



Public Service Commission

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DATE: MAY 9, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYO)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (SALAKI)
MOSES, KING HOWARD
OFFICE OF THE GENERAL COUNSEL (BROWN) MCF

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: 05/21/02 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTPI'S FISCAL YEAR WHICH BEGINS JULY 1, 2002. TIME IS ALSO NEEDED TO ALLOW LECS & ALECS TO EFFECT ANY SURCHARGE BILLING CHANGES BY JULY 1, 2002. IN ADDITION, THE FPSC MUST NOTIFY SPRINT OF ITS INTENT TO EXERCISE THE CONTRACT EXTENSION OPTION BY JUNE 1, 2002.

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\CMP\WP\991222.RCM

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COMMISSION CLERK

CASE BACKGROUND

The Telecommunications Access System Act of 1991 (TASA) became effective May 24, 1991 and is found in Part II, Chapter 427, 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. Currently, FTRI has over 234,000 Floridians in its client data base.

On July 1, 1991, the LECs began collecting an 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. Again, to reduce its surplus fund account, the surcharge was further reduced in the 2000-2001 fiscal year, to \$.08. For the 2001-2002 fiscal year the surcharge was increased to \$.12. This increase was a result of FTRI's annual expenses growing due to the implementation of Turbo Code, significant increases related to the upkeep of certain equipment, the addition of Regional Distribution Centers (RDCs), and increased outreach.

In June 2000, the Commission executed a contract with Sprint to provide the relay service that TASA requires. The current contract expires June 1, 2003. While the initial contract term is for three years, the contract includes a contract extension option. Section 2 of the contract requires that Sprint notify the

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Commission by April 1, 2002 of its intent to extend this contract. The Commission must notify Sprint of its intent to exercise the contract extension option by June 1, 2002. Issue 3 of staff's recommendation addresses this matter. Issue 1 addresses the appointment of three new TASA Advisory Committee Members, and Issue 2 addresses FTRI's proposed budget for the 2002-2003 fiscal year. FTRI proposes to reduce the surcharge to \$.08.

DISCUSSION OF ISSUES

ISSUE 1: Should Mr. Stephen Hardy, Mr. Chris Wagner, and Mr. Harry Anderson be named to the TASA Advisory Committee?

RECOMMENDATION: Yes, Messrs. Hardy, Wagner, and Anderson should be named to the TASA Advisory Committee. (**SALAK, KING, HOWARD**)

STAFF ANALYSIS: Section 427.706 of TASA allows the Advisory Committee to consist of up to ten members recommended by various organizations and named to the committee by the Commission. The committee's role is to provide the expertise, experience, and perspective of persons who are hearing impaired or speech impaired to the Commission and to FTRI during all phases of the development and operation of the telecommunications access system. The committee also advises the Commission and FTRI on any matter relating to the quality and cost-effectiveness of the telecommunications relay service and the distribution of specialized telecommunications devices.

Currently the Advisory Committee is comprised of the following members:

RECOMMENDING ORGANIZATION	NAME OF MEMBER
Advocacy Center for Persons with Disabilities, Inc.	Steve Howells
Deaf Service Center Association	Jerry Connor
Florida Telecommunications Industry Association	Susan Langston Jim Smith
Self Help for the Hard of Hearing	Shirley Jones

TASA allows the Florida Association of the Deaf (FAD) to recommend two individuals to the Advisory Committee. Mr. Hardy and Mr. Wagner both represent FAD. TASA also allows the Coalition for Persons with Dual Sensory Disabilities to recommend one person to the Advisory Committee. Mr. Anderson, who was a committee member in the past, represents the Coalition. Staff believes that Messrs. Hardy, Wagner, and Anderson fulfill the requirements of section 427.706 of the TASA law which addresses the necessary characteristics and qualifications one must have to fill current vacancies on the Advisory Committee. Therefore, staff recommends that Mr. Stephen Hardy, Mr. Chris Wagner, and Mr. Harry Anderson be named to the TASA Advisory Committee.

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ISSUE 2: Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 2002-2003 be approved effective July 1, 2002, and the TASA surcharge reduced to \$.08 per access line?

RECOMMENDATION: Yes. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 2002-2003 should be approved and the surcharge should be reduced to \$.08 per access line.

Local exchange telephone companies and alternative local exchange companies should be ordered to assess an \$.08 surcharge beginning July 1, 2002.

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. (SALAK, KING)

STAFF ANALYSIS: Staff believes the proposed \$.08 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. The budget projects total revenues at a \$.08 surcharge to be \$10,630,671 and total expenses to be \$15,130,834. The shortfall of approximately \$4.5 million will be handled through a transfer from the surplus account, which it is estimated will be \$5,731,032 at the end of the current (2001-02) fiscal year.

It is believed that reducing the surcharge to \$.08 will enable FTRI to maintain its current level of service (plus growth) while reducing the surplus account. It is estimated that the surplus account balance will be reduced to \$1,230,869 at the end of the 2002/2003 fiscal year. Staff believes this is an adequate surplus balance.

