

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-

RECEIVED-FPSC  
13 MAY -2 AM 11:52  
COMMISSION  
CLERK

**DATE:** May 2, 2013

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Telecommunications (Williams)  
Office of General Counsel (Miller) *CW PC* *SMC* *MX*

**RE:** Docket No. 110013-TP – Request for submission of proposals for relay service, beginning in June 2012, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

**AGENDA:** 05/14/13 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Brisé

**CRITICAL DATES:** July 1, 2013 – Effective date of FTRI budget. Notification of any change in the TASA surcharge must be made to carriers prior to July 1, 2013.

**SPECIAL INSTRUCTIONS:** Anticipate the need for sign language interpreters and assisted listening devices. Please place near the beginning of the agenda to reduce interpreter costs.

**FILE NAME AND LOCATION:** S:\PSC\TEL\WP\110013.RCMDOC

### Case Background

The Florida Relay System (FRS) provides deaf and hard of hearing persons access to basic telecommunications services by using a specialized communications assistance operator (CA) that relays information between the deaf or hard of hearing person and the other party to the call. The primary function of the FRS is accomplished by the deaf or hard of hearing person

DOCUMENT NUMBER-DATE

02434 MAY-2 2013

FPSC-COMMISSION CLERK



using a Telecommunications Device for the Deaf (TDD) which has a keyboard and screen. The person using the TDD types a message to the CA who in turn voices the message to the other party. The reverse of this process completes messages to the deaf or hard of hearing person. This is how the term "relay" originated.

The Telecommunications Access System Act of 1991 (TASA) established a statewide telecommunications relay system which became effective May 24, 1991. TASA is authorized under Chapter 427, Florida Statutes. Section 427.701(1), Florida Statutes, provides that the Florida Public Service Commission (FPSC or Commission) shall establish, implement, promote, and oversee the administration of the statewide telecommunications access system to provide access to telecommunications relay services by persons who are deaf, hard of hearing or speech impaired, or others who communicate with them. It is estimated that 3 million of the estimated 19 million persons living in Florida have been diagnosed as having hearing loss. This system provides telecommunications service for deaf or hard of hearing persons functionally equivalent to the service provided to hearing persons.

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 \$0.25 per landline access line per month. Accounts with over 25 access lines are billed for only 25 lines. Pursuant to Section 427.704(4)(a)1, Florida Statutes, a surcharge is collected only from landline access lines.<sup>1</sup>

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies (LEC), was named by the FPSC to serve as the TASA administrator. On July 1, 1991, the LECs began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581. Since that time, the surcharge has changed to reflect budgetary needs, but has been maintained at \$0.11 per month since June 2007.

The purpose of this recommendation is to approve an FTRI 2013-2014 fiscal-year budget. The Commission is vested with jurisdiction over these matters pursuant to Chapter 427, Florida Statutes.

---

<sup>1</sup> Florida Telecommunications Relay, Inc. projects a 5.76 percent decrease in landline access lines subject to the relay surcharge for the budget year 2013-2014.



### Discussion of Issues

**Issue 1:** Should the Commission approve FTRI's proposed budget as outlined in Attachment A for the fiscal year 2013-2014, effective July 1, 2013, and should the Commission maintain the current Telecommunications Relay Service (TRS) surcharge of \$0.11 per month?

**Recommendation:** Staff recommends that the Commission approve FTRI's proposed budget operating revenue of \$8,771,408, and proposed budget expenses, with staff's suggested modifications, of \$10,110,295, for fiscal year 2013-2014, effective July 1, 2013. Staff also recommends that the TRS surcharge be maintained at \$0.11 per month for the fiscal year 2013-2014, effective July 1, 2013. The Commission should order all telecommunications companies to continue to bill the \$0.11 surcharge for the fiscal year 2013-2014, effective July 1, 2013. (Williams, Miller)

**Staff Analysis:** Minutes of use for traditional TRS have been declining. AT&T projections indicate that the traditional TRS minutes will continue to decline for the 2013-2014 fiscal year. Traditional relay users are transitioning to the more efficient technologies of IP Relay,<sup>2</sup> Video Relay Service<sup>3</sup> (VRS), Captioned Telephone Service<sup>4</sup> (CapTel), IP Captioned Telephone Service<sup>5</sup> (IP CTS), IP Speech to Speech service<sup>6</sup> (IP STS), and Blackberry or Palm wireless devices. The traditional TRS cost as approved in AT&T's contract remains at \$0.76 per session minute. Table A shows AT&T actual and projected TRS minutes from January 2013 through December 2014.

