

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. 20140029-TP
ORDER NO. PSC-2017-0292-PAA-TP
ISSUED: July 26, 2017

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN

NOTICE OF PROPOSED AGENCY ACTION ORDER ESTABLISHING FLORIDA
TELECOMMUNICATIONS RELAY, INC.'S 2017/2018 BUDGET AND REDUCING THE
SURCHARGE TO \$0.10

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (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 (TDD). The person using the TDD 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. Section 427.701(1), Florida Statutes (F.S.), provides that the Commission shall 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 approximately 2.5 to 3

million of the estimated 20 million persons living in Florida have been diagnosed as having a hearing loss.¹ 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.²

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, was selected by the Commission to serve as the Telecommunications Access System Act Administrator. On July 1, 1991, the local exchange telecommunications companies began collecting an initial \$0.05 per access line surcharge pursuant to Order No. 24581. Since July 1, 1991, the surcharge, which is currently \$0.11 per month, has changed to reflect FTRI budgetary needs.

Chapter 427, F.S., requires that the relay system comply with regulations adopted by the Federal Communications Commission (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 that must be provided.

On March 1, 2017, FTRI filed its proposed budget. FTRI's proposed budget, appended hereto as Attachment A includes a decrease in expenses of approximately \$1,230,462 from the budget we approved for Fiscal Year 2016/2017.

Our staff sent data requests to FTRI on a number of issues included in its proposed budget. FTRI compared its proposed budget to the budget we approved last year and estimated revenue and expenses for the current fiscal year. FTRI's responses to our staff's data requests are included in the docket file.

FTRI's estimated revenues and expenses were based on data for the first two quarters of the fiscal year. On May 15, 2017, FTRI filed updated third quarter financial information at our staff's request. With additional financial information, our staff formulated new estimated budget results for Fiscal Year 2016/2017 based on the additional information filed. This additional data is reflected in our estimate appended hereto as Attachment B.

The current relay service provider is Sprint. The minutes of use for traditional TRS have been declining. The traditional TRS cost to FTRI as approved in Sprint's contract is currently \$1.09 per session minute. Sprint's projections indicate that traditional minutes will continue to decline during the 2017/2018 Fiscal Year. Traditional relay users are transitioning to the following services:

¹ 2015 Florida Coordinating Council for the Deaf and Hard of Hearing Biennial Report to Governor Rick Scott, the Florida Legislature and the Supreme Court and "Demographics and Statistics," Florida Telecommunications Relay, Inc., <http://ftri.org/index.cfm/go/public.view/page/12>, accessed on June 14, 2017.

² Florida Telecommunications Relay, Inc. projects a four percent decrease in landline access lines subject to the relay surcharge for the budget year 2017/2018.

- Internet Protocol (IP) Relay³
- Video Relay Service (VRS)⁴
- Captioned Telephone (CapTel) Service⁵
- Internet Protocol Captioned Telephone Service⁶
- Internet Protocol Speech-to-Speech (STS) Service⁷
- Wireless Service⁸

CapTel service uses a specialized telephone that provides captioning of the incoming call for a deaf or hard of hearing person. Sprint's projections show that CapTel minutes of use will also decrease during the 2017/2018 Fiscal Year. The CapTel cost to FTRI as approved in the Sprint contract is currently \$1.63 per session minute.

This order addresses the FTRI Fiscal Year 2017/2018 budget and the relay surcharge for the upcoming fiscal year. We are vested with jurisdiction pursuant to Chapter 427, F.S.

II. FTRI's Proposed Budget

The FTRI 2017/2018 proposed budget projects total operating revenues to be \$6,224,425 and total expenses to be \$5,969,260. Based on the projected revenues and expense reductions, we find that the Telecommunications Relay surcharge shall be reduced by \$0.01 from \$0.11 to \$0.10 per access line for the 2017/2018 Fiscal Year.

Sprint's estimated Fiscal Year 2017/2018 traditional Telecommunications Relay surcharge minutes of use are 824,498 at a rate of \$1.09 per minute for a total of \$898,703. Sprint's estimated CapTel minutes of use for Fiscal Year 2017/2018 are 810,223 at a rate of \$1.63 per minute for a total of \$1,320,663.

