



Public Service Commission

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RECORDS AND REPORTING

DATE: MAY 4, 2000

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

FROM: DIVISION OF COMMUNICATIONS (KING, TUDOR) *RTT*
DIVISION OF APPEALS (BROWN) *NCB*

RE: DOCKET NO. 991222-TP - REQUEST FOR SUBMISSION OF PROPOSALS FOR RELAY SERVICE, BEGINNING IN JUNE 2000, FOR THE HEARING AND SPEECH IMPAIRED, AND OTHER IMPLEMENTATION MATTERS IN COMPLIANCE WITH THE FLORIDA TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991.

AGENDA: 05/16/00 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTRI'S FISCAL YEAR WHICH BEGINS JULY 1, 2000. ALSO NEED TO ALLOW TIME FOR LECS & ALECS TO PROGRAM ANY SURCHARGE BILLING CHANGES EFFECTIVE JULY 1, 2000.

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

FILE NAME AND LOCATION: S:\PSC\CMU\WP\991222.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).

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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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. Currently, FTRI has over 203,000 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. The surcharge was again reduced for the 1999-2000 fiscal year, to \$.09.

Issue 1 addresses Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 2000-2001. FTRI proposes that the surcharge remain at \$.09; however, staff is recommending that the surcharge be reduced to \$.08. Issues 2 and 3 concern the appointment of two new TASA Advisory Committee Members.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 2000-2001 be approved effective July 1, 2000 as proposed by FTRI?

RECOMMENDATION: No. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 2000-2001 should be modified to reflect a surcharge of \$.08 per access line.

Local exchange telephone companies and alternative local exchange companies should be ordered to assess an \$.08 surcharge beginning July 1, 2000.

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. (King, Tudor)

STAFF ANALYSIS: While staff is recommending a lower surcharge than proposed by FTRI, staff believes that the recommended \$.08 surcharge will be sufficient to fund FTRI's planned programs for the upcoming fiscal year. Staff projects that total revenues from an \$.08 surcharge will be approximately \$10,193,197. FTRI projects its total expenses to be \$14,784,298; the shortfall will be handled through a transfer from the surplus account, which as of March 2000 had a balance of \$6,708,891. While FTRI and staff attempted to reduce the surplus account last year, the final results will show an increase substantially due to the assessment of liquidated damages (\$1,285,000) against MCI WorldCom¹ and a \$2,000,000 contribution made by TRANSCALL AMERICA, INC., d/b/a ATC Long Distance (ATC) to the relay administrator².

¹ Although MCI has been ordered (see Order No. PSC-00-0615-FOF-TP) to credit the FTRI account \$1,285,000 beginning with the March 2000 relay service bills, the \$1,285,000 was not reflected in the March 2000 surplus balance of \$6,708,891 because FTRI's proposed budget was filed March 31. Therefore, staff believes that the relay surplus account will be in excess of \$7.9 million dollars after the credit of \$1,285,000 is applied.

²In 1998 ATC reached a settlement of a class action lawsuit wherein it agreed to make refunds to customers and to dispose of any unclaimed funds through stipulation of the parties subject to acceptance by the court. To conclude the case, the parties agreed that ATC would "contribute" \$2 million of the remaining unclaimed amounts to the relay administrator and the Circuit Court approved the agreement. This \$2 million is included in the March 2000 surplus account balance of \$6,708,891.

Staff believes that reducing the surcharge to \$.08 will enable FTRI to provide all the services envisioned in its proposed budget while reducing the surplus account. Staff has reviewed FTRI's proposed budget and believes reducing the surcharge to \$.08 is appropriate.

ISSUE 2: Should Mr. Steve Howells be named to the Telecommunications Access System Act (TASA) Advisory Committee?

RECOMMENDATION: Yes. (King, Tudor)

STAFF ANALYSIS: TASA allows the Advisory Committee to consist of up to ten members recommended by various organizations and named to the committee by the Commission.

Mr. Howells fulfills the requirements of section 427.706(e) of the TASA law which addresses the necessary characteristics and qualifications one must have to fill the current vacancy on the Advisory Committee; namely, that he represents the Advocacy Center for Persons with Disabilities, Inc. (ACPD). Mr. Howells has been with the ACPD for over 15 years. Accordingly, staff recommends that Mr. Howells be named to the TASA Advisory Committee.

ISSUE 3: Should Mr. Frank Slater be named to the Telecommunications Access System Act (TASA) Advisory Committee?

RECOMMENDATION: Yes. (King, Tudor)

STAFF ANALYSIS: TASA allows the Advisory Committee to consist of up to ten members recommended by various organizations and named to the committee by the Commission.

On March 31, 2000, Dr. Alexander Fleischman (past president) and Mr. Stephen J. Hardy (President-elect), Florida Association of the Deaf, Inc. (FAD), submitted a letter nominating Mr. Frank Slater to the Committee. Mr. Slater fulfills the requirements of Section 427.706(e) of the TASA law which addresses the necessary characteristics and qualifications one must have to fill the

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current vacancy on the Advisory Committee; namely, that he represents FAD. Accordingly, staff recommends that Mr. Slater be named to the TASA Advisory Committee.

