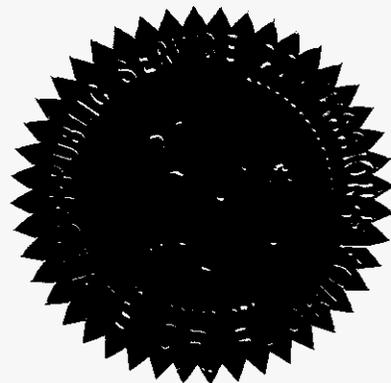


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 040763-TP

REQUEST FOR SUBMISSION OF  
PROPOSALS FOR RELAY SERVICE,  
BEGINNING IN JUNE 2005, FOR  
THE HEARING AND SPEECH IMPAIRED,  
AND OTHER IMPLEMENTATION MATTERS  
IN COMPLIANCE WITH THE FLORIDA  
TELECOMMUNICATIONS ACCESS SYSTEM  
ACT OF 1991.



PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 3

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER EDUARDO E. BALBIS  
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, May 24, 2011

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6734

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FLORIDA PUBLIC SERVICE COMMISSION 03718 MAY 27 =

FPSC-COMMISSION CLERK

## P R O C E E D I N G S

1  
2           **CHAIRMAN GRAHAM:** Okay. Now let's get into  
3 the details. We'll start with Item Number 3.

4           **MR. CASEY:** Good morning, Commissioners. Bob  
5 Casey on behalf of Staff.

6           Today marks a milestone for the Florida Relay  
7 program. 20 years ago today on May 24th, 1991,  
8 Florida's Telecommunications Access System Act, better  
9 known as TASA, was signed into law. This act has  
10 allowed for the provision of Relay service and  
11 specialized telecommunications equipment for the nearly  
12 3 million Floridians who are deaf, hard of hearing,  
13 deaf/blind or speech impaired.

14           Item Number 3 on today's agenda addresses the  
15 2011/2012 Florida Telecommunications Relay,  
16 Incorporated, budget. FTRI administers the equipment  
17 distribution program and is responsible for the  
18 education and promotion of Florida Relay service.

19           Staff is recommending that FTRI's 2011/2012  
20 projected revenues and expenses as modified by Staff be  
21 approved and the Relay surcharge be maintained at the  
22 current 11 cents per month. Staff also recommends that  
23 the Commission order the incumbent local exchange  
24 companies, competitive local exchange companies and  
25 shared tenant providers to continue to bill the 11-cent

1 surcharge for the 2011/2012 fiscal year beginning  
2 July 1st, 2011.

3 Mr. James Forstall, Executive Director of  
4 FTRI, and Mr. Doc Horton, legal counsel for FTRI, are  
5 here this morning to answer any questions on the budget,  
6 and Staff is also prepared to answer any questions  
7 Commissioners may have.

8 **CHAIRMAN GRAHAM:** Thank you.

9 Commissioner Brown.

10 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.

11 This is a follow-up, Mr. Casey, to our  
12 previous briefing. As, as we spoke about, we are  
13 tapping into the surplus to the tune of about  
14 \$4.3 million, and this is the second year in a row that  
15 we're tapping into that surplus, that trust fund, yet  
16 they're asking for an increase in budget expenses of  
17 about \$833,000.

18 Given the acknowledged current state of the  
19 economy in Florida, coupled with the fact that they  
20 have, they have to tap into the surplus trust fund, and  
21 looking at the comparison of last year's approved budget  
22 where they did, they did not use all the funds proposed  
23 in the various categories, do you believe that that's  
24 reasonable from a budget perspective that, that there  
25 are areas that we can maybe look at with a little more

1 scrutiny since we are tapping into that trust fund again  
2 and there is an increase in expenses, allocated  
3 expenses? Do you think we could look at some of those  
4 items with a little bit more prudence and detail?

