

FLORIDA PUBLIC SERVICE COMMISSION
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MAY 7, 1998

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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (TUDOR, KING) *AK* *WA*
OFFICE OF GENERAL COUNSEL (MILLER) *CM*

RE: DOCKET NO. 960598-TP-REQUEST FOR SUBMISSION OF PROPOSAL
FOR PROVISION OF RELAY SERVICE, BEGINNING IN JUNE 1997,
FOR THE HEARING AND SPEECH IMPAIRED, IN COMPLIANCE WITH
THE FLORIDA TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991

AGENDA: 05/19/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTRI'S FISCAL
YEAR WHICH BEGINS JULY 1, 1998. NEED TO ALLOW
FOR LECS AND ALECS TO PROGRAM ANY SURCHARGE
BILLING CHANGES EFFECTIVE JULY 1, 1998.

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960598.RCM

ANTICIPATE THE NEED FOR SIGN LANGUAGE
INTERPRETERS AND ASSISTIVE LISTENING
DEVICES.

PLACE NEAR THE BEGINNING OF THE AGENDA TO
REDUCE INTERPRETER COSTS.

CASE BACKGROUND

The Telecommunications Access System Act of 1991 (TASA) became effective May 24, 1991 and is found in Chapter 427, Part II of the 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.

DOCUMENT NUMBER-DATE

05131 MAY-78

FPSC-RECORDS/REPORTING

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Currently, FTRI has over 145,000 Floridians in its client data base.

Beginning July 1, 1991, the LECs began collecting the 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 inevitable 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.

Issue 1 addresses Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1998-99. Issue 2 addresses two amendments to MCI's current contract which expires May 31, 2000.

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DISCUSSION OF ISSUES

ISSUE 1: Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1998-99 be approved effective July 1, 1998 as proposed by FTRI?

RECOMMENDATION: Yes. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 1998-99 should be approved effective July 1, 1998.

Local exchange telephone companies and alternative local exchange companies should be ordered to assess an \$.11 surcharge beginning July 1, 1998.

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.

STAFF ANALYSIS:

Staff believes the proposed \$.11 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. The budget projects total revenues at an \$.11 surcharge to be \$13,514,900 and total expenses to be \$14,328,239. The shortfall will be handled through a transfer from the surplus account which is expected to be approximately \$4,400,000 at the end of the current (1997-98) fiscal year. While FTRI and staff attempted to reduce the surplus account, the final results will show an increase primarily due to a variance in the expenses for relay service (from \$.745 per minute to \$.60 per minute beginning June 1, 1997) and unexpected refunds attributed to reimbursement for historical interstate toll-free (800/888) relay usage. As of March 1, 1998, interstate toll-free service reimbursements totaled approximately \$900,000.

FTRI believes that reducing the surcharge to \$.11 will enable it to maintain its current level of service while reducing the surplus account. Staff has reviewed FTRI's proposed budget and believes reducing the surcharge to \$.11 is appropriate. At the last Advisory Committee Meeting (May 5, 1998), the Committee members in attendance reviewed FTRI's 1998/1999 budget proposal and made no suggestions for change.

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ISSUE 2: Should MCI's contract be amended to 1) reflect a change in the subcontractor from Deaf Education and Advocacy Foundation (D.E.A.F.) to GC Services Limited Partnership (GC Services) and 2) reflect MCI's current Contract Manager information?

RECOMMENDATION: Yes, MCI's contract should be amended to reflect GC Services as the subcontractor replacing D.E.A.F. In addition, MCI's Contract Manager information should be changed to reflect the correct Contract Manager information.

STAFF ANALYSIS: The contract with MCI (which expires May 31, 2000) identifies its subcontractor for Communication Assistant (CA) staffing and management as D.E.A.F.. According to MCI it has been unable to reach agreement with D.E.A.F. for ongoing CA staffing and management. D.E.A.F. has provided notice of its intent to terminate the Florida Relay Service (FRS) subcontractor relationship. D.E.A.F. has advised MCI it will cooperate in the transition of the services to a new subcontractor.

