



Public Service Commission

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RECORDS AND
REPORTING

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DATE: APRIL 22, 1999

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

FROM: DIVISION OF COMMUNICATIONS (TUDOR, KING) *TK*
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, AND OTHER IMPLEMENTATION MATTERS IN COMPLIANCE WITH THE FLORIDA TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991.

AGENDA: 5/4/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTRI'S FISCAL YEAR WHICH BEGINS JULY 1, 1999. NEED TO ALLOW TIME FOR LECS & ALECS TO PROGRAM ANY SURCHARGE BILLING CHANGES EFFECTIVE JULY 1, 1999.

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

FILE NAME AND LOCATION: S:\PSC\CMU\WP\960598.RCM

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

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named by the Commission to serve as the TASA administrator. Currently, FTRI has over 172,000 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 required for the 1996-97 fiscal year. Accordingly, the surcharge was increased back to \$.12 July 1, 1996, and remained at \$.12 for the 1997-98 fiscal year. Because of an increase in FTRI's surplus account the surcharge was reduced to \$.11 for the 1998-99 fiscal year.

Issue 1 addresses Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1999-2000.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1999-2000 be approved effective July 1, 1999 as proposed by FTRI?

RECOMMENDATION: Yes. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 1999-2000 should be approved effective July 1, 1999. (King, Tudor)

Local exchange telephone companies and alternative local exchange companies should be ordered to assess a \$.09 surcharge beginning July 1, 1999.

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 \$.09 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. The budget projects total revenues at a \$.09 surcharge to be \$11,496,215 and total expenses to be \$12,032,249. The shortfall will be handled through a transfer from the surplus account which is expected to be approximately \$6,300,000 at the end of the current (1998-99) fiscal year. While FTRI and staff attempted to reduce the surplus account last year, the final results will show an increase primarily due to a variance in the expenses for relay service.

FTRI believes that reducing the surcharge to \$.09 will enable it to maintain its current level of service (plus growth) while reducing the surplus account. Staff has reviewed FTRI's proposed budget and believes reducing the surcharge to \$.09 is appropriate.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. (Miller)