---

<sup>2</sup> IP Relay allows people who have difficulty hearing or speaking to communicate through an Internet connection using a computer and the Internet, rather than a TTY and a telephone.

<sup>3</sup> Video Relay Service is a form of Telecommunications Relay Service that enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator so that the VRS user and the operator can see and communicate with each other in signed conversation. Because the conversation between the VRS user and the operator flows much more quickly than with a text-based TRS call, VRS has become a popular form of TRS.

<sup>4</sup> A telephone that displays real-time captions of a conversation. The captions are typically displayed on a screen embedded into the telephone base.

<sup>5</sup> IP captioned telephone service allows the user to simultaneously listen to, and read the text of, what the other party in a telephone conversation has said, where the connection carrying the captions between the service and the user is via an IP addressed and routed link.

<sup>6</sup> Speech to Speech relay service utilizes a specially trained CA who understands the speech patterns of persons with speech disabilities and can repeat the words spoken by such an individual to the other party to the call. IP STS uses the Internet, rather than the public switched telephone network, to connect the consumer to the relay provider. Instead of using a standard telephone to make the relay call, an IP STS user can use a personal computer or personal digital assistant (PDA) device and, with the installation of softphone application software, can make a voice call via the Internet to the relay provider. The call is initiated by the user clicking on an icon on his or her computer or PDA; the relay user is then connected to a CA over the Internet and tells the CA the number to be dialed; the CA then connects the IP STS user with the called party and relays the call between the two parties.



State	Description	ACT	ACT	ACT	EST	EST	EST	EST	EST	EST	EST	EST	EST	Total Year
		Jan'13	Feb'13	Mar'13	Apr'13	May'13	June'13	July'13	Aug'13	Sept'13	Oct'13	Nov'13	Dec'13	
FLORIDA	Intrastate Session Minutes	104,439	90,301	98,208	101,218	103,547	98,269	103,547	103,754	98,061	104,985	97,110	101,829	1,205,269
TRS	Billable Rate	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	
	Estimated Billable Total	\$79,374	\$68,629	\$74,638	\$76,926	\$78,696	\$74,684	\$78,696	\$78,853	\$74,527	\$79,789	\$73,804	\$77,390	\$916,004
Description	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	Total Year
	Jan'14	Feb'14	Mar'14	Apr'14	May'14	June'14	July'14	Aug'14	Sept'14	Oct'14	Nov'14	Dec'14		
	Intrastate Session Minutes	87,912	79,538	86,628	85,934	86,866	84,475	87,912	86,628	84,713	89,133	80,988	87,912	1,028,638
	Billable Rate	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	
	Estimated Billable Total	\$66,813	\$60,449	\$65,838	\$65,310	\$66,018	\$64,201	\$66,813	\$65,838	\$64,382	\$67,741	\$61,551	\$66,813	\$781,765

Table A – AT&T Actual and Projected TRS Minutes of Use

### CapTel Service

CapTel service uses a specialized telephone that provides captioning of the incoming call for a deaf or hard of hearing person. AT&T projections show that the CapTel minutes of use will slightly decrease for the 2013-2014 fiscal year. The CapTel cost as approved in the AT&T contract remains at \$1.47 per session minute. Table B shows AT&T's actual and projected CapTel minutes from January 2013 through December 2014.

State	Description	ACT	ACT	ACT	EST	EST	EST	EST	EST	EST	EST	EST	EST	Total Year
		Jan'13	Feb'13	Mar'13	Apr'13	May'13	June'13	July'13	Aug'13	Sept'13	Oct'13	Nov'13	Dec'13	
FLORIDA	Intrastate Session Minutes	190,756	168,842	180,889	174,158	173,636	173,115	172,596	172,078	171,562	171,047	170,534	170,022	2,089,235
CapTel	Billable Rate	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	
	Estimated Billable Total	\$280,412	\$248,198	\$265,906	\$256,013	\$255,245	\$254,479	\$253,716	\$252,955	\$252,196	\$251,439	\$250,685	\$249,933	\$3,071,175
Description	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	Total Year
	Jan'14	Feb'14	Mar'14	Apr'14	May'14	June'14	July'14	Aug'14	Sept'14	Oct'14	Nov'14	Dec'14		
	Intrastate Session Minutes	169,512	169,004	168,497	167,991	167,487	166,985	166,484	165,984	165,486	164,990	164,495	164,001	2,000,916
	Billable Rate	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	\$1.47	
	Estimated Billable Total	\$249,183	\$248,435	\$247,690	\$246,947	\$246,206	\$245,468	\$244,731	\$243,997	\$243,265	\$242,535	\$241,808	\$241,082	\$2,941,347