Staff has reviewed FTRI's proposed budget and believes reducing the surcharge to \$.08 is appropriate. However, staff notes that as part of its proposed budget, FTRI has allocated \$150,000 for the purchase and distribution of a new piece of telecommunications equipment known as the TeliTalk Speech Aid (TeliTalk)¹. The TeliTalk is specifically designed to meet the needs of the speech impaired population who have had

¹The TeliTalk is currently in the final stages of development. FTRI has budgeted for the purchase of 250 units.

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laryngectomies. It is estimated that there are approximately 3,000 people with laryngectomies in the State of Florida.

The TeliTalk Speech Aid is a telephone unit with an electrolarynx device attached. The electrolarynx device will not function unless it is plugged into the telephone unit. Staff believes that the TeliTalk meets the statutory definition of "specialized telecommunications device²" and therefore should be purchased and distributed by FTRI. As such, staff recommends that FTRI's proposed budget for fiscal year 2002/2003 should be approved as submitted and the surcharge should be reduced to \$.08 per access line.

²Specifically, "specialized telecommunication device" means a TDD, a volume control handset, a ring signaling device, or any other customer premises telecommunications equipment specifically designed or used to provide basic access to telecommunications services for a hearing impaired, speech impaired, or dual sensory impaired person. (Chapter 427.703(11), Florida Statutes)

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ISSUE 3: Should the Commission extend its current contact with Sprint for relay services until May 31, 2005?

RECOMMENDATION: Yes, Sprint's relay contract should be extended through May 31, 2005. (SALAK, KING, BROWN)

STAFF ANALYSIS: Under the terms of the Commission's relay contract with Sprint to provide telecommunications relay service to Florida, the contract is effective for a three-year period ending May 31, 2003. The Commission and Sprint may opt to extend the contract for two one-year periods. Under the contract, Sprint must notify the Commission by April 1, 2002 and 2003 whether it wishes to extend the contract for the one-year options for years ending May 31, 2004 and 2005, respectively. By June 1, 2002 and 2003 the Commission must let Sprint know of its intention to extend the contract through the one-year options.

On April 1, 2002, Sprint notified the Commission that it wants to extend the contract. Sprint is requesting that the Commission decide now to not only extend the contract for one year, but both years making the contract effective until May 31, 2005. In its letter of intent, Sprint states several additional benefits it will provide if the contract is extended. First, the current price of \$.73 per session minute will remain in effect for the remainder of the contract.

Sprint will provide several new products and services at no additional costs. The following additions to the Florida Relay standard platform are offered:

1. Dedicated toll free number for Voice Carry Over (VCO) - Sprint will provide a dedicated VCO 800 number that will route the VCO 800 calls to VCO gates. The VCO gates have Customer Assistants that are specially trained to handle VCO calls.
2. E-Turbo - E-Turbo allows TTY callers to automatically submit dialing and call set-up instructions when dialing into Sprint Relay. This reduces the time necessary to set up and process the call, thus, in turn, reducing the billable minutes. The connection time for a TTY call becomes much closer to the time of a non-relay call.

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If the contract is extended for a two-year period at this time, the following will also be offered:

3. Internet Relay - Internet relay will be provided and Sprint Internet Relay calls can take place any where there is an internet connection.

4. Captioned Telephone (CapTel) Trial - Florida would be selected as a state used in a nine-month testing trial for CapTel service. Two hundred qualified customers could participate. CapTel is a service that assists the hard-of-hearing. The CapTel functions much like a non-relay telephone call. The user dials a call directly, but the "smart" telephone dials the captioned telephone center where the called party is automatically added on. When the called party replies to the user, the voice is highly amplified while the user receives simultaneous text transcription from the caption operator using speech-to-text technology. The trial would begin around June 1, 2003.

Staff has some concern over offering a service temporarily and on a limited basis when in the long-run the service may not be offered or the Commission may not choose to add it as a service. The equipment needs and costs would have to be considered. However, Sprint has assured Staff that the participants in the trial will be fully briefed on the limited offering.

At the April, 2002, TASA Advisory Committee meeting, the Advisory Committee was in favor of keeping Sprint as the relay provider for an extended period of time. Several members of the TASA Advisory committee think that the CapTel trial would be very beneficial to the hard-of-hearing community in Florida.

Staff believes that Sprint's relay contract should be extended for the two-year period for several reasons. Sprint has been the relay provider for almost two years. A substantial amount of money was spent to notify Floridians that Sprint was the new provider. The relay customers are now accustomed to using Sprint. Staff believes the five-year period allows for greater stability for the relay customers not only in service, but also in price. The complaints about Sprint's service have been minimal.

If Sprint's service declines, the contract states that the Commission ". . . shall have the right to unilaterally cancel, terminate, or suspend any ensuing contract, in whole or in part, by giving the Provider sixty (60) days written notice by certified

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mail. If a breach of the contract by the Provider occurs, the FPSC may, by written notice to the Provider, terminate the contract upon 24 hours notice. Said notice shall be delivered by certified mail, return receipt requested, or in person with proof of delivery. The provisions herein do not limit the FPSC's right to remedies at law or to damages."