5 **MR. CASEY:** We can certainly look at the  
6 budget and comb over it. In preparation for the agenda,  
7 I did look at different scenarios if Commissioners  
8 decided they didn't want an increase and wanted FTRI to  
9 maintain last year's budget or maybe give half the  
10 increase, and I have basically five different scenarios.  
11 Four of them include across-the-board decreases by  
12 category, one is by account.

13 I also asked FTRI to be prepared with  
14 different scenarios, and, if the Commission would allow,  
15 I'd like them to maybe explain a little bit how they  
16 would do it, comb through their budget.

17 **COMMISSIONER BROWN:** Certainly.

18 **MR. FORSTALL:** Good morning. We, we have  
19 developed a budget over the last few months with goals  
20 and needs of the program for the next year as well as  
21 growth. And we took that in anticipation for the new  
22 budget because currently we are experiencing growth this  
23 current fiscal year of anywhere from 30 to 35 percent,  
24 and so we anticipate the growth next year and that's why  
25 we increased the -- proposed an increase.

1                   **COMMISSIONER BROWN:** Mr. Chair?

2                   **CHAIRMAN GRAHAM:** Yes, Commissioner.

3                   **COMMISSIONER BROWN:** And I will note that they  
4 are asking for a 6 percent increase in employee  
5 compensation. Even if the Commission -- and this is  
6 more of a question for Mr. Casey, I believe, or legal --  
7 even if the Commission were to approve a different  
8 budget other than what is recommended in this Staff  
9 recommendation, it does not preclude the company from  
10 coming back at a later date asking for an increase in  
11 expense as a result of increased expenses; is that  
12 correct?

13                   **MR. CASEY:** That is correct, Commissioner.

14                   **COMMISSIONER BROWN:** Okay.

15                   **MR. CASEY:** They can come back at any time if  
16 they believe that they're going to fall short of their  
17 budget.

18                   **COMMISSIONER BROWN:** Just as a follow-up.  
19 And, Mr. Casey, if you could present some scenarios  
20 where you foresee that we can make some modifications  
21 since last year's budget wasn't -- some of the items  
22 weren't even met that were originally proposed, if you  
23 can go through some of the scenarios that we also  
24 discussed in our briefings, that would be tremendous.

25                   **MR. CASEY:** Sure. As far as accounts, I keyed

1 in on three basic accounts, the first one being the VCP  
2 hearing impaired telephones where they -- last year's  
3 budget was \$2.897 million.

4 **COMMISSIONER BROWN:** Uh-huh.

5 **MR. CASEY:** And there was a million dollar  
6 increase there. And what I did is said, well, let's  
7 maintain last year's 2.8, and that would be 280,000  
8 less.

9 **COMMISSIONER BROWN:** Uh-huh.

10 **MR. CASEY:** Then I went down to the regional  
11 distribution centers. They are proposing a new  
12 distribution center in the Tampa/Orlando area, and maybe  
13 it's not the right time to do that. There are other  
14 facilities available within the area. And what I did is  
15 again go back to the last year's budget, the 1.4, where  
16 they actually predicted that they would use actual  
17 1.4 million, and you would save \$358,000 there.

18 And then I went over to employee compensation  
19 where they allowed for a 6 percent maximum increase for  
20 employees and removed that \$12,667. So the total from  
21 those three accounts would be \$651,066, or you would  
22 save 78 percent, it would decrease it by 78 percent, the  
23 833, their proposed increases.

24 Now on the other -- I also did a blanket  
25 whereby if Commissioners chose to eliminate the \$833,000

1 total increase or half that increase, 75 percent or  
2 25 percent. So I was, I was kind of ready for any kind  
3 of scenario.

4 **COMMISSIONER BROWN:** Thank you. And this is  
5 more of a discussion for the Commission. I brought this  
6 to Staff's attention because the Staff has acknowledged  
7 that times are difficult and this is the second year in  
8 a row that we have tapped into this trust fund,  
9 dwindling it down to about \$11 million. And I'm worried  
10 that this, this trend is going to continue to occur, and  
11 I want to make sure that we're ample -- amply prepared  
12 for future proposed changes by the FCC that would really  
13 impact that trust fund.