In anticipation of this, MCI had been negotiating with GC Services to assume the portion of FRS operations performed by D.E.A.F. GC Services intends to offer employment to D.E.A.F.'s current active employees. MCI believes that the transition to GC Services will be transparent to the FRS users. GC Services subcontracts for a significant number of other MCI projects, including the staffing and operation of the California Relay Service center. Attachment B is an overview of GC Services. Staff does not object to this change. Furthermore, at the last Advisory Committee Meeting (May 5, 1998), the Committee members in attendance were briefed and had no objection to this change.

The second contract amendment is an administrative change. MCI's Contract Manager has changed from Bryan Carrell to Charles Estes. The contract requires all changes in the Contract Manager be done in writing. On April 17, 1998, staff received written notification of the change and therefore recommends that this contract modification be approved.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: No.

STAFF ANALYSIS: Docket 960598-TP should remain open for the duration of the contract with MCI.

	COMMISSION APPROVED BUDGET FTR BEST VIEW ACTUAL 1997 FTR PROPOSED BUDGET 1998	1997-1998	1998 (AS OF FEBRUARY 1998)	- 1998
OPERATING REVENUE				
(1) SURCHARGES		\$13,698,341	\$13,868,064	\$13,313,216
(2) INTEREST INCOME		\$71,858	\$148,445	\$201,684
(3) SERVICE/OTHER		\$0.00	\$0.00	\$0.00
TOTAL OPERATING REVENUE		\$13,767,999	\$14,046,939	\$13,514,900
OPERATING EXPENSES				
CATEGORY I - RELAY SERVICES				
(5) DPR PROVIDER		\$8,862,120	\$8,633,249	\$9,307,940
SUBTOTAL-CATEGORY I		\$8,862,120	\$8,633,249	\$9,307,940
CATEGORY II - EQUIPMENT & REPAIRS				
(6) TDD EQ		\$399,000	\$425,200	\$425,200
(7) LARGE PRINT TDD'S		\$5,010	\$5,010	\$5,010
(8) VCO/HCO-TDD		\$295,950	\$136,068	\$267,900
(9) VCO-TELEPHONE		\$134,000	\$80,400	\$134,000
(10) DUAL SENSORY EQ		\$0.00	\$935	\$16,875
(11) VCP HEARING IMP		\$1,838,180	\$1,610,293	\$1,762,680
(12) VCP SPEECH IMP		\$18,590	\$7,488	\$18,455
(13) IN-LINE AMPLIFIER		\$13,200	\$15,870	\$23,805
(14) ARS SIGNALING EQ		\$371,070	\$378,475	\$387,575
(15) VRS SIGNALING EQ		\$60,345	\$35,883	\$38,070
(16) TRS SIGNALING EQ		\$960	\$1,080	\$1,080
(17) TELECOMM EQ REPAIR		\$290,000	\$130,524	\$140,614
SUBTOTAL-CATEGORY II		\$3,424,285	\$2,827,164	\$3,231,064
CATEGORY III - EQUIPMENT DISTRIBUTION AND TRAINING				
(18) FRGHT/TELECOMM EQ		\$23,886	\$20,831	\$26,177
(19) REGIONAL DIST CTRS		\$710,124	\$667,530	\$778,498
(20) WORKSHOP EXPENSE		\$18,146	\$18,146	\$18,146
(21) TRAINING EXPENSE		\$39,112	\$72,444	\$76,066
SUBTOTAL-CATEGORY III		\$791,068	\$778,951	\$890,885
CATEGORY IV - OUTREACH				
(22) OUTREACH EXPENSE		\$153,000	\$40,920	\$187,020
SUBTOTAL-CATEGORY IV		\$153,000	\$40,920	\$187,020
CATEGORY V - GENERAL & ADMINISTRATION				
(23) ADVERTISING		\$800	\$200	\$400
(24) ACCOUNTING/AUDITING		\$11,525	\$10,775	\$11,275
(25) LEGAL		\$42,000	\$41,328	\$41,400
(26) CONSULTATION		\$25,000	\$6,368	\$25,000
(27) AUTO LEASE EXPENSE		\$4,800	\$4,800	\$4,800
(28) BANK CHARGES		\$0.00	\$0.00	\$0.00
(29) DUES/SUBSCRIPTIONS		\$1,000	\$860	\$1,100
(30) OFFICE FURNITURE PURCHASE		\$1,000	\$892	\$1,500
(30A) LESS CAPITALIZED POR		\$0.00	\$0.00	\$0.00
(31) OFFICE EQUIPMENT PURCHASE		\$23,500	\$2,908	\$28,500
(31A) LESS CAPITALIZED POR		\$0.00	\$0.00	\$0.00
(32) DEPRECIATION		\$0.00	\$0.00	\$0.00
(33) OFFICE EQUIPMENT LEASE		\$3,892	\$3,192	\$3,492
(34) INSURANCE-HEALTH/LIFE/DISABILITY		\$62,289	\$59,208	\$78,376
(35) INSURANCE-OTHER		\$3,250	\$2,503	\$3,021
(36) OFFICE EXPENSE		\$7,008	\$4,366	\$4,586
(37) POSTAGE		\$15,024	\$15,748	\$16,532
(38) PRINTING		\$35,306	\$21,108	\$23,210
(39) RENT		\$47,698	\$49,510	\$58,827
(40) RETIREMENT		\$27,073	\$22,351	\$32,278
(41) EMPLOYEE COMPENSATION		\$234,782	\$202,857	\$260,844
(42) EMPORARY EMPLOYMENT		\$2,400	\$5,444	\$2,400
(43) TAXES-PAYROLL		\$18,328	\$17,674	\$21,852
(44) TAXES-UNEMP COMP.		\$2,822	\$3,229	\$3,450
(45) TAXES-LICENSES		\$75	\$62	\$65
(46) TELEPHONE		\$24,000	\$28,754	\$28,092
(47) TRAVEL AND BUS EXPENSE		\$14,990	\$13,320	\$17,750
(48) EQUIPMENT MAINTENANCE		\$5,000	\$1,877	\$5,000
(49) EMPLOYEE TRNG/DVLMP		\$4,000	\$1,500	\$1,800
(50) MEETING EXPENSE		\$3,900	\$3,984	\$6,430
(51) MISCELLANEOUS EXP.		\$500	\$0.00	\$250
SUBTOTAL-CATEGORY V		\$621,842	\$522,816	\$700,350
TOTAL EXPENSES		\$13,882,418	\$10,803,100	\$14,328,239
REVENUE LESS EXPENSES		(\$84,416)	\$3,243,439	(\$813,339)

