

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for submission of proposals for relay service, beginning in June 2015, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

DOCKET NO. 140029-TP
ORDER NO. PSC-15-0200-PAA-TP
ISSUED: May 18, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
JULIE I. BROWN
JIMMY PATRONIS

NOTICE OF PROPOSED AGENCY ACTION
ORDER ESTABLISHING FLORIDA TELECOMMUNICATIONS RELAY, INC.'S 2015/2016
BUDGET AND INCREASING THE TELECOMMUNICATIONS RELAY SERVICES
SURCHARGE TO \$0.12 PER MONTH

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.

I. Background

The Florida Relay System provides deaf and hard of hearing persons access to basic telecommunications services by using a specialized Communications Assistant that relays information between the deaf or hard of hearing person and the other party to the call. The primary function of the Florida Relay System is accomplished by the deaf or hard of hearing person using a Telecommunications Device for the Deaf where the person using the Telecommunications Device for the Deaf types a message to the Communications Assistant who in turn voices the message to the other party, or a Captioned Telephone which displays real-time captions of the conversation.

The Telecommunications Access System Act of 1991 (TASA) established a statewide telecommunications relay system which became effective May 24, 1991. The Telecommunications Access System Act is codified in Chapter 427, Florida Statutes (F.S.). Section 427.701(1), F.S., provides that we establish, implement, promote, and oversee the administration of the statewide telecommunications access system to provide access to telecommunications relay services by persons who are deaf, hard of hearing, or speech impaired, or others who communicate with them. It is estimated that three million of the estimated 19 million persons living in Florida have been diagnosed as having a hearing loss. This system provides telecommunications service for deaf or hard of hearing persons functionally equivalent to the service provided to hearing persons.

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 \$0.25 per landline access line per month. Accounts with over 25 access lines are billed for only 25 lines. Pursuant to Section 427.704(4)(a)1, F.S., a surcharge is collected only from landline access lines.¹ We selected Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, to serve as the TASA Administrator.

Minutes of use for traditional Telecommunications Relay Services (TRS) continue to decline. Traditional relay users are transitioning to the more efficient technologies of Internet Protocol Relay,² Video Relay Service,³ Captioned Telephone Service,⁴ Internet Protocol Captioned Telephone Service,⁵ Internet Protocol Speech to Speech service,⁶ and wireless service. Minutes of use for CapTel service have also declined. Access lines in Florida to which the relay surcharge applies also continue to decline.

¹ Florida Telecommunications Relay, Inc. has projected a 4 percent decrease in landline access lines subject to the relay surcharge for the budget year 2015/2016.

² IP Relay allows people who have difficulty hearing or speaking to communicate through an Internet connection using a computer and the Internet, rather than a TTY and a telephone.

³ Video Relay Service (VRS) is a form of Telecommunications Relay Service that enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator so that the VRS user and the operator can see and communicate with each other in signed conversation. Because the conversation between the VRS user and the operator flows much more quickly than with a text-based TRS call, VRS has become a popular form of TRS.

⁴ A telephone that displays real-time captions of a conversation. The captions are typically displayed on a screen embedded into the telephone base.

⁵ IP captioned telephone service allows the user to simultaneously listen to, and read the text of, what the other party in a telephone conversation has said, where the connection carrying the captions between the service and the user is via an IP addressed and routed link.

⁶ Speech to Speech relay service utilizes a specially trained CA who understands the speech patterns of persons with speech disabilities and can repeat the words spoken by such an individual to the other party to the call. IP STS uses the Internet, rather than the public switched telephone network, to connect the consumer to the relay provider. Instead of using a standard telephone to make the relay call, an IP STS user can use a personal computer or personal digital assistant (PDA) device and, with the installation of softphone application software, can make a voice call via the Internet to the relay provider. The call is initiated by the user clicking on an icon on his or her computer or PDA; the relay user is then connected to a CA over the Internet and tells the CA the number to be dialed; the CA then connects the IP STS user with the called party and relays the call between the two parties.

Chapter 427, F.S., requires that the relay system be compliant with regulations adopted by the FCC to implement Title IV of the Americans with Disabilities Act. The FCC mandates the minimum requirements for services a state must provide, certifies each state program, and periodically proposes changes in the stipulated services.

Presently, the federal TRS Fund is paying for both intrastate and interstate Internet Relay such as Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service. Traditional relay users are transitioning to these Internet Protocol technologies which are more efficient, and presently being paid through the interstate TRS fund. However, the FCC as recently as August 2013, stated that this arrangement is only temporary. The FCC believes Title IV and its legislative history make plain that Congress intended that the states be responsible for the cost recovery for intrastate relay services provided under their jurisdiction.⁷

In a February 25, 2015 FCC meeting with the National Association for State Relay Administration (NASRA) and the Telecommunications Equipment Distribution Program Association (TEDPA),⁸ the FCC verbally stated that it is “exploring the option of the IP CTS funding to stay with the Interstate TRS fund and the obligation for managing the program shift to the Equipment Distribution Programs (EDP).”⁹ However, the Telecom Act and all FCC Orders to date have indicated that states will be responsible for the cost recovery for intrastate relay services provided under their jurisdiction. The FCC has acknowledged that should it decide to mandate state funding, such transition would come with a reasonable phase in period of up to several years to provide states with sufficient notice.