14 So given that, I was, I paid a little bit more  
15 attention to the detail of this, and I think there's  
16 some items that we can certainly cut without diminishing  
17 the services that FTRI provides. And I'd be inclined to  
18 ask FTRI if they're amenable to Mr. Casey's suggestion.

19 **MR. HORTON:** Mr. Chairman, if I -- just, just  
20 briefly. The, the surplus account that we're talking  
21 about here is something that's been in place for a  
22 number of years and it's grown. And we've been  
23 intentionally for the last few years trying to draw that  
24 back down to a reasonable level. So that's, that's why  
25 we have we intentionally set the surcharge level lower

1 than is needed to maintain the, maintain the, the  
2 sufficient revenues. So it's -- drawing that, that  
3 surplus account down is something that we've been  
4 intentionally doing, still with the eye to potential FCC  
5 action and some other things. But that's, that's not  
6 something that's happened because we didn't know about  
7 it, but it's, it's intentional. I just wanted to --

8 **CHAIRMAN GRAHAM:** Does that mean you're  
9 amenable to Staff's recommendation or amenable to what  
10 Commissioner Brown just asked?

11 **MR. HORTON:** I'm sorry. I was, I was  
12 distracted. But, but if the Commission -- let me, let  
13 me say this and I may be volunteering information. If  
14 the Commission was to say, FTRI, we want you to have a  
15 budget that is no greater than last year's, we would be  
16 more than happy to, to go back and make some  
17 adjustments. We do think that -- you know, we spent  
18 several months, our budget committee, our board of  
19 directors has reviewed this, and we do, we do think that  
20 there's some areas that you can't just pick this one  
21 here and this one there because this one here may affect  
22 this and this, and we'd be more than happy to, to do  
23 that if that's, if that's what your, your direction is.

24 **CHAIRMAN GRAHAM:** Well, Mr. Casey, if you'd go  
25 over those, that scenario, those three options, I'm

1           sorry, the three points again so they make sure that  
2           they heard those.

3                   **MR. CASEY:** Certainly.

4                   **CHAIRMAN GRAHAM:** And it sounds like we may  
5           just be deferring this and let them come back with  
6           something different.

7                   **MR. CASEY:** Okay. The three items are VCP  
8           hearing impaired telephones would be reduced to last  
9           year's budget of \$2.897 million. The second one would  
10          be regional distribution centers, which would go back to  
11          last year's level of \$1.428 million. The third one  
12          would be employee compensation, which would be reduced  
13          by \$12,667.

14                   Now, Mr. Chairman, if I may note, if we  
15          could -- if the Commission decided on a decrease or if  
16          they wanted to live with last year's budget, I would  
17          recommend that we set the amount of the budget and the  
18          surcharge and let FTRI work out the details simply  
19          because the next agenda would be June 14th. This has to  
20          be a PAA order which would need 21 days, and any change  
21          in the surcharge would have to go into effect July 1st.  
22          So we're in a time crunch right now.

23                   **CHAIRMAN GRAHAM:** Okay. So the new number,  
24          what does that number work out to?

25                   **MR. CASEY:** The increase -- with those three

1 accounts the increase would end up being \$182,234.

2 COMMISSIONER BROWN: Rather than?

3 MR. CASEY: Rather than \$833,300.

4 CHAIRMAN GRAHAM: Is that the motion you would  
5 like to make, Commissioner Brown?

6 COMMISSIONER BROWN: That is the motion. I  
7 move to -- what Mr. Casey just said.

8 (Laughter.)