The biggest decrease in expense in the budget arises from relay provider services, resulting in \$972,673 in savings when compared to the Fiscal Year 2016/2017 budget we approved. A comparison of the FTRI budget which we approved for Fiscal Year 2016/2017, FTRI's estimated revenues and expenses, and FTRI's Fiscal Year 2017/2018 proposed budget as filed is shown in Table 1 below.

³ 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.

⁴ Video Relay Service 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.

⁵ A CapTel telephone is a telephone that displays real-time captions of a conversation.

⁶ 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.

⁷ Speech-to-Speech (STS) 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.

⁸ Specifically, wireless services offer applications such as text, instant messaging, and Facetime.

Table 1
FTRI Budget Comparison

	Approved 2016-2017⁹	FTRI Estimated 2016-2017¹⁰	FTRI Proposed 2017-2018
Operating Revenue:			
Surcharges	\$7,297,393	\$7,177,537	\$6,170,576
Interest Income	34,188	48,424	53,849
Total Operating Revenue	\$7,331,581	\$7,225,961	\$6,224,425
Operating Expenses:			
Relay Provider Services	\$3,192,039	\$2,664,000	\$2,219,366
Equipment & Repairs	1,524,034	1,397,499	1,335,920
Equipment Distribution & Training	953,908	873,742	855,892
Outreach	574,626	574,626	558,976
General & Administrative	955,115	930,947	999,106
Total Expenses	\$7,199,722	\$6,440,814	\$5,969,260
Annual Surplus	\$131,859	\$785,147	\$255,165
Surplus Account	15,983,096	16,552,936	17,337,883
Total Surplus¹¹	\$16,114,955	\$17,338,083	\$17,593,048

Source: FTRI's Fiscal Year 2017/2018 proposed budget.

FTRI acknowledges that access lines have decreased at the rate of 4.8 percent during the past three years (2014-2016) and acknowledges that it believes that trend will continue as more consumers transition from landline phones to other technologies. As a result, FTRI's revenues will be reduced as the number of access lines declines, holding the surcharge constant. Continued efforts by FTRI to reduce expenses are important.

Based on having third quarter data for Fiscal Year 2016/2017, we developed an estimate of FTRI's expenses for Fiscal Year 2016/2017. This data is presented in Attachment B. For most expenses, we used actual data from June 2016 through March 2017 and estimated the fourth

⁹ Our staff determined that FTRI incorrectly presented its Equipment & Repair and Equipment Distribution & Training expenses in its March 1, 2017 budget filing. The corrected numbers are presented in Table 1 and Attachment B.

¹⁰ Our staff determined that FTRI incorrectly presented its Equipment & Repair total in its March 1, 2017 budget filing with the Commission. The corrected number is presented in Table 1 and Attachment B.

¹¹ The FCC may mandate state funding of Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service. It is estimated that at a minimum \$32 million would be needed to adequately fund the state program. By Order PSC-06-0469-PAA-TP, issued June 1, 2006, in Docket No. 040763-TP, we maintained the Florida Telecommunications Relay Service surcharge at \$0.15/month for one year in lieu of a surcharge reduction, to prepare the state Telecommunications Relay Service Fund for assuming intrastate costs of Video Relay Service and Internet Protocol Relay, and to allow time to determine how the costs should be recovered should the need arise.

quarter by averaging the first three quarters of the fiscal year. The exception is for Outreach where we were informed that FTRI will spend the remaining funds in that account in the fourth quarter. Our estimates were then used as one element in evaluating FTRI's proposed budget. Attachment B includes FTRI's budgeted information for comparison purposes. Below is a review of selected items from FTRI's proposed budget expense by category.