ISSUE 4: Should this docket be closed?

RECOMMENDATION: No. (Brown)

STAFF ANALYSIS: This docket should remain open for the life of the contract with Sprint.

ATTACHMENT A

	Commission Approved Budget 1999- 2000	FTRI BEST VIEW ACTUAL 1999-2000 (as of 3/00)	FTRI PROPOSED BUDGET 2000- 2001	FSC PROPOSED BUDGET 2000- 2001
OPERATING REVENUE				
1) Surcharges	11,223,433	11,012,638	11,343,017	10,082,682
2) Interest Income	272,782	414,190	320,017	285,144
3) Service/Other	0	2,000,000	0	0
TOTAL OPERATING REVENUE	11,496,215	13,426,828	11,663,034	10,367,826
OPERATING EXPENSES				
Category I - Relay Services				
4) DPR Provider	7,081,113	7,236,741	8,971,537	8,971,537
SUBTOTAL-Category I	7,081,113	7,236,741	8,971,537	8,971,537
Category II-Equipment &				
5) TDD EQ.	266,000	309,400	403,008	403,008
6) Large Print TDDs	10,020	11,555	12,735	12,735
7) VCH/HCO-TDD	22,325	21,395	42,790	42,790
8) VCO Telephone	64,320	124,248	117,147	117,147
9) Dual Sensory Equipment	21,350	21,135	21,740	21,740
10) VCP Hearing Impaired	1,651,680	1,918,108	1,853,714	1,853,714
11) VCP Speech Impaired	21,341	8,438	9,261	9,261
12) In-Line Amplifier	0	5,026	4,761	4,761
13) ARS Signaling Equip.	470,891	377,263	393,888	393,888
14) VRS Signaling Equip.	50,760	67,986	74,202	74,202
15) TRS Signaling Equip.	2,160	2,520	2,925	2,925
16) Telecomm Equip. Repair	205,288	43,836	33,820	33,820
SUBTOTAL-Category II	2,786,135	2,910,910	2,969,991	2,969,991
Category III-Equipment				
17) Freight-Telecomm Equip.	30,830	36,310	45,635	45,635
18) Regional Distr. Centers	777,521	793,540	927,092	927,092
19) Workshop Expenses	26,295	26,524	33,632	33,632
20) Training Expenses	74,858	81,708	85,793	85,793
SUBTOTAL-Category III	909,504	938,082	1,092,152	1,092,152
Category IV-Outreach				
21) Outreach Expense	486,520	495,198	819,100	819,100
SUBTOTAL-Category IV	486,520	495,198	819,100	819,100

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	Commission Approved Budget 1999- 2000	FTRI BEST VIEW ACTUAL 1999-2000 (as of 3/00)	FTRI PROPOSED BUDGET 2000- 2001	PSC PROPOSED BUDGET 2000- 2001
Category V - General & Administrative				
22) Advertising	3,000	843	1,000	1,000
23) Accounting/Audit	12,556	12,339	12,800	12,800
24) Legal	52,464	57,999	70,400	70,400
25) Computer Consultation	18,000	26,354	9,450	9,450
26) Bank Charges	0	0	0	0
27) Dues & Subscriptions	2,325	1,644	1,800	1,800
28) Office Furniture	2,500	4,328	2,500	2,500
28A) Less: Capitalized	0	0	0	0
29) Office Equipment	31,700	24,064	60,300	60,300
29A) Less: Capitalized	0	0	0	0
30) Depreciation	0	0	0	0
31) Office Equipment Lease	3,400	3,192	3,940	3,940
32) Insurance-	95,711	95,396	124,464	124,464
33) Insurance-Other	3,257	2,346	3,614	3,614
34) Office Expense	4,810	7,141	7,855	7,855
35) Postage	13,368	15,466	14,011	14,011
36) Printing	26,305	21,806	23,986	23,986
37) Rent	63,039	58,185	65,736	65,736
38) Retirement	34,656	32,287	43,660	43,660
39) Employee Compensation	306,694	287,056	386,370	386,370
40) Temporary Employment	10,380	13,616	9,810	9,810
41) Taxes-Payroll	23,462	21,959	29,557	29,557
42) Taxes-Unempl Comp	4,158	595	1,000	1,000
43) Taxes-Licenses	65	62	62	62
44) Telephone	28,523	24,336	26,008	26,008
45) Travel & Business	18,132	14,839	20,395	20,395
46) Equip. Maint.	4,200	2,943	5,170	5,170
47) Employee Training/Dev.	1,992	2,804	1,000	1,000
48) Meeting Expense	4,080	3,225	6,430	6,430
49) Misc. Expense	200	0	200	200
SUBTOTAL-Category V	768,977	734,825	931,518	931,518
TOTAL EXPENSES	12,032,249	12,315,756	14,784,298	14,784,298
REVENUE LESS EXPENSES	(536,034)	1,111,072	(3,121,264)	(4,416,472)