

State of Florida



Public Service Commission  
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

COMMISSION  
CLERK

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RECEIVED 1/13/04

**DATE:** JANUARY 8, 2004

**TO:** DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

**FROM:** DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (TRAPP, CASEY MOSES) OFFICE OF THE GENERAL COUNSEL (ROJAS) *AR dk RLT*

**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:** 01/20/04 - REGULAR AGENDA - ISSUE 3 IS PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**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

*MS*

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.

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FPSC-COMMISSION CLERK

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Issue 1 of this recommendation addresses the appointment of three new TASA Advisory Committee Members.

Issue 2 of this recommendation addresses a new service offering by Sprint. The service is called Captel which allows persons, that use the voice carry-over method of communicating, the ability to make calls without the use of a relay operator. Voice carry-over is a service whereby the hearing impaired person uses his own voice to speak and is able to receive the message from the other person on the call via a teletype machine. The Captel service uses a telephone that has a screen which displays the communications from the person on the other end of the call; thus eliminating the need for a relay operator's intervention. The Captel service uses an operator that is transparent to the users. The hearing impaired person sees the text on the telephone screen which is transmitted via an operator that revoices what is heard from the other person on the call. Through computer voice recognition software, the operator's speech is turned into text and displayed on the Captel phone. The hearing impaired person will receive the other person's voice on the telephone, but for words that cannot be distinguished he can then look at the text screen on the phone to view the words.

A person calling the Captel user must first dial an access code to reach the Captel operator. The operator then completes the call and voices the conversation from the caller to the caption screen on the Captel phone. All Captel phones have the ability to have 2-line VCO capability. By installing a second line to the Captel phone, at the user's expense, the phone can be programmed to receive a call directly and will automatically call the Captel operator for completion of the captioning function. Using this method of operation, the service functions in a manner similar to a traditional telephone call between two hearing persons.

Sprint trialed the Captel service in eight states, including Florida, and with the federal government. Sprint has either contracted or has pending contracts with twelve states. The federal government has required Captel as a TRS product and will announce the contract award early 2004.

The customer satisfaction results of the Florida trial are favorable. The average words per minute voiced by the Captel operator is 165 wpm with an accuracy of 98.68%. The average usage

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by the trial customers is 104 minutes per month. Eighty-six percent of the trial participants were satisfied with the sound quality and amplification of the call, 85% were satisfied with the technical performance, and 88% were satisfied with the accuracy of the captions. Seventy-seven percent of the hearing persons that were involved in the calls had a positive experience and the overall perception of the Captel services was 83% favorable.

Upon completion of the contract, if Captel is approved as a service, it can be included in the next request for proposal as a requirement. Sprint does not have an exclusive contract for Captel and it can be provided by other relay providers.

Issue 3 addresses the \$.01 increase in the surcharge necessary to cover the additional costs associated with implementation of Captel as a relay service.

The Commission is vested with jurisdiction through Chapter 427, Florida Statutes.

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should Mr. Jimmy Peterson, Mr. Christopher McDonald, and Ms. Kathy Borzell be named to the TASA Advisory Committee?

**RECOMMENDATION:** Yes, Mr. Jimmy Peterson, Mr. Christopher McDonald, and Ms. Kathy Borzell should be named to the TASA Advisory Committee. **(TRAPP, CASEY, MOSES, ROJAS)**

**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 Advisory Committee is currently comprised of the following members:

| <b>NAME OF MEMBER</b>   | <b>NAME OF ORGANIZATION</b>                                   |
|---|---|
| Steve Howells   | Advocacy Center for Persons with Disabilities, Inc.           |
| Rick Kottler  | Deaf and Hard of Hearing Services of the Treasure Coast, Inc. |
| Nancy Schnitzer - local telco representative<br>Tom Kemble - long distance telco representative | Florida Telecommunications Industry Association               |
| Harry Anderson  | Coalition for Persons with Dual Sensory Disabilities          |
| Christopher Wagner  | Florida Association of the Deaf, Inc.                         |
| Shirley Jones   | Self Help for Hard of Hearing People                          |
| Steven Hardy  | Florida Association of the Deaf, Inc.                         |

Mr. Steven Hardy, Mr. Tom Kemble, and Ms. Shirley Jones have resigned from their positions on the Advisory Committee. Mr. Jimmy Peterson is with the Florida Association of the Deaf, Inc. and would replace Mr. Steven Hardy. Mr. Christopher McDonald is with AT&T and would replace Mr. Tom Kemble as the long distance company representative. Ms. Kathy Borzell is with the Self Help for Hard of Hearing People and would replace Ms. Shirley Jones. Accordingly, staff recommends that Mr. Jimmy Peterson, Mr. Christopher McDonald, and Ms. Kathy Borzell be named to the TASA Advisory Committee.