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

	COMMISSION APPROVED BUDGET 1998-1999	FTRI BEST VIEW ACTUAL 1998 - 1999	FTRI PROPOSED BUDGET 1999 - 2000
OPERATING REVENUE			
(1) SURCHARGES	\$13,313,216	\$13,253,652	\$11,223,433
(2) INTEREST INCOME	\$201,684	\$264,360	\$272,782
(3) SERVICE/OTHER	\$0.00	\$0.00	\$0.00
TOTAL OPERATING REVENUE	\$13,514,900	\$13,518,012	\$11,496,215
OPERATING EXPENSES			
CATEGORY I - RELAY SERVICES			
(5) DPR PROVIDER	\$9,307,940	\$7,445,823	\$7,081,113
SUBTOTAL-CATEGORY I	\$9,307,940	\$7,445,823	\$7,081,113
CATEGORY II - EQUIPMENT & REPAIRS			
(6) TDD EQ	\$425,200	\$210,230	\$266,000
(7) LARGE PRINT TDD'S	\$5,010	\$10,020	\$10,020
(8) VOCHCO-TDD	\$267,900	\$44,538	\$22,325
(9) VCO-TELEPHONE	\$134,000	\$57,955	\$64,320
(10) DUAL SENSORY EQ	\$16,675	\$14,370	\$21,350
(11) VCP HEARING IMP	\$1,762,680	\$1,590,348	\$1,851,680
(12) VCP SPEECH IMP	\$18,455	\$5,250	\$21,341
(13) IN-LINE AMPLIFIER	\$23,805	\$319	\$0.00
(14) ARS SIGNALING EQ	\$397,575	\$393,480	\$470,891
(15) VRS SIGNALING EQ	\$38,070	\$44,509	\$50,760
(16) TRS SIGNALING EQ	\$1,080	\$2,400	\$2,160
(17) TELECOMM EQ REPAIR	\$140,614	\$218,196	\$205,288
SUBTOTAL-CATEGORY II	\$3,231,064	\$2,591,415	\$2,784,134
CATEGORY III - EQUIPMENT DISTRIBUTION AND TRAINING			
(18) FRGHT/TELECOMM EQ	\$28,177	\$27,312	\$30,830
(19) REGIONAL DIST CTRS	\$779,496	\$714,495	\$777,521
(20) WORKSHOP EXPENSE	\$18,146	\$13,905	\$26,295
(21) TRAINING EXPENSE	\$76,066	\$71,293	\$74,858
SUBTOTAL-CATEGORY III	\$901,885	\$827,005	\$909,504
CATEGORY IV - OUTREACH			
(22) OUTREACH EXPENSE	\$187,020	\$63,500	\$486,520
SUBTOTAL-CATEGORY IV	\$187,020	\$63,500	\$486,520
CATEGORY V - GENERAL & ADMINISTRATION			
(23) ADVERTISING	\$400	\$3,490	\$3,000
(24) ACCOUNTING/AUDITING	\$11,275	\$11,581	\$12,556
(25) LEGAL	\$41,400	\$49,967	\$52,464
(26) CONSULTATION	\$25,000	\$24,300	\$18,000
(27) AUTO LEASE EXPENSE	\$4,800	\$0.00	\$0.00
(28) BANK CHARGES	\$0.00	\$0.00	\$0.00
(29) DUES/SUBSCRIPTIONS	\$1,000	\$1,822	\$2,325
(30) OFFICE FURNITURE PURCHASE	\$1,500	\$2,324	\$2,500
(30A) LESS: CAPITALIZED POR	\$0.00	\$0.00	\$0.00
(31) OFFICE EQUIPMENT PURCHASE	\$28,500	\$11,320	\$31,700
(31A) LESS: CAPITALIZED POR	\$0.00	\$0.00	\$0.00
(32) DEPRECIATION	\$0.00	\$0.00	\$0.00
(33) OFFICE EQUIPMENT LEASE	\$3,492	\$3,340	\$3,400
(34) INSURANCE-HEALTH/LIFE/DISABILITY	\$76,376	\$56,296	\$95,711
(35) INSURANCE-OTHER	\$3,021	\$2,994	\$3,257
(36) OFFICE EXPENSE	\$4,586	\$4,716	\$4,810
(37) POSTAGE	\$16,532	\$12,972	\$13,968
(38) PRINTING	\$23,210	\$25,790	\$26,305
(39) RENT	\$58,927	\$53,767	\$63,039
(40) RETIREMENT	\$32,278	\$27,550	\$34,656
(41) EMPLOYEE COMPENSATION	\$280,844	\$243,802	\$306,694
(42) TEMPORARY EMPLOYMENT	\$2,400	\$3,592	\$10,380
(43) TAXES-PAYROLL	\$21,852	\$18,651	\$23,462
(44) TAXES-UNEMP COMP.	\$3,450	\$4,123	\$4,158
(45) TAXES-LICENSES	\$65	\$65	\$65
(46) TELEPHONE	\$28,092	\$27,963	\$28,523
(47) TRAVEL AND BUS EXPENSE	\$17,750	\$17,776	\$18,132
(48) EQUIPMENT MAINTENANCE	\$5,000	\$3,037	\$4,200
(49) EMPLOYEE TRNG/DVLP	\$1,800	\$396	\$1,992
(50) MEETING EXPENSE	\$6,430	\$2,156	\$4,080
(51) MISCELLANEOUS EXP.	\$250	\$0.00	\$200
SUBTOTAL-CATEGORY V	\$790,330	\$613,790	\$768,977
TOTAL EXPENSES	\$14,328,219	\$11,641,733	\$12,032,249
REVENUE LESS EXPENSES	(\$813,319)	\$1,876,279	(\$536,034)