Since the Commission may cancel the contract upon 60 days written notice, oversight is not lost by the Commission and there will be a gain of additional service without an increase in the charge. In addition, with the two year extension of the contract, the cost of an RFP is postponed. Therefore, Staff recommends that Sprint's relay contract should be extended through May 31, 2005.

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ISSUE 4: Should this docket be closed?

RECOMMENDATION: No, this docket should not be closed. (BROWN)

STAFF ANALYSIS: This docket should remain open during the contract period with Sprint as the relay provider. This docket is used to monitor relay and contract issues that arise during the contract term.

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ATTACHMENT A

	FPSC Approved Budget 2001/2002	FTRI BEST VIEW ACTUAL 2001/2002	FTRI PROPOSED BUDGET 2002/2003
OPERATING REVENUE			
1) Surcharges	\$15,472,252	\$15,680,806	\$10,584,544
2) Interest Income	144,728	133,259	46,127
3) Service/Other	0	0	0
TOTAL OPERATING REVENUE	\$15,616,980	\$15,814,065	\$10,630,671
OPERATING EXPENSES			
Category I - Relay Services			
4) DPR Provider	\$9,224,035	\$8,867,376	\$8,535,912
SUBTOTAL-Category I	\$9,224,035	\$8,867,376	\$8,535,912
Category II -			
5) TDD Equipment	\$423,256	\$372,000	396,200
6) Large Print TDDs	19,332	5,370	5,370
7) VCH/HCO-TDD	48,871	73,062	73,062
8) VCO Telephone	38,590	39,465	49,615
9) Dual Sensory Equipment	35,360	32,025	28,130
10) VCP Hearing Impaired	3,048,817	2,253,401	2,284,814
11) VCP Speech Impaired	11,760	13,671	13,524
12) TeliTalk Speech Aid		0	150,000
13) In-Line Amplifier	4,179	6,996	6,983
14) ARS Signaling Equip.	303,117	300,631	301,530
15) VRS Signaling Equip.	66,603	72,184	72,414
16) TRS Signaling Equip.	2,685	1,440	1,440
17) Telecomm Equip. Repair	54,984	124,690	87,566
SUBTOTAL-Category II	\$4,057,554	\$3,294,935	3,470,648
Category III-Equipment			
18) Freight-Telecomm Equip.	\$37,061	\$37,838	43,486
19) Regional Distr. Centers	1,375,248	966,193	1,050,797
20) Workshop Expenses	39,940	0	36,837
21) Training Expenses	117,624	86,913	68,472
SUBTOTAL-Category III	\$1,569,873	\$1,090,944	1,199,592
Category IV-Outreach			
22) Outreach Expense	\$901,010	\$717,024	\$926,550
SUBTOTAL- Category IV	\$901,010	\$717,024	\$926,550

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	FPSC Approved Budget 2001/2002	FTRI BEST VIEW ACTUAL 2001/2002	FTRI PROPOSED BUDGET 2002/2003
Category V - General & Administrative			
23) Advertising	\$2,700	\$930	\$1,386
24) Accounting/Auditing	14,900	14,375	14,500
25) Legal	82,859	72,065	72,000
26) Computer Consultation	8,550	9,002	4,190
27) Bank Charges	1,560	1,645	1,740
28) Dues & Subscriptions	2,442	1,879	2,151
29) Office Furniture	7,306	6,383	9,523
30) Office Equipment	39,987	36,413	24,911
31) Office Equipment Lease	4,238	3,968	4,719
32) Insurance-	155,853	93,505	151,722
33) Insurance-Other	4,628	4,718	4,876
34) Office Expense	9,132	7,495	12,400
35) Office moving expense	0	2,028	0
36) Postage	20,608	12,650	18,221
37) Printing	5,128	2,137	2,900
38) Rent	84,353	65,045	77,270
39) Utilities	0	1,706	5,119
40) Retirement	48,324	39,626	49,403
41) Employee Compensation	427,648	352,932	437,194
42) Temporary Employment	7,820	30,930	14,560
43) Taxes-Payroll	32,715	26,999	33,445
44) Taxes-Unempl. Comp	914	535	597
45) Taxes-Licenses	62	62	62
46) Telephone	38,949	31,928	21,053
47) Travel & Business	24,500	15,870	21,000
48) Equip. Maint.	6,767	3,856	6,120
49) Employee Training/Dev.	5,040	2,730	4,210
50) Meeting Expense	3,430	2,037	2,660
51) Misc. Expense	200	0	200
SUBTOTAL-Category V	\$1,040,613	\$843,449	998,132
TOTAL EXPENSES	16,793,085	14,813,728	15,130,834
REVENUE LESS EXPENSES	(1,176,105)	1,000,337	(4,500,163)