9 CHAIRMAN GRAHAM: It's been moved and  
10 seconded.

11 Let's hear from the company.

12 MR. McCABE: Good morning. Tom McCabe with  
13 TDS Telecom. I serve as the president of the board at  
14 this point in time. I just wanted to make a  
15 clarification with regard to the salary increases. I  
16 don't want you to walk away with the wrong impression.

17 The board consists of various members of  
18 telephone companies, and we do a very -- spend a lot of  
19 time and effort that we give to, to this organization.  
20 The 6 percent was just put into the budget. We  
21 recognize the, the economy situation today.

22 For the last several years, I mean I think  
23 that the pay increases were roughly 1.5 to 2 percent.  
24 We provide the Executive Director with a little bit of  
25 leeway in terms of how he administers those, but I

1 wanted to make sure that, you know, no one thinks that,  
2 you know, we're recommending 6 percent salary increases  
3 to the employees.

4 **CHAIRMAN GRAHAM:** Yes, sir.

5 **MR. HORTON:** I just want to get some  
6 clarification. The three points that Mr. Casey made,  
7 certainly we would take those under consideration.

8 But specifically, specifically with VCP,  
9 that's one of those that I was referencing earlier that  
10 changing something here may affect that. The VCP, we're  
11 projecting an increase in demand this coming year. So  
12 if, if you're recommending that we, we reduce the budget  
13 by X amount, we can do that, but we'd like to have the  
14 leeway to, to make those reductions in the appropriate  
15 place, taking Staff's comments in, in mind.

16 **CHAIRMAN GRAHAM:** Yeah. And I believe that's  
17 what Mr. Casey said, that we're just going to go to the  
18 fixed number and give you guys the flexibility.

19 **MR. HORTON:** Okay. I just wanted to get  
20 clarification. Thank you, sir.

21 **CHAIRMAN GRAHAM:** Yeah. And Commissioner  
22 Brown just made that motion. And Commissioner Edgar?

23 **COMMISSIONER EDGAR:** And I just also wanted  
24 clarity for my own sake that, Commissioner Brown, my  
25 understanding, and please do correct me if I'm wrong, my

1 understanding of the motion is that it would reduce the  
2 total budget to be approved by a set amount but that the  
3 surcharge would remain the same.

4 COMMISSIONER BROWN: That's correct.

5 COMMISSIONER EDGAR: And, and that the  
6 organization would have the flexibility to work within  
7 that set budget amount.

8 COMMISSIONER BROWN: Correct.

9 COMMISSIONER EDGAR: And I would support that  
10 motion.

11 COMMISSIONER BROWN: Thank you.

12 CHAIRMAN GRAHAM: Any further discussion? All  
13 in favor of moving Item 3 as amended, say aye.

14 (Affirmative vote.)

15 Those opposed? By your action, you've approved  
16 Item 3.

17 MR. HORTON: Thank you, Commissioners.

18 CHAIRMAN GRAHAM: Thank you very much.

19 (Agenda item concluded.)

20 \* \* \* \* \*

1 STATE OF FLORIDA )  
 : CERTIFICATE OF REPORTER  
 2 COUNTY OF LEON )

3  
 4 I, LINDA BOLES, RPR, CRR, Official Commission  
 Reporter, do hereby certify that the foregoing proceeding  
 5 was heard at the time and place herein stated.

6 IT IS FURTHER CERTIFIED that I stenographically  
 reported the said proceedings; that the same has been  
 7 transcribed under my direct supervision; and that this  
 transcript constitutes a true transcription of my notes of  
 8 said proceedings.

9 I FURTHER CERTIFY that I am not a relative,  
 employee, attorney or counsel of any of the parties, nor  
 10 am I a relative or employee of any of the parties'  
 attorneys or counsel connected with the action, nor am I  
 11 financially interested in the action.

12 DATED THIS 27<sup>th</sup> day of May,  
 2011.

13  
 14 Linda Boles  
 15 LINDA BOLES, RPR, CRR  
 FPSC Official Commission Reporter  
 16 (850) 413-6734