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GC Services Limited Partnership

Executive Overview . . .

Founded in Houston, Texas in 1957, GC Services is one of the leading teleservices companies in the United States, furnishing call center management solutions to public and private-sector organizations throughout the world. We provide every aspect of call center management—from the most delicate of customer service contacts to traditional accounts receivable management. Our commitment to providing the highest-quality service to our clients makes us what we are today—the number one teleservices provider in the nation.

GC Services ensures that each client receives individualized attention and a program tailored to that client's needs. Each project incorporates a quality control process that is unrivaled in the teleservices industry. As an integral part of each quality control plan, GC Services employs specialists who maintain the caliber of the service each Representative provides. Moreover, each of our clients, along with GC Services quality control professionals, plays an active role in determining their own program standards. GC Services regularly refines these standards as our clients' needs change or as new technologies become available.

With this commitment to quality, GC Services has established lasting partnerships with some of the most prestigious and image-conscious corporations and governmental entities in the country. We continue to garner attention from private and public sectors. In fact, GC Services was recently recognized as one of the top ten providers of inbound call center management services in *Telemarketing and Call Center Solutions* magazine's 1998 rankings.

Each year, GC Services handles millions of calls and in fact, has the ability to handle an unlimited number of calls. By developing yearly, long-range performance goals and with constant analysis of personnel, technological, financial, and logistical factors, GC Services has the ability to grow whenever necessary.