A. Category I – Relay Services

The basis of the relay service expense is the minutes of use as projected by Sprint. Sprint's historical projections have proven to be reasonable, and it has multi-state experience with such projections. As a result, we find that the estimates for Fiscal Year 2017/2018 are reasonable and should be used for budgetary purposes.¹²

B. Category II – Equipment & Repairs

Category II expenses reflect the purchases of equipment to be distributed to clients and the repairs that FTRI must do to keep the equipment in working order. We reviewed FTRI's work papers to determine the amounts of equipment purchased for the year. FTRI's equipment budget reflected declines in equipment distribution, but includes equipment orders to maintain a sufficient inventory to serve its clients. FTRI used contract pricing for equipment multiplied by the number of units it plans to order over the course of the year. After comparing FTRI's proposed budget with its own estimates for Fiscal Year 2016/2017, we find that FTRI's proposed budget for Category II expenses is reasonable and supported in its work papers.

C. Category III – Equipment Distribution & Training

Category III reflects the cost of distribution of equipment throughout the state and the training of consumers in the use of the equipment. FTRI contracts with non-profit Regional Distribution Centers (RDCs) to perform these functions throughout Florida. Currently, there are 24 RDCs.

FTRI proposes a budget for Freight-Telecomm Equipment of \$40,442 for Fiscal Year 2017/2018. This represents about a 3 percent increase from our estimate for Fiscal Year 2016/2017. FTRI anticipates that it will experience increased expenses as the warranties of several equipment models have expired. As a result, FTRI will be responsible for the shipping of units for repair and replacement at FTRI's expense. As a result, we find that FTRI's proposed budget is reasonable for this item.

The largest component for Category III relates to FTRI's support of the RDCs. We note that FTRI has added an additional RDC from last year. FTRI reports that of the \$814,950 in its proposed budget, \$732,762 is related to contracts supporting the distribution centers. FTRI's contracts with RDCs vary the support amount based on the number of clients they assist. More funds are provided for connecting a new client, while fewer funds are provided to assist existing clients in the system.

¹²Our staff is evaluating responses to the relay request for proposals and the current rates may change beginning March 1, 2018.

The second largest expense for this line item of \$70,048 relates to the maintenance and charges to support FTRI's database. Additional costs are related to laptops and air card connectivity for access to FTRI's database system by RDCs with sufficient activity to justify offsite distribution. The laptops and air cards represent an additional \$11,640.

D. Category IV – Outreach

FTRI has requested \$558,876, a decrease of \$15,650 from last year's budget, for Outreach. This represents a reduction by 2.7 percent from last year. FTRI believes that newspaper outreach is reaching more eligible consumers and that it has had strong positive results. FTRI has indicated that it plans on spending the remaining funds from the budget we approved in the fourth quarter. As a result, our estimate for Fiscal Year 2016/2017 reflects that amount as set forth in Attachment B. RDCs are responsible for some of the outreach for regional events that are approved and funded by FTRI.

E. Category V – General & Administrative

Category V reflects the expenses associated with FTRI's operations such as office and furnishings, employees, contracted services (auditors, attorney, and computer consultants), computers and other operating expenses (such as insurance and retirement). The number of staff at FTRI has remained the same from last year.

The correlation between the decline in minutes of use and technology substitution for General and Administrative expense is not as direct as the correlation associated with service delivery and equipment distribution. However, efforts to control General and Administrative expenses are of equal importance.

III. Decision

FTRI's proposed 2017/2018 budget presents reduced expenses in Categories I-IV. However, additional reductions can be made in both Category III - Equipment Distribution & Training and Category V - General & Administrative expenses. We compared actual expenses for the first three quarters and estimated the fourth quarter (using an average of the first three quarters) for Fiscal Year 2016-2017 to compare with FTRI's proposed budget. In addition, we reviewed the budget working papers supplied by FTRI. Based on this review, the following adjustments and/or continued monitoring of the following expenses shall occur:

- Regional Distribution Centers
- Legal
- Insurance-Health/Life/Disability
- Retirement

FTRI recognizes that access lines have decreased at the rate of 4.8 percent during the past three years (2014 - 2016) and that this trend will likely continue. As discussed earlier, we find that Relay and CapTel expenses from Sprint (Category I) are projected to decline as a result of reduced minutes. In addition, Equipment & Repairs expenses (Category II), Equipment Distribution & Training expenses (Category III), and Outreach expenses (Category IV) are

projected to decline. FTRI's proposed budget recognizes this trend as reflected in the proposed expense reductions associated with Categories I-IV. We find that it is reasonable that FTRI's proposed budget would present expense reductions in Categories I-IV given the technology shift phenomenon.