By Order PSC-06-0469-PAA-TP, issued June 1, 2006, in Docket No. 040763-TP, we set the FTRI surcharge at \$0.15/month for one year to prepare the state Telecommunications Relay Services Fund for assuming the intrastate costs of Video Relay Service and Internet Protocol Relay and to allow time to determine how the costs should be recovered.¹⁰ Since that time, the surcharge has changed to reflect budgetary needs, but has been maintained at \$0.11 per month since June 2007.

If the FCC were to mandate state funding of Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service, it is estimated that at least \$32 million would be needed to adequately fund the state program. If Florida had to absorb the intrastate costs of these Internet Protocol technologies, the maximum \$0.25 per access line relay surcharge mandated by state law would be exceeded and a change in state law would be required.¹¹

FTRI submitted its proposed 2015/2016 fiscal year budget on March 10, 2015. (Attachment A) The proposed budget was reviewed and adopted by the FTRI Board of Directors

⁷ Federal Communications Commission Report and Order and Further Notice of Proposed rulemaking, CG Docket No. 03-123, released on August 26, 2013, FCC 13-118, ¶135.

⁸ The Commission is a member state of NASRA, and James Forstall, FTRI Executive Director, is Chair of TEDPA.

⁹ NASRA ExParte Filing with FCC Dated March 13, 2015, Filed March 20, 2015.

¹⁰ On July 1, 1991, the local exchange telecommunications companies began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581.

¹¹ See Section 427.704(4)(a)3. and (b), F.S.

on March 6, 2015, prior to filing with this Commission. The 2015/2016 proposed budget projects total operating revenues to be \$8,064,442 and total expenses to be \$8,916,216. There is a projected budget deficit of \$851,774.

This order addresses FTRI's proposed 2015/2016 fiscal year budget. We are vested with jurisdiction pursuant to Chapter 427, F.S.

II. FTRI's Proposed Budget

FTRI pointed out in its budget filing that, since fiscal year 2008, access lines have decreased from an average of 9,194,091 for that period to 6,284,851 for fiscal year 2014, a loss of 2,909,240 access lines. FTRI maintains that declining access lines is one of the primary reasons for its projected shortfall. As presented in its cover letter accompanying its budget, FTRI's revenue forecast is based on a 4 percent decline in access lines.

FTRI's proposed budget is also impacted by an increase in the cost of relay service. Of the \$851,774 projected deficit, \$481,960 is due to higher per minute session rates by Sprint Relay, Florida's new relay service provider. FTRI will incur higher relay provider cost based on the new contract for relay service with Sprint which went into effect on March 1, 2015. The TRS cost for the AT&T contract was \$0.76 per session minute, and the CapTel cost was \$1.47 per session minute. The TRS rate offered by Sprint under the current contract is \$1.09 per session minute and \$1.63 per session minute for CapTel. The remaining \$369,814 deficit is attributable to FTRI expenses other than the relay service provider.

FTRI suggests that the \$851,774 projected budget deficit can be eliminated by transferring funds from the surplus account. The relay surplus account was created to offset intrastate Internet Relay costs, which the FCC continues to maintain in its orders should be absorbed by the states.

FTRI also suggests that the projected \$851,774 deficit could be eliminated by increasing the monthly relay surcharge. The relay surcharge is collected only from local exchange company landline access lines. A \$0.02 increase in the surcharge from \$0.11 to \$0.13 per month would be necessary to cover the \$851,774 deficit in the FTRI proposed 2015/2016 budget.

III. Decision

We approve an increase in the monthly relay surcharge of one penny to offset the \$481,960 deficit due to increased relay costs, with the additional amount to go to the budget deficit. Accordingly, the TRS surcharge is increased to \$0.12 per month for fiscal year 2015/2016, effective July 1, 2015. The incumbent local exchange companies, competitive local exchange companies, and shared tenant providers shall bill the \$0.12 surcharge for fiscal year 2015/2016, effective July 1, 2015.

The one penny increase in the monthly surcharge is projected to produce an additional \$687,490 in revenue for FTRI, resulting in a projected budget deficit of \$164,284. Thus, FTRI shall reduce its proposed budget by \$164,284.

FTRI shall re-submit its budget within 30 days to reflect the \$164,284 reduction in its proposed budget. FTRI shall determine which individual accounts in Category II, Category III,

Category IV, and Category V expenses should be adjusted to equal the \$164,284 decrease in its proposed budget.