GC Services offers a highly sophisticated program of systems and controls that include:

- Incentive programs, contests and special awards as motivation and reward for accomplishments.
- Standard Operating Procedures covering every phase of our operation.
- Use of a computerized interview process to screen employees.
- Extensive customized training programs.
- Continued on-the-job training throughout an individual's career with the company.

GC Services Limited Partnership

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- Promotion from within.
- On-site monitoring systems in use daily.
- Extensive management training programs and reviews.
- Proven follow-up systems and techniques.

GC Services is poised to commit our diverse resources for the development of a high quality, cost efficient program suited to the needs of MCI TeleRelay Operator Services. Our management experience, sophisticated systems and procedures, and financial resources ensure our clients a successful and professional approach to their teleservices needs.

GC Services Service Center Locations



GC Services' Service Centers are strategically located throughout the United States. From these Service Centers, GC Services handles callers and accounts from all over the world including the entire United States, Western Europe, Mexico, Central America and South America.

We provide our clients with the best of both worlds—the same service and attention normally afforded by a local company, while providing the advantages of a company with a nationwide network of Service Centers. We fulfill our clients' needs by combining the experience of trained personnel, the progressive concepts inherent in a modern computer operation, and the geographic coverage of our offices.

In addition to the nationwide coverage afforded by our Service Centers, GC Services employs a great number of multilingual personnel. Currently, GC Services employees speak the following foreign languages:

- | | | |
|-----------|----------------|-------------|
| Arabic | German | Portuguese |
| Armenian | Greek | Russian |
| Bulgarian | Hebrew | Samoan |
| Chinese | Hindu | Spanish |
| Crooks | Irish (Gaelic) | Tagalog |
| Dutch | Italian | Taiwanese |
| Farsi | Japanese | Yugoslavian |
| Flemish | Nigerian | |
| French | Pakistani | |

Experience . . .

GC Services is well qualified to represent MCI TeleRelay Operator Services. Our long-standing contracts with both public and private-sector entities attest to GC Services' significant expertise. Examples of these enduring contracts include:

- Since March of 1987, GC Services has provided MCI Telecommunications with accounts receivable management services in a call center environment. Beginning with 12 outsource personnel, GC Services now provides MCI Telecommunications with 750 outsource personnel at its St. Louis Olivette site--making this one of the largest outsource projects of its kind in the United States. The staff--250 of whom handle commercial accounts and 500 of whom handle residential accounts--provides customer service for MCI. Areas of responsibility include:
 - Customer service call overflow
 - Collections
 - High Toll and Detect monitoring
 - Credit granting
 - Fraud control
- In 1996, GC Services and MCI Operator Services formed a new partnership. GC Services staffs and manages MCI's state-of-the-art Operator Services Call Center in El Paso, Texas. This call center employs over 1,000 people and operates 24 hours a day, 365 days a year. In 1997, GC Services expanded this partnership to include MCI's Operator Service Call Center in Cedar Rapids, Iowa. This call center has an employee base of nearly 500 and also operates 24 hours a day, 365 days a year.
- In May of 1997, MCI awarded GC Services the subcontract to provide telecommunications relay service from MCI's Relay Center in Riverbank, California. This is the largest telecommunications relay contract of its kind, servicing deaf, hard-of-hearing and speech-impaired California residents. In October of 1997, GC Services began providing relay service for the residents of North Carolina from this Relay Center.
- In January of 1998, MCI awarded GC Services the national customer service contract for the relay service it provides the states of California, North Carolina, Massachusetts, Arizona, Florida and Arkansas. Our professional, bilingual and trained customer service representatives handle close to 4,000 on-line and off-line inquiries each month. This project also operates 24 hours a day, 365 days a year.

GC Services' ten year history with MCI illustrates our ability to provide timely teleservicing within an expanding business environment for a diverse

set of business functions. This adaptability sets us apart from other, more specialized vendors that provide only one type of service.