**ISSUE 2:** Should the Commission amend the current contract with Sprint to include Captel as a service offering starting March 1, 2004, and extending through May 31, 2005, at the session minute rates described in the "usage costs" section of this recommendation?

**RECOMMENDATION:** Yes, the Commission should amend the current contract with Sprint to include Captel as a service offering starting March 1, 2004, and extending through May 31, 2005, at the session minute rates as described in the "usage costs" section of this recommendation. **(TRAPP, CASEY, MOSES, ROJAS)**

**STAFF ANALYSIS:** Captel service is approximately 44% faster than regular relay calls because the relay operator does not have to type. With regular relay calls, the operator must type into a computer. Revoicing is much faster than typing and the end result is fewer minutes are required for the same conversation.

It was determined, during trials Sprint conducted in several states, that 64% of the usage was from new users that had not previously used voice carry-over or relay services. This service reaches those persons that are hearing impaired to the extent that normal speech cannot be understood over normal or amplified telephones. The potential Captel users are late deafened, profoundly deaf and able to speak, cochlear implant users, VCO and 2-line VCO users, and hard of hearing. Because of the elderly population in Florida, the Captel service should benefit a large

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populous that has not been previously assisted with their hearing impairments.

### Federal and State Authority

In order for the service to be eligible for reimbursement for interstate usage from the Interstate TRS Fund, Ultratec, Inc., the developer of the Captel service, filed for a declaratory ruling with the Federal Communications Commission (FCC) seeking approval to clarify Captel as a telecommunications relay service. The FCC ruled on July 25, 2003, in CC Docket No. 98-67 that Captel is eligible for reimbursement from the National Exchange Carrier Association, Inc. (NECA).

Section 427.702(3)(b), Florida Statutes, requires that the telecommunications access system include a telecommunications relay service system that meets or exceeds the certification requirements of the Federal Communications Commission. Section 427.702(3)(g), Florida Statutes, requires that the telecommunications access system use state-of-the-art technology for specialized telecommunications devices and the telecommunications relay service. The statute further encourages the incorporation of new developments in technology, to the extent that it has demonstrated benefits consistent with the intent of the act and is in the best interest of the citizens of this state.

Although the FCC has not made Captel a mandatory service as part of the certification standard, it has ruled that Captel is a telecommunications relay service. Also, the Florida Statutes encourage the Commission to adopt new technology for the provision of relay services and the associated specialized devices. Staff believes Captel meets the standard at both the federal and state level.

### Usage Costs

Currently, regular relay calls cost the state \$.73 per session minute and will remain unchanged. The proposed rate for Captel varies depending on the call volume. Attachment A shows the various call volumes and related proposed charges for the service. The usage cost for the Captel service is \$1.45 per session minute until the call volume reaches 100,000 minutes per month. The rate is then reduced to \$1.40 until the volume reaches above 200,000 when it is reduced to \$1.35. Staff does not anticipate the volume

to reach above 100,000 until at least nine months after implementation.

Using a distribution of 100 Captel phones per month and including the initial 132 trial users, the usage cost is estimated to be \$1,980,480 minus \$367,394 which is the usage cost of persons migrating from traditional VCO relay to Captel.

### **Equipment Costs and Distribution**

The equipment will be purchased and distributed by the Florida Telecommunications Relay, Inc. (FTRI). The Captel telephone will cost FTRI \$350. FTRI will have the flexibility to distribute the maximum number of phones while staying within the budgetary constraints. Staff has used 100 phones per month in its calculations as the basis for this recommendation; however, if FTRI does not distribute 100 per month, it is not responsible for purchasing that amount. Another reason staff used 100 phones per month in the calculation is that the call center is only capable of supporting a growth rate of approximately 100 phones per month. Sprint is currently contracting with Ultratec to provide the operator functions; however, in the future, Sprint intends to establish its own call centers and will be able to handle a substantial increase in the usage of the Captel service.

The total cost of purchasing the equipment (1,632 phones) for the contract period, including the existing 132 trial users, is \$571,200. There will be some distribution costs, but much of those costs were budgeted for distribution of regular VCO phones and it is possible that there will not be 1,632 users of the service. If additional costs for distribution are identified at a later date that have a significant impact on FTRI's budget, staff will take appropriate action at that time.

### **Conclusion**

Based on the benefits to a larger population of hearing impaired citizens of the state of Florida, and the authority provided through state and federal laws, staff recommends that the Commission should amend the current contract with Sprint to include Captel as a service offering starting March 1, 2004, and extend the contract through May 31, 2005, at the rates described in the "usage costs" section of this recommendation.

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**ISSUE 3:** Should the TASA surcharge be raised from \$.12 to \$.13 per access line effective March 1, 2004?