Table B – AT&T Actual and Projected CapTel Minutes of Use

### FTRI Budget

Attachment A reflects FTRI's 2013-2014 fiscal-year budget, which was reviewed and adopted by the FTRI Board of Directors on March 25, 2013, prior to filing with the FPSC. Staff sent a data request to FTRI on a number of issues included in its proposed budget. FTRI responses were filed April 17, 2013, and are included in the docket file. The recommended budget includes a decrease in expenses of approximately \$1,615,118 from the 2012-2013 Commission approved budget.<sup>7</sup> The 2013-2014 FTRI budget, as amended by staff, projects total operating revenues to be \$8,771,408 and total expenses to be \$10,110,295. FTRI's proposed budget, as presented to FPSC staff, included 2013/2014 total expense of \$9,329,613. During staff's review, staff discovered that the Relay Provider (AT&T) expense was based on conversation minutes instead of session minutes.<sup>8</sup> The FPSC AT&T Relay contract specifies billing by session minutes. Staff made an adjustment of \$780,682 to Relay Provider expense to reflect session minutes instead of conversation minutes. This resulted in a Relay Provider expense of \$3,846,539 and a total operating expense of \$10,110,295. FTRI believes that the

<sup>7</sup> These figure do not include the National Deaf-Blind Equipment Distribution Program (NDBEDP) expenses since they are totally reimbursed by grants.

<sup>8</sup> Conversation minutes include the actual recorded length of time during which the Relay Service is connected to the Calling Party and the Called Party, excluding Call Set-Up and Call Wrap-Up times. A session minute is defined as the elapsed time between the time the incoming call enters the relay center switch and the completion of relay service.



Date: May 2, 2013

TRS surcharge can remain at \$0.11 per access line for the 2013-2014 fiscal year, with its estimated revenue shortfall of \$1,338,887<sup>9</sup> being covered through the reserve account.

AT&T's estimated FY 2013/2014 CapTel minutes of use are 2,037,315 at a rate of \$1.47 per minute for a total of \$2,994,852. AT&T's estimated annual traditional TRS minutes of use are 1,120,639 at a rate of \$0.76 per minute for a total of \$851,687.

After analysis of the proposed budget, staff believes FTRI should have sufficient funds for its 2013-2014 fiscal-year budget and reserve account. Therefore, staff believes that the surcharge should be maintained at \$0.11 per month to cover the FTRI 2013-2014 budget. A comparison of FTRI's 2013-2014 proposed budget, staff's recommended 2013-2014 budget, and the current 2012-2013 estimated revenue and expenditures is shown below.

	FTRI Proposed 2013-2014	Staff Recommended 2013-2014	Current 2012-2013
Operating Revenue:			
Surcharges	\$ 8,270,823	\$ 8,270,823	\$ 8,979,396
Interest Income	41,753	41,753	33,459
NDBEDP <sup>10</sup>	<u>458,832</u>	<u>458,832</u>	<u>458,832</u>
Total Operating Revenue	\$ 8,771,408	\$ 8,771,408	\$ 9,471,687
Operating Expenses:			
Relay Provider Services	\$ 3,065,857	\$ 3,846,539	\$ 4,791,636
Equipment and Repairs	2,543,446	2,543,446	2,899,778
Equipment Distribution And Training	1,197,390	1,197,390	1,497,088
Outreach	684,503	684,503	684,503
General & Administrative	1,379,585	1,379,585	1,393,576
NDBEDP	<u>458,832</u>	<u>458,832</u>	<u>458,832</u>
Total Expenses	\$ 9,329,613	\$ 10,110,295	\$ 11,725,413
Deficit	(558,205)	(1,338,887)	
Projected Surplus at June 30, 2014	\$ 11,951,538	\$ 11,170,856	

### Conclusion

Staff has reviewed FTRI's 2013-2014 fiscal year budget request and believes it is reasonable after staff's adjustment of \$780,682 for AT&T Relay Service. The current TRS surcharge of \$0.11 should meet FTRI's budget needs for the 2013-2014 fiscal year. Therefore, staff recommends that the Commission approve FTRI's proposed budget operating revenue of \$8,771,408 and revised budget expenses of \$10,110,295 for the fiscal year 2013-2014, effective July 1, 2013. Staff also recommends that the TRS customer surcharge be maintained at \$0.11 per month per access line up to 25 access lines for the fiscal year 2013-2014, effective July 1, 2013. The Commission should order all telecommunications companies to continue to bill the \$0.11 surcharge for the fiscal year 2013-2014, effective July 1, 2013.