GC Services is capable of providing a wide range of systems and services. These systems and services include the development, implementation and support of all types of call centers; relay service; operator service; customer service; maintenance of billing programs; letter writing and mailing services; training of personnel; facilities management programs; and outsourcing.

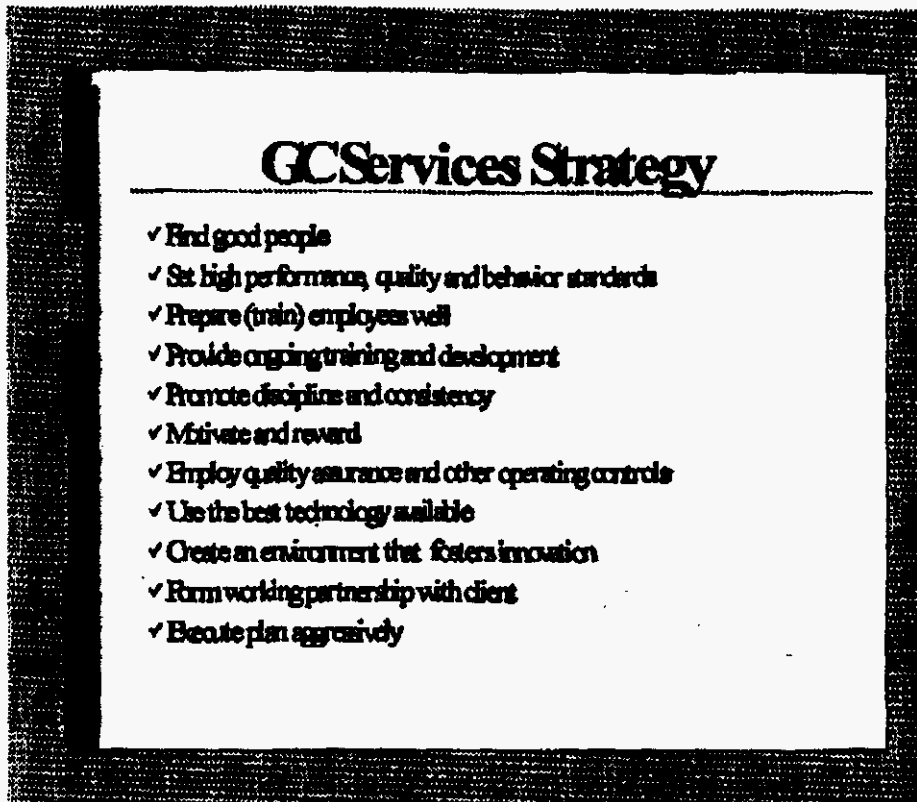
The following is a *partial list* of entities for whom GC Services provides services:

American Express
BellSouth
Citicorp
Columbia HCA
Encyclopaedia Britannica
GE Card Services
General Motors Acceptance Corporation
State of Georgia
Kmart
State of Maryland
MCI Operator Services
MCI TeleRelay Services
State of Michigan
Publishers Clearing House
Sears
U. S. Department of Education
United Parcel Service
Commonwealth of Virginia

Hiring, Training And Quality Assurance . . .

Hiring

Although our specific job responsibilities vary widely between contracts, GC Services always uses the same basic approach to staffing:



A major portion of our success as the leader in our industry can be attributed to our commitment to education, research and development. GC Services' basic philosophy is to recruit and hire the right people. We have spent 40 years defining and developing the skill sets needed for successful employees. These skill sets range from the versatile problem solving abilities and refined telephone presence required of a superior customer service representative to the accuracy and confidentiality required of a relay operator. We constantly update our selection criteria in order to meet specific client needs.

Our most recent enhancement is a computerized interview process developed in conjunction with Aspen Tree Software. The program automatically screens out those applicants unable to meet the minimum qualifications of a given position. A second automated interview excludes those applicants unlikely to succeed in a given environment and provides a human interviewer with a report that identifies areas requiring further exploration. By "going the extra mile" in the recruiting and

selection process, GC Services minimizes turnover costs and lost productivity while allowing supervisors to focus their time on training, motivating and directing staff.