**RECOMMENDATION:** Yes, the Commission should approve raising the TASA surcharge to \$.13 per access line. In addition, Local Exchange Companies and Competitive Local Exchange Companies should be ordered to assess a \$.13 surcharge beginning March 1, 2004.

**STAFF ANALYSIS:**

Based on the assumptions and calculations in Attachment A, the current \$.12 monthly surcharge will fall \$756,569 short over the contract period. By increasing the surcharge from \$.12 to \$.13, the increase will produce an additional \$1,613,245 which will provide a \$856,675 surplus by the end of the contract period.

Staff notes that the surcharge will again be reviewed when the FTRI budget is brought before the Commission for approval.

**ISSUE 4:** Should this docket be closed?

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

**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.



**ASSUMPTIONS**

|  |              |
|--|--------------|
| Number of access lines charged the relay surcharge   | 10,754,965   |
| Current monthly surcharge  | \$0.12       |
| Surcharge needed to balance  | \$0.1247     |
| Proposed surcharge   | \$0.13       |
| Revenue for 15 months @ \$ .12 surcharge   | \$19,358,937 |
| Revenue for 15 months @ \$ .13. surcharge  | \$20,972,182 |
| Cost of Equipment per unit   | \$350        |
| Estimated distribution rate of equipment per month   | 100          |
| Cost of equipment at distribution rate for 15 months plus existing 132 phones                                      | \$571,200    |
| Assumption based on trial data is that 64% of customers will be new customers not previously using VCO via the TRS |              |
| Usage based on 100 minutes per user per month  |              |

**PROJECTED USAGE**

|   |            |
|---|------------|
| Projected TRS minutes for Florida                                 | 12,410,317 |
| Projected migration minutes from TRS to Captel                    | 503,280    |
| TRS projected minutes minus projected migration minutes to Captel | 11,907,037 |

**FTRI REVENUE AND EXPENSES**

|  |              |
|--|--------------|
| Surcharge Revenue for 15 months @ \$ .12 surcharge                           | \$19,358,937 |
| Equipment & Repair   | \$4,901,089  |
| Distribution   | \$1,738,124  |
| Outreach   | \$1,116,125  |
| Administrative   | \$1,483,746  |
| Captel Equipment   | \$571,200    |
| @\$350 each and 100/month + existing 132 trial user phones                   |              |
| Captel usage costs minus cost of VCO TRS minutes migrated from VCO to Captel | \$1,613,086  |
| TRS Cost   | \$8,692,137  |
| Total Expenses   | \$20,115,506 |
| Difference @ \$ .12 surcharge for 15 months                                  | (\$756,569)  |
| Difference @ \$ .13 surcharge for 15 months                                  | \$856,675    |

**USAGE CALCULATIONS**

Cost with Volume Discount Pricing

|  |        |
|--|--------|
| Captel Session Minutes under 100,000/month               | \$1.45 |
| Captel Session Minutes between 100,000 and 200,000/month | \$1.40 |
| Captel Session Minutes over 200,000/month                | \$1.35 |

Usage cost over 15 months

|  | Minutes          | Cost               | Cost Reduction for TRS |                  |
|--|------------------|--------------------|------------------------|------------------|
|  |                  |                    | Minutes                | Cost             |
| Month 1 Existing 132 users + 100 new users @ 100 minutes per month | 23,200           | \$33,640           | 8,352                  | \$6,097          |
| Month 2  | 33,200           | \$48,140           | 11,952                 | \$8,725          |
| Month 3  | 43,200           | \$62,640           | 15,552                 | \$11,353         |
| Month 4  | 53,200           | \$77,140           | 19,152                 | \$13,981         |
| Month 5  | 63,200           | \$91,640           | 22,752                 | \$16,609         |
| Month 6  | 73,200           | \$106,140          | 26,352                 | \$19,237         |
| Month 7  | 83,200           | \$120,640          | 29,952                 | \$21,865         |
| Month 8  | 93,200           | \$135,140          | 33,552                 | \$24,493         |
| Month 9  | 103,200          | \$144,480          | 37,152                 | \$27,121         |
| Month 10   | 113,200          | \$158,480          | 40,752                 | \$29,749         |
| Month 11   | 123,200          | \$172,480          | 44,352                 | \$32,377         |
| Month 12   | 133,200          | \$186,480          | 47,952                 | \$35,005         |
| Month 13   | 143,200          | \$200,480          | 51,552                 | \$37,633         |
| Month 14   | 153,200          | \$214,480          | 55,152                 | \$40,261         |
| Month 15   | 163,200          | \$228,480          | 58,752                 | \$42,889         |
| <b>TOTALS</b>  | <b>1,398,000</b> | <b>\$1,980,480</b> | <b>503,280</b>         | <b>\$367,394</b> |

Cost of Captel for usage minutes minus cost of minutes that would have been paid through regular TRS minutes \$1,613,086