A. Regional Distribution Centers (RDCs)

For costs related to the RDCs (Category III), we note that FTRI's proposed budget includes a reduction relative to both FTRI's approved budget (10 percent) and its estimated expenses (2 percent) for Fiscal Year 2016/2017. However, the rate of decline does not appear to correspond with the decline that was reported in the first three quarters of Fiscal Year 2016/2017.

As noted earlier, our estimates are based on the first three quarters of Fiscal Year 2016/2017 and use an average of those quarters to estimate the last quarter. FTRI's proposed budget would be an increase of approximately 11 percent when compared to our estimate for Fiscal Year 2016/2017. FTRI's own estimate for Fiscal Year 2016/2017 already reflected a reduction of \$76,226 when compared to its approved budget. Most of the expenses related to the RDCs are related to RDC contracts. Since the expense of these contracts declines as the number of clients declines, we find it is reasonable to assume that the trend will continue and at best, level off. While FTRI did provide supporting work papers as requested for its proposed budget, that data did not include actual third quarter expenses. By comparison, our estimate included third quarter data. We find that third quarter data does not support FTRI's proposed estimate. As a result, FTRI's budget for RDCs shall be reduced by \$81,954 to \$732,996, which is our estimate for Fiscal Year 2016/2017.

B. Legal Fees

Based on a review of supporting documents relating to Legal expense, we have concerns regarding these expenses. FTRI has had the same law firm on retainer for many years. The attorney attends the board meetings and writes the minutes, reviews Request for Proposals, reviews contracts, and advises on legal issues as they arise. It appears that paying the attorney an hourly rate may be more cost effective than paying a retainer. At a minimum, such legal invoices should be itemized with date of services, charges for the services, and a detailed description of the services provided by legal counsel.

FTRI's proposed 2017/2018 Fiscal Year budget line item for Legal expense shall be reduced by \$36,000. Our staff requested that FTRI provide any contracts, letters of engagement or other agreements for legal services. FTRI submitted a long-standing contract for legal services for a flat retainer of \$72,000 per year, excluding any travel or litigation costs. We find that the monthly invoices submitted did not show sufficient detail of services performed, hours spent, hourly rate, or other relevant information to justify the contract amount. At \$370 per hour, approximately 195 hours would have to be spent to justify the retainer. The current contract

retainer is over twice the amount we recently approved to litigate a Class B water and wastewater rate case.¹³

We are not convinced that the contract amount is required to perform the regular annual non-litigation services for FTRI. Based on our review of the information provided, we find that the billable minutes associated with the services contracted may be more in line with an expense of \$36,000. We find that more detailed billing information is necessary to allow for further analysis in next year's budget. FTRI shall collect such billing information to include itemized invoices to FTRI with date of services, charges for the services, hours of service, price per hour, and a detailed description of the services provided by legal counsel.

C. In-House Analyses

1. Insurance

FTRI provides health, dental, vision, basic life, short-term disability, and long-term disability insurance to its employees. While this insurance may be beneficial to the employee, we find that it goes beyond what an organization must offer its employees. Currently, employees pay part of the premiums related to their health insurance, which may include dental and vision. FTRI shall compare the benefits offered based on its size and similarly situated organizations.

2. Retirement

Currently, 11.1 percent of salaries are contributed to a retirement account for the employees. Employees are not required to pay for any of their retirement. The retirement budget is based on estimated compensation for ten employees, a three percent salary increase, and estimated overtime (\$49,406). In addition, this includes a retirement plan surcharge of 2.78 percent on gross compensation for the first half of the budget year and a 5.55 surcharge for the second half of the year (\$18,538). In addition, there is a charge of \$5,790 to the Pension Benefit Guarantee Cooperation. NTCA Retirement and Security is FTRI's retirement plan provider. NTCA has made plan cost increases and funding requirements changes. FTRI has decided to maintain the current contribution of 11.1 percent; however, employee future benefits are reduced from a 1.83 to a 1.54 benefit accrual rate with this decision. Future cost increases are under evaluation by FTRI.