<sup>9</sup> In lieu of using the reserve account for the estimated revenue shortfall, the Commission could increase the monthly relay surcharge by \$0.02 per access line per month.

<sup>10</sup> National Deaf Blind Equipment Distribution Program.

Docket No. 110013-TP

Date: May 2, 2013

**Issue 2:** Should this docket be closed?

**Recommendation:** No. A Consummating Order should be issued unless a person whose substantial interest are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the contract. (Miller)

**Staff Analysis:** A Consummating Order should be issued unless a person whose substantial interest are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the contract.





1820 E. Park Avenue, Suite 101  
Tallahassee, FL 32301  
Voice: 800-222-3448  
TTY: 868-447-6620  
Business: 868-292-1950  
Fax: 850-656-6069  
www.ftri.org

13 APR -1 AM 10: 57

April 1, 2013

OFFICE OF  
TELECOMMUNICATIONS

Mr. Robert Casey, Public Utilities Supervisor  
Division of Regulatory Analysis  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0866

*DOCKET NO. 110013-TP*

RE: FTRI FY 2013/2014 Budget

Dear Mr. Casey:

I am pleased to forward a copy of the FY 2013/2014 budget that was recently approved by the Florida Telecommunications Relay, Inc. (FTRI) Board of Directors. This budget was reviewed by our Budget Committee and the Board and was adopted by the Board on March 25, 2013.

The budget, with the inclusion of the proposed NDBEDP, as approved by the Board projects total revenues at the current surcharge level of \$.11 to be \$8,771,408 and total expenses to be \$9,329,613. The difference of \$558,205 will be transferred from the surplus account, which should be approximately \$12,509,743 at the end of the current fiscal year. Although a surcharge of \$.11 would produce a shortfall in meeting FTRI's operating expenses, we have not proposed to revise the surcharge because we believe there are sufficient funds in the surplus account to offset the difference. Attached is the Income Statement that reflects the proposed FY 2013/2014 budget.

As of February 2013, FTRI has over 482,700 individuals in the client database. It is evident that FTRI and its regional partners are reaching out to meet the telecommunications access needs of residents who are deaf, hard of hearing, deaf/blind, or speech impaired. Outreach continues to be a large part of our efforts and we are planning to sustain these activities in order to continue to reach out to the estimated 3 million potential clients in Florida by creating awareness and telephone independence.

Should you have questions or desire additional information, please do not hesitate to email me at [jforstall@ftri.org](mailto:jforstall@ftri.org).

Sincerely,

A handwritten signature in black ink, appearing to read "James Forstall".

James Forstall  
Executive Director

Enclosure

cc: FTRI Board of Directors

DOCUMENT NUMBER-DATE

01816 APR-9 2

FPSC-COMMISSION CLERK

Florida Telecommunications Relay, Inc.  
Fiscal Year 2013/2014 Budget @ .11 cents surcharge