Our staff is granted administrative authority to approve the resubmitted budget as long as the budget adheres to the guidelines in this order. If the revised budget indicates an allocation of funds inconsistent with the purpose and intent of TASA, staff shall bring the revised budget back to us for further consideration.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that there shall be an increase in the monthly relay surcharge of one penny to offset the \$481,960 deficit due to increased relay costs, with the additional amount to go to the budget deficit. It is further

ORDERED that the TRS surcharge is increased to \$0.12 per month for fiscal year 2015/2016, effective July 1, 2015. It is further

ORDERED that the incumbent local exchange companies, competitive local exchange companies, and shared tenant providers shall bill the \$0.12 surcharge for fiscal year 2015/2016, effective July 1, 2015. It is further

ORDERED that FTRI reduce its proposed budget by \$164,284. It is further

ORDERED that FTRI shall re-submit its budget within 30 days to reflect the \$164,284 reduction in its proposed budget. FTRI shall determine which individual accounts in Category II, Category III, Category IV, and Category V expenses should be adjusted to equal the \$164,284 decrease in its proposed budget. 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 Commission Clerk, 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 in the event this Order becomes final, this docket shall remain open to address all matters related to relay throughout the life of the contract.

By ORDER of the Florida Public Service Commission this 18th day of May, 2015.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 8, 2015.

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.



1820 E. Park Avenue, Suite 101
Tallahassee, FL 32301
Voice: 800-222-3448
TTY: 850-447-5620
Business: 850-292-1950
Fax: 850-858-6099
www.ftri.org

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OFFICE OF
TELECOMMUNICATIONS

March 9, 2015

Mr. Curtis Williams
Office of Telecommunications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866

Re: **FTRI FY 2015/2016 Budget**

Dear Mr. Williams:

I am pleased to forward a copy of the FY 2015/2016 budget that was recently approved by the Florida Telecommunications Relay, Inc. (FTRI) Board of Directors. This budget was reviewed by our Budget and Outreach Committees and adopted by the Board on March 6, 2015.

As approved, the budget is based on a surcharge of .11 which is the current level and projects revenues of \$8,064,442 and expenses of \$8,916,216 leaving a shortfall of \$851,774 which can be eliminated by transferring funds from the surplus account, which is now over \$15 million dollars, or by increasing the surcharge. In order to maintain the surcharge at the current level, FTRI proposes that funds from the surplus be used to eliminate the budget shortfall, as the Commission has directed with past budgets.

There are two primary reasons for the projected shortfall:

1. Declining access lines; and
2. Increase in cost of relay.

The issue of declining access lines has been addressed in prior budget submissions but is now becoming more of an impact on the budget. Since FY 2008, access lines have decreased from an average of 9,194,091 for that period to 6,284,851 for FY 2014; a loss of 2,909,240 access lines. On average, access lines have decreased by approximately 6% annually. Recently the annual decrease has been in the 4% range which was used for the budget projections but the fact remains that revenues for FY 2016 will be lower than FY 2015 by approximately \$500,000 due to decreased access lines. At one time a one (1) cent change in the surcharge produced nearly one (1) million dollars; at present that change would produce approximately \$600,000.

The second significant change is the projected cost for the relay service. The Commission entered into a new contract with Sprint to provide services for Florida Relay and the billable minute rates for both TRS and CapTel have increased. The increase is projected to be approximately \$482,000 higher than current year end estimates.

Together the loss of revenue from declining access lines and the increase in Relay expense amounts to approximately one (1) million dollars.

FTRI has worked diligently to control the cost of the program. With the exception of those two items that have significant operational impacts, the proposed budget is consistent with the past budget. FTRI strives to ensure that we operate in a manner that meets the needs of the citizens of Florida. Since the inception of TASA, no eligible citizen of Florida has been denied equipment or related services because it was not available due to funds.

As always, I am available to answer any questions or provide any additional information you may need and please do not hesitate to contact me.

Sincerely,



James Forstall
Executive Director

CC: FTRI Board of Directors
Norman Horton, FTRI Legal Counsel

Florida Telecommunications Relay, Inc.
 Fiscal Year 2015/2016 Budget @ .11 cents surcharge