FTRI shall conduct in-house analyses for the expense items for Insurance-Health/Life/Disability and Retirement and submit its findings to us. These analyses should include price quotes from other providers for insurance and retirement plans. The insurance and retirements benefits should include benefits offered by comparably-sized nonprofit and for profit entities. FTRI shall submit the results of the analysis to our staff by January 31, 2018 for review.

¹³ Order No. PSC-17-0209-PAA-WU, Issued May 30, 2017, Docket No. 160065-WU, *In re: Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.* We approved \$370 per hour and \$31,323 in legal fees for rate case expense.

3. Surcharge

The incumbent local exchange companies, competitive local exchange companies, and shared tenant providers shall discontinue billing the \$0.11 monthly surcharge, and bill the \$0.10 surcharge for fiscal year 2017/2018, effective September 1, 2017.

IV. Conclusion

FTRI's proposed budget expenses for Fiscal Year 2017/2018 shall be reduced by \$81,954 for RDC expenses and by \$36,000 for Legal expenses. The incumbent local exchange companies, competitive local exchange companies, and shared tenant providers shall discontinue billing the \$0.11 monthly surcharge, and bill the \$0.10 surcharge for Fiscal Year 2017/2018, effective September 1, 2017. FTRI shall require detailed, itemized bills from its legal counsel and conduct in-house analyses for Insurance-Health/Life/Disability and Retirement expenses. FTRI shall provide the results of the analyses to our staff by January 31, 2018.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the TRS surcharge is reduced to \$0.10 per month for Fiscal Year 2017/2018, effective September 1, 2017. It is further

ORDERED that the incumbent local exchange companies, competitive local exchange companies, and shared tenant providers shall bill the \$0.10 surcharge for Fiscal Year 2017/2018, effective September 1, 2017. It is further

ORDERED that FTRI reduce its proposed budget by \$81,954 for RDC expenses and by \$36,000 for Legal Expenses. It is further

ORDERED that FTRI shall require detailed, itemized bills from its legal counsel. It is further

ORDERED that FTRI shall conduct in-house analyses for Insurance-Health/Life/Disability and Retirement expenses and that FTRI shall provide the results of its analysis to Commission staff by January 31, 2018. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon 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 26th day of July, 2017.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

As identified in the body of this order, 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, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 16, 2017. If such a petition is filed, 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. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.



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March 1, 2017

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

RE: **FTRI FY 2017/2018 Budget**

Dear Mr. Williams:

I am pleased to forward a copy of the FY 2017/2018 budget for the Florida Telecommunications Relay, Inc. (FTRI). The budget was reviewed by FTRI's Budget Committee and was recently adopted by the Board of Directors at a special meeting.

The budget adopted by the board for FY 2017/2018 reduces the surcharge to 10 cents per access line and at this level is projected to produce revenues of \$6,224,425. As reflected on the attached copy of the approved budget total expenses are projected to be \$5,969,260.

Access lines have decreased at the rate of 4.8% during the past three years (2014, 2015 & 2016) and that trend is expected to continue as more consumers move from landline to other technologies. For the current budget period, it is projected that access lines will decrease over 4%.

FTRI and its regional partners continue to reach out to meet the telecommunications access needs of residents who are deaf, hard of hearing, deaf/blind, or speech disabled. Outreach continues to be an integral part of our efforts to attract new clients and educate the general population about the Florida Relay System and the benefits this brings to our citizens.

Should you have questions or desire additional information, please do not hesitate to email me at jforstall@ftri.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'James Forstall', is written over the typed name and title.

