
OPERATING REVENUE				
1 Surcharges	17,852,927	17,646,882	17,073,358	(779,569)
2 Interest Income	14,850	42,281	41,407	26,457
3 Service/Other	0	0	0	0
TOTAL OPERATING REV	17,867,777	17,689,173	17,114,765	(753,112)
OTHER REVENUE/FUNDS				
4 Surplus Account	1,463,383	2,075,610	3,458,385	1,995,012
TOTAL REVENUE	19,331,260	19,764,783	20,573,160	1,241,900
OPERATING EXPENSES				
CATEGORY I - RELAY SERVICES				
5 DPR Provider	8,133,681	7,936,048	9,357,596	1,223,935
SUBTOTAL-CATEGORY I	8,133,681	7,936,048	9,357,596	1,223,935
CATEGORY II - EQUIPMENT & REPAIRS				
6 TDD Equipment	355,806	176,400	189,600	(166,206)
7 Large Print TDD's	5,880	0	8,520	2,840
8 VCO/HCO - TDD	86,220	54,000	36,000	(50,220)
9 VCO Telephone	39,745	21,603	20,798	(18,947)
10 Dual Sensory Equipment	13,000	12,990	13,000	0
11 CapTel Phone Equipment	450,000	453,095	433,200	(16,800)
12 VCP Hearing Impaired	3,548,655	3,354,839	3,709,476	160,821
13 VCP Speech Impaired	10,836	10,805	11,872	1,036
14 TellTalk Speech Aid	136,800	60,000	72,000	(64,800)
15 Jupiter Speaker phone	24,500	12,250	12,250	(12,250)
16 In-Line Amplifier	5,260	4,120	4,320	(940)
17 ARS Signaling Equip	301,430	188,529	189,309	(112,121)
18 VRS Signaling Equip	63,721	73,113	66,834	13,113
19 TRS Signaling Equip	1,120	336	560	(560)
20 Telecomm Equip Repair	112,560	72,602	55,809	(56,751)
SUBTOTAL-CATEGORY II	5,145,433	4,494,682	4,823,648	(321,785)
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING				
21 Freight-Telecomm Equip	43,040	22,724	33,573	(9,467)
22 Regional Distr Centers	1,942,755	1,859,810	2,045,739	102,984
23 Workshop Expense	47,568	47,250	84,188	46,620
24 Training Expense	3,732	684	0	(3,732)
SUBTOTAL-CATEGORY III	2,037,095	1,930,468	2,173,500	136,405

FLORIDA TELECOMMUNICATIONS RELAY, INC
FISCAL YEAR 2005-2006 BUDGET

	2004-2005 APPROVED BUDGET	2004-2005 ESTIMATED REV & EXPEND	2005-2006 PROPOSED BUDGET	VARIANCE 2004-2005 BDGT 2005-2006 BDGT
CATEGORY IV - OUTREACH				
25 Outreach Expense	995,450	373,926	731,568	(263,882)
SUBTOTAL-CATEGORY IV	995,450	373,926	731,568	(263,882)
CATEGORY V - GENERAL & ADMINISTRATIVE				
26 Advertising	6,600	2,944	3,600	(3,000)
27 Accounting/Auditing	14,575	14,525	14,961	386
28 Legal	72,000	72,000	72,000	0
29 Computer Consultation	18,200	18,316	39,578	21,378
30 Bank Charges	2,412	1,772	1,051	(1,361)
31 Dues & Subscriptions	3,256	1,782	3,256	0
32 Office Furniture Purchase	4,660	4,575	1,738	(2,922)
32A Less: Capitalized Portion	0	0	0	0
33 Office Equipment Purchase	37,414	31,516	21,870	(15,544)
33A Less: Capitalized Portion	0	0	0	0
34 Depreciation	0	0	0	0
35 Office Equipment Lease	4,925	4,256	4,175	(750)
36 Insurance-Hlth/Life/Dsblty	218,994	187,171	235,964	16,970
37 Insurance-Other	6,582	5,835	6,074	(508)
38 Office Expense	17,427	17,373	23,848	6,421
39 Office Moving Expense	0	0	0	0
40 Postage	24,703	16,245	28,372	3,669
41 Printing	3,496	4,391	3,321	(175)
42 Rent	81,181	81,181	83,616	2,435
43 Utilities	7,383	9,449	9,504	2,121
44 Retirement	66,925	55,297	67,177	252
45 Employee Compensation	493,545	427,136	495,406	1,861
46 Temporary Employment	58,240	31,840	81,496	23,256
47 Taxes - Payroll	37,756	31,715	37,899	143
48 Taxes - Unemplmt Comp	5,306	6,531	7,182	1,876
49 Taxes - Licenses	61	61	61	0
50 Telephone	23,201	18,242	19,859	(3,342)
51 Travel & Business	36,950	17,230	34,325	(2,625)
52 Equipment Maint.	7,215	2,181	7,215	0
53 Employee Training/Dev	7,160	7,160	6,360	(800)
54 Meeting Expense	3,960	540	3,420	(540)
55 Miscellaneous Expense	200	0	200	0
SUBTOTAL-CATEGORY V	1,264,327	1,071,264	1,313,528	49,201
TOTAL EXPENSES	17,575,966	16,306,388	18,399,840	823,874
REVENUE LESS EXPENSES	1,755,294	3,458,395	2,173,320	418,026