	2014/2015 APPROVED BUDGET	2014/2015 ESTIMATED REV & EXPEND	2015/2016 PROPOSED BUDGET	VARIANCE 2014/2015 2015/2016
OPERATING REVENUE				
1 Surcharges	8,013,558	7,877,499	7,562,400	(451,158)
2 Interest Income	55,787	43,654	33,293	(22,494)
3 NDBEDP	458,832	217,368	468,749	9,917
TOTAL OPERATING REV	8,528,177	8,138,551	8,064,442	(463,735)
OTHER REVENUE/FUNDS				
4 Surplus Account	15,785,879	15,470,951	15,722,595	(63,284)
TOTAL REVENUE	24,314,056	23,609,502	23,787,037	(527,019)
OPERATING EXPENSES				
CATEGORY I - RELAY SERVICES				
5 DPR Provider	3,464,351	3,489,539	3,971,499	507,148
SUBTOTAL-CATEGORY I	3,464,351	3,489,539	3,971,499	507,148
CATEGORY II - EQUIPMENT & REPAIRS				
6 TDD Equipment	0	0	0	0
7 Large Print TDD's	0	0	0	0
8 VCO/HCO - TDD	0	0	720	720
9 VCO Telephone	0	0	0	0
10 Dual Sensory Equipment	10,000	0	5,000	(5,000)
11 CapTel Phone Equipment	38,700	25,112	0	(38,700)
12 VCP Hearing Impaired	1,240,342	1,247,003	1,459,148	218,806
13 VCP Speech Impaired	1,801	5,373	1,386	(415)
14 TelTalk Speech Aid	9,000	21,600	18,000	9,000
15 Jupiter Speaker phone	7,548	0	0	(7,548)
16 In-Line Amplifier	600	0	0	(600)
17 ARS Signaling Equip	9,752	6,241	6,501	(3,251)
18 VRS Signaling Equip	16,080	16,080	16,080	0
19 Accessories & Supplies	2,000	5,880	2,980	980
20 Telecomm Equip Repair	202,111	230,445	199,074	(3,037)
SUBTOTAL-CATEGORY II	1,537,932	1,557,734	1,708,889	170,957
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING				
21 Freight-Telecomm Equip	84,742	71,141	74,314	(10,428)
22 Regional Distr Centers	932,347	938,066	987,351	55,004
23 Workshop Expense	0	0	65,000	65,000
24 Training Expense	1,000	936	2,000	1,000
SUBTOTAL-CATEGORY III	1,018,089	1,008,133	1,128,665	110,576

Florida Telecommunications Relay, Inc.
Fiscal Year 2015/2016 Budget @ .11 cents surcharge

	2014/2015 APPROVED BUDGET	2014/2015 ESTIMATED REV & EXPEND	2015/2016 PROPOSED BUDGET	VARIANCE 2014/2015 2015/2016
CATEGORY IV - OUTREACH				
25 Outreach Expense	607,200	607,142	599,800	(7,400)
SUBTOTAL-CATEGORY IV	607,200	607,142	599,800	(7,400)
CATEGORY V - GENERAL & ADMINISTRATIVE				
26 Advertising	4,805	1,310	2,641	(2,264)
27 Accounting/Auditing	28,336	24,974	24,896	(3,440)
28 Legal	72,000	72,000	72,000	0
29 Computer Consultation	18,690	16,957	23,970	5,280
30 Dues & Subscriptions	3,060	3,010	3,034	(26)
31 Office Furniture Purchase	500	0	260	(250)
32 Office Equipment Purchase	18,500	10,712	12,500	(6,000)
33 Office Equipment Lease	1,935	1,797	1,888	(48)
34 Insurance-Hlth/Life/Dsbly	209,578	168,537	176,487	(33,091)
35 Insurance-Other	9,292	8,446	8,897	(395)
36 Office Expense	17,014	15,958	16,524	(490)
37 Postage	12,527	9,844	9,917	(2,610)
38 Printing	1,860	1,525	1,537	(323)
39 Rent	91,184	91,653	91,280	96
40 Utilities	7,077	5,762	5,808	(1,269)
41 Retirement	66,925	60,137	60,036	(6,889)
42 Employee Compensation	498,750	432,073	434,658	(64,192)
43 Temporary Employment	8,000	1,600	8,000	0
44 Taxes - Payroll	38,155	33,056	33,244	(4,911)
45 Taxes - Unemplmt Comp	901	2,033	2,032	1,131
46 Taxes - Licenses	65	65	65	0
47 Telephone	19,138	17,016	18,670	(468)
48 Travel & Business	10,408	16,167	16,296	5,888
49 Equipment Maint.	1,349	1,342	1,353	4
50 Employee Training/Dev	7,000	5,300	7,000	0
51 Meeting Expense	3,149	5,687	5,733	2,584
52 Miscellaneous Expense	0	0	0	0
SUBTOTAL-CATEGORY V	1,150,298	1,006,961	1,038,614	(111,684)
CATEGORY VI - NDBEDP				
53 NDBEDP - Expense	458,832	217,388	468,749	9,917
SUBTOTAL-CATEGORY VI	458,832	217,388	468,749	9,917
TOTAL EXPENSES	8,236,702	7,886,907	8,916,216	679,514
REVENUE LESS EXPENSES	16,077,354	15,722,595	14,870,821	(1,206,533)