James Forstall
Executive Director

Enclosure

cc: FTRI Board of Directors

Florida Telecommunications Relay, Inc.
 Fiscal Year 2017/2018 Budget @ .10 cents surcharge

	2018/2017 APPROVED BUDGET	2016/2017 ESTIMATED REV & EXPEND	2017/2018 PROPOSED BUDGET	Estimated to Budget VARIANCE 2016/2017 2017/2018	Budget to Budget VARIANCE 2016/2017 2017/2018	
OPERATING REVENUE						
1	Surcharges	7,297,393	7,177,537	6,170,576	(1,006,961)	(1,126,817)
2	Interest Income	34,188	48,424	53,849	5,425	19,661
3	NDBEDP					
	TOTAL OPERATING REV	7,331,581	7,225,961	6,224,425	(1,001,536)	(1,107,156)
OTHER REVENUE/FUNDS						
4	Surplus Account	15,983,096	16,552,936	17,337,883	784,947	1,354,787
	TOTAL REVENUE	23,314,677	23,778,897	23,562,308	(216,589)	247,631
OPERATING EXPENSES						
CATEGORY I - RELAY SERVICES						
5	DPR Provider	3,192,039	2,664,000	2,219,366	(444,634)	(972,673)
	SUBTOTAL-CATEGORY I	3,192,039	2,664,000	2,219,366	(444,634)	(972,673)
CATEGORY II - EQUIPMENT & REPAIRS						
6	TDD Equipment	0	0	0	0	0
7	Large Print TDD's	0	0	0	0	0
8	VCO/HCO - TDD	720	4,600	4,600	0	3,880
9	VCO Telephone	0	0	0	0	0
10	Dual Sensory Equipment	5,000	0	0	0	(5,000)
11	CapTel Phone Equipment	0	0	0	0	0
12	VCP Hearing Impaired	1,440,645	1,300,675	1,249,948	(50,727)	(190,697)
13	VCP Speech Impaired	1,386	1,063	832	(231)	(554)
14	TeliTalk Speech Aid	18,000	9,000	9,000	0	(9,000)
15	Jupiter Speaker phone	0	0	0	0	0
16	In-Line Amplifier	0	300	300	0	300
17	ARS Signaling Equip	6,501	2,600	2,400	(200)	(4,101)
18	VRS Signaling Equip	16,080	3,193	2,921	(272)	(13,159)
19	Accessories & Supplies	2,980	791	1,580	789	(1,400)
20	Telecomm Equip Repair	199,074	75,477	64,339	(11,138)	(134,735)
	SUBTOTAL-CATEGORY II	1,690,386	1,397,699	1,335,920	(61,779)	(354,466)
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING						
21	Freight-Telecomm Equip	43,225	39,909	40,442	533	(2,783)
22	Regional Distr Centers	910,059	833,833	814,950	(18,883)	(95,109)
23	Workshop Expense	0	0	0	0	0
24	Training Expense	664	0	500	500	(164)
	SUBTOTAL-CATEGORY III	953,948	873,742	855,892	(17,850)	(98,056)

Florida Telecommunications Relay, Inc.						
Fiscal Year 2017/2018 Budget @ .10 cents surcharge						
	2016/2017	2016/2017	2017/2018	Estimated to Budget	Budget to Budget	
	APPROVED	ESTIMATED	PROPOSED	VARIANCE	VARIANCE	
	BUDGET	REV & EXPEND	BUDGET	2016/2017	2018/2017	
				2017/2018	2017/2018	
CATEGORY IV - OUTREACH						
25	Outreach Expense	574,626	574,626	558,976	(15,650)	(15,650)
	SUBTOTAL-CATEGORY IV	574,626	574,626	558,976	(15,650)	(15,650)
CATEGORY V - GENERAL & ADMINISTRATIVE						
26	Advertising	1,340	15	658	643	(682)
27	Accounting/Auditing	26,140	22,414	20,533	(1,881)	(5,607)
28	Legal	71,400	72,000	72,000	0	600
29	Computer Consultation	7,187	7,187	5,580	(1,607)	(1,607)
30	Dues & Subscriptions	3,439	1,714	1,655	(59)	(1,784)
31	Office Furniture Purchase	0	0	0	0	0
32	Office Equipment Purchase	4,507	4,109	6,667	2,558	2,160
33	Office Equipment Lease	1,695	1,870	1,827	(43)	132
34	Insurance-Hlth/Life/Dsbly	125,343	140,903	175,345	34,442	50,002
35	Insurance-Other	10,748	9,449	10,075	626	(673)
36	Office Expense	14,197	14,035	13,719	(316)	(478)
37	Postage	4,489	7,541	7,541	0	3,052
38	Printing	719	1,514	1,514	0	795
39	Rent	93,921	91,769	92,062	293	(1,859)
40	Utilities	5,065	5,297	5,297	0	232
41	Retirement	65,585	60,783	73,734	12,951	8,149
42	Employee Compensation	434,973	422,644	445,106	22,462	10,133
43	Temporary Employment	9,640	0	0	0	(9,640)
44	Taxes - Payroll	33,275	30,061	30,091	30	(3,184)
45	Taxes - Unemplmt Comp	2,012	1,829	1,725	(104)	(287)
46	Taxes - Licenses	0	61	61	0	61
47	Telephone	15,595	17,106	17,240	134	1,645
48	Travel & Business	18,700	15,273	13,585	(1,688)	(5,115)
49	Equipment Maint.	937	736	746	10	(191)
50	Employee Training/Dev	567	1,042	975	(67)	408
51	Meeting Expense	3,641	1,595	1,370	(225)	(2,271)
52	Miscellaneous Expense	0	0	0	0	0
	SUBTOTAL-CATEGORY V	955,115	930,947	999,106	68,159	43,991
CATEGORY VI - NDBEDP						
53	NDBEDP - Expense	0	0			
	SUBTOTAL-CATEGORY VI	0	0	0	0	0
	TOTAL EXPENSES	7,366,114	6,441,014	5,969,260	(471,754)	(1,396,854)
	REVENUE LESS EXPENSES	15,948,563	17,337,883	17,593,048	255,165	1,644,485
				255,165		