Training

Good training of new employees is an up-front investment, essential to any successful program. Not only does the training result in higher productivity, but it also leads to fewer problems and complaints. When customizing a training program, GC Services first conducts extensive research about all aspects of the project—the goals, the parameters, the product, as well as any existing training program. Then, working with each client, GC Services formulates a training program that addresses our research findings.

GC Services requires each new employee to complete a formalized training program before beginning work. Depending upon the call center and the specific client being represented, this training program can range from five days to five weeks in length.

Quality Assurance Program

GC Services customizes each Quality Assurance Program to fit its client's particular needs. Each employee's weekly review—conducted by an independent Quality Assurance Specialist—takes into consideration all aspects of that client's Quality Assurance Program. Our Quality Assurance Specialists report to the Center Manager and, in some cases, the on-site client representative. They are located in every outsource project and major center.

When constructing a Quality Assurance Program, GC Services works with each client to jointly determine the program standards. We then work to achieve those standards. The Quality Assurance Program information is relayed to the upper management team at the Center, ensuring consistent and professional customer contact. The results of each review are maintained in the employees personnel file and weighed heavily in future merit increases and promotion potential.

Workforce Management Philosophy . . .

As the leading teleservices management company in the United States, GC Services is in the business of delivering a wide range of services. We face many challenges in the workforce management of our sites—both large and small. Our rapid growth, fueled by opening large client specific centers in short time frames, mandates the use of technology in our employee selection and training programs. Our leadership position in teleservices management is based in large measure on our focus on developing workforce management and leadership skills in management personnel.

Internally, the centerpiece of GC Services' management development program is referred to as The Topics. GC Services and consulting industrial psychologists developed and continually refine The Topics—a customized, intensive management training program—over a period of fifteen years. The program represents company culture, since all GC Services managers have been through the program. All new managers, whether promoted from within or hired from outside, must complete the program.

The 13 Topics are divided into three general areas with an exam for each area to certify training. The Topics focus on employee types, motivational skills, training, recruiting, problem solving, and general leadership behaviors. Each Topic takes about six weeks to complete. The entire program involves over 100 hours of self-paced reading and interaction with co-workers and managers.

Complementing the Topics program, GC Services also provides one-hour, in-house workshops for all managers and manager trainees once each month. These workshops bring the Topics "to life" through a combination of lecture and roll-play.

Finally, GC Services provides monthly management development workshops that focus on topical aspects of leadership and people-handling. Typically, these workshops are three hours long, involve both lecture and role-play, and deal with case studies or common leadership challenges unique to each operations site.

In our centers, GC Services employs programs such as career ladders, and monthly, quarterly and spontaneous contests and incentive programs as means of attracting and retaining a competent workforce. One such incentive program is an attendance-based initiative. The high tardiness and absenteeism rates once experienced by certain offices were significantly reduced by implementing an incentive program. GC Services also implements team building incentive programs.

GC Services knows that by working together, the needs of the employee, client and company can be achieved. GC Services also offers tuition reimbursement, employee referral bonuses, and profit sharing—employee benefits aimed at attracting the type of workforce we need. We tailor these programs specifically to suit the environment and employee profiles found in each of our diverse call centers.

GC Services' general management philosophy is best described this way: *our managers' mission is to ensure their employees have the tools to be*

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successful and to excel by providing comprehensive initial and on-going training, physical working conditions conducive to high productivity, positive motivation, strategic and tactical direction, and assistance where needed. Our approach to performance measurement is strictly goal-oriented, with formal performance assessments at least once each month.

Company-wide, this philosophy translates into high employee productivity, a teamwork environment, consistency, discipline, and effectiveness. Moreover, GC Services' employee retention rates are generally better than call center industry norms. The call center management and telecommunication industries are technologically advanced, dynamic, and intensely competitive—GC Services successfully leverages its human resource management philosophy and core competencies to build a competitive advantage and maintain its industry-leadership position in these industries.