Staff's Budget Comparison

		2016/2017 APPROVED BUDGET	2016/2017 FTRI ESTIMATED EXPENSES	2016/2017 FPSC ESTIMATED EXPENSES	2017/2018 FTRI PROPOSED BUDGET	2017/2018 APPROVED BUDGET
	REVENUE					
1	Surcharge	7,297,393	7,177,537	7,177,537	6,170,576	6,273,379
2	Interest	34,188	48,424	48,424	53,849	53,849
3	NDBEDP ¹⁴	-	-	-	-	-
	TOTAL OPERATING REVENUE	7,331,581	7,225,961	7,225,961	6,224,425	6,327,228
4	Surplus Account ¹⁵	15,983,096	16,552,936	16,552,936	17,337,883	17,337,883
	TOTAL REVENUE	23,314,677	23,778,897	23,778,897	23,562,308	23,665,111
	OPERATING EXPENSES					
	CATEGORY I - RELAY SERVICES					
5	DPR Provider	3,192,039	2,664,000	2,664,000	2,219,366	2,219,366
	SUBTOTAL CATEGORY I	3,192,039	2,664,000	2,664,000	2,219,366	2,219,366
	CATEGORY II - EQUIPMENT & REPAIRS					
6	TDD Equipment	-	-	-	-	-
7	Large Print TDD	-	-	-	-	-
8	VCO/HCO-TDD	1,533	4,600	6,133	4,600	4,600
9	VCO-Telephone	-	-	-	-	-
10	Dual Sensory Equipment	-	-	-	-	-
11	CapTel Phone Equipment	-	-	-	-	-
12	VCP Hearing Impaired	1,415,745	1,300,675	1,233,219	1,249,948	1,249,948
13	VCP Speech Impaired	689	1,063	1,109	832	832
14	TeliTalk Speech Aid	7,200	9,000	7,200	9,000	9,000
15	Infrared/Hands Free	-	-	-	-	-
16	In Line Amplifier	-	300	400	300	300
17	ARS-Signaling Equipment	1,589	2,400	2,717	2,400	2,400
18	VRS-Signaling Equipment	6,968	3,193	6,608	2,921	2,921
19	Equipment Accessories/Supplies	481	791	823	1,580	1,580
20	Telecom Equipment Repair	89,829	75,477	63,667	64,339	64,339
	SUBTOTAL CATEGORY II	1,524,034	1,397,499	1,321,726	1,335,920	1,335,920
	CATEGORY III - EQUIPMENT DISTRIBUTION &					

¹⁴ The National Deaf-Blind Equipment Distribution Program (NDBEDP) was administrated by FTRI in Florida, but was relinquished last year. As a result, this line item reflects a zero balance and was included for consistency with FRTI's proposal.

¹⁵ The surplus account represents funds collected to cover two months of operating expenses to offset fluctuations in funding and to partially cover expenses relating to video relay service when the FCC mandates that states pay for such expenses.

Staff's Budget Comparison

		2016/2017 APPROVED BUDGET	2016/2017 FTRI ESTIMATED EXPENSES	2016/2017 FPSC ESTIMATED EXPENSES	2017/2018 FTRI PROPOSED BUDGET	2017/2018 APPROVED BUDGET
	TRAINING					
21	Freight - Telecom Equipment	43,225	39,909	39,137	40,442	40,442
22	Regional Distribution Centers	910,059	833,833	732,996	814,950	732,996
23	Workshop Expense	-	-	-	-	-
24	Training Expense for RDCs	624	-	-	500	500
	SUBTOTAL CATEGORY III	953,908	873,742	772,133	855,892	773,938
	CATEGORY IV – OUTREACH					
25	Outreach Expense	574,626	574,626	574,626	558,976	558,976
	SUBTOTAL CATEGORY IV	574,626	574,626	574,626	558,976	558,976
	CATEGORY V - GENERAL AND ADMINISTRATIVE					
26	Advertising	1,340	15	20	658	658
27	Accounting/Audit	26,140	22,414	27,119	20,533	20,533
28	Legal	71,400	72,000	72,000	72,000	36,000
29	Consultation-Computer	7,187	7,187	7,289	5,580	5,580
30	Dues/Subscriptions	3,439	1,714	1,957	1,655	1,655
31	Office Furniture	-	-	-	-	-
32	Office Equipment Purchase	4,507	4,109	4,271	6,667	6,667
33	Office Equipment Lease	1,695	1,870	1,937	1,827	1,827
34	Insurance - Health/Life/Disability	125,343	140,903	128,707	175,345	175,345
35	Insurance-Other	10,748	9,449	9,764	10,075	10,075
36	Office Expense	14,197	14,035	13,179	13,719	13,719
37	Postage	4,489	7,541	5,389	7,541	7,541
38	Printing	719	1,514	2,072	1,514	1,514
39	Rent	93,921	91,769	91,776	92,062	92,062
40	Utilities	5,065	5,297	5,259	5,297	5,297
41	Retirement	65,585	60,783	61,340	73,734	73,734
42	Employee Compensation	434,973	422,644	417,707	445,106	445,106
43	Temporary Employment	9,640	-	-	-	-
44	Taxes – Payroll	33,275	30,061	31,304	30,091	30,091
45	Taxes - Unemployment Comp	2,012	1,829	2,171	1,725	1,725
46	Taxes – Licenses	-	61	-	61	61
47	Telephone	15,595	17,106	17,712	17,240	17,240
48	Travel & Business Expense	18,700	15,273	13,188	13,585	13,585
49	Equipment Maintenance	937	736	951	746	746
50	Employee Training	567	1,042	456	975	975

Staff's Budget Comparison

		2016/2017 APPROVED BUDGET	2016/2017 FTRI ESTIMATED EXPENSES	2016/2017 FPSC ESTIMATED EXPENSES	2017/2018 FTRI PROPOSED BUDGET	2017/2018 APPROVED BUDGET
51	Meeting Expense	3,641	1,595	1,240	1,370	1,370
52	Miscellaneous	-	-	-	-	-
	SUBTOTAL CATEGORY V	955,115	930,947	916,808	999,106	963,106
	CATEGORY VI					
53	NDBEDP ¹⁶	-	-	-	-	-
	SUBTOTAL CATEGORY VI	-	-	-	-	-
	TOTAL EXPENSES	7,199,722	6,440,814	6,249,443	5,969,260	5,851,306
	REVENUES LESS EXPENSES	131,859	785,147	976,518	255,165	475,922

¹⁶ The National Deaf-Blind Equipment Distribution Program (NDBEDP) was administrated by FTRI in Florida, but was relinquished last year. As a result, this line item reflects a zero balance and was included for consistency with FRTI's proposal.