	2012/2013 APPROVED BUDGET	2012/2013 ESTIMATED REV & EXPEND	2013/2014 PROPOSED BUDGET	VARIANCE 2012/2013 2013/2014
<b>OPERATING REVENUE</b>				
1 Surcharges	8,979,396	8,776,341	8,270,823	(708,573)
2 Interest Income	33,459	58,039	41,753	8,294
3 NDBEDP	458,832	175,000	458,832	0
<b>TOTAL OPERATING REV</b>	<b>9,471,687</b>	<b>9,009,380</b>	<b>8,771,408</b>	<b>(700,279)</b>
<b>OTHER REVENUE/FUNDS</b>				
4 Surplus Account	12,293,694	12,509,743	11,444,258	(849,438)
<b>TOTAL REVENUE</b>	<b>21,765,381</b>	<b>21,519,123</b>	<b>20,215,664</b>	<b>(1,549,717)</b>
<b>OPERATING EXPENSES</b>				
<b>CATEGORY I - RELAY SERVICES</b>				
5 DPR Provider	4,791,636	4,523,357	3,065,857	(1,725,779)
<b>SUBTOTAL-CATEGORY I</b>	<b>4,791,636</b>	<b>4,523,357</b>	<b>3,065,857</b>	<b>(1,725,779)</b>
<b>CATEGORY II - EQUIPMENT &amp; REPAIRS</b>				
6 TDD Equipment	0	0	0	0
7 Large Print TDD's	5,700	5,000	5,000	(700)
8 VCO/HCO - TDD	6,000	5,820	6,000	0
9 VCO Telephone	4,960	2,707	3,720	(1,240)
10 Dual Sensory Equipment	20,000	20,000	20,000	0
11 CapTel Phone Equipment	88,000	37,950	55,000	(33,000)
12 VCP Hearing Impaired	2,547,880	1,908,766	2,275,488	(272,394)
13 VCP Speech Impaired	18,038	10,892	31,840	13,802
14 TelITalk Speech Aid	45,000	21,800	33,000	(12,000)
15 Jupiter Speaker phone	37,500	18,000	30,000	(7,500)
16 In-Line Amplifier	1,000	500	1,000	0
17 ARS Signaling Equip	29,700	24,288	28,400	(3,300)
18 VRS Signaling Equip	21,000	16,500	20,000	(1,000)
19 Accessories & Supplies	10,000	10,000	10,000	0
20 Telecomm Equip Repair	65,000	50,000	28,000	(39,000)
<b>SUBTOTAL-CATEGORY II</b>	<b>2,899,776</b>	<b>2,131,823</b>	<b>2,543,448</b>	<b>(356,332)</b>
<b>CATEGORY III - EQUIPMENT DISTRIBUTION &amp; TRAINING</b>				
21 Freight-Telecomm Equip	39,000	48,000	55,000	16,000
22 Regional Distr Centers	1,378,088	1,107,255	1,122,390	(255,898)
23 Workshop Expense	70,000	65,000	0	(70,000)
24 Training Expense	10,000	2,000	20,000	10,000
<b>SUBTOTAL-CATEGORY III</b>	<b>1,497,088</b>	<b>1,222,255</b>	<b>1,197,390</b>	<b>(299,698)</b>



Florida Telecommunications Relay, Inc.  
Fiscal Year 2013/2014 Budget @ .11 cents surcharge

	2012/2013 APPROVED BUDGET	2012/2013 ESTIMATED REV & EXPEND	2013/2014 PROPOSED BUDGET	VARIANCE 2012/2013 2013/2014
<b>CATEGORY IV - OUTREACH</b>				
25 Outreach Expense	684,503	647,716	684,503	0
<b>SUBTOTAL-CATEGORY IV</b>	<b>684,503</b>	<b>647,716</b>	<b>684,503</b>	<b>0</b>
<b>CATEGORY V - GENERAL &amp; ADMINISTRATIVE</b>				
26 Advertising	5,800	5,800	5,800	0
27 Accounting/Auditing	25,392	25,325	23,846	(1,746)
28 Legal	72,000	72,000	72,000	0
29 Computer Consultation	49,560	23,907	19,040	(30,520)
30 Dues & Subscriptions	4,187	4,160	4,285	98
31 Office Furniture Purchase	2,450	2,450	5,000	2,550
32 Office Equipment Purchase	8,950	8,202	7,700	(1,250)
33 Office Equipment Lease	2,330	2,016	2,074	(256)
34 Insurance-HR/h/Life/Dsblty	303,215	315,509	356,764	53,549
35 Insurance-Other	7,523	6,390	6,893	(630)
36 Office Expense	17,413	16,053	17,449	38
37 Postage	16,822	10,696	11,860	(5,162)
38 Printing	2,893	1,889	2,078	(815)
39 Rent	90,156	90,004	90,148	(8)
40 Utilities	8,400	7,350	8,084	(316)
41 Retirement	80,960	74,734	77,547	(3,413)
42 Employee Compensation	563,543	531,812	552,326	(11,217)
43 Temporary Employment	21,600	15,600	17,200	(4,400)
44 Taxes - Payroll	43,189	40,770	42,254	(935)
45 Taxes - Unemplmt Comp	6,426	2,844	2,810	(3,616)
46 Taxes - Licenses	65	65	65	0
47 Telephone	24,039	19,854	21,322	(2,717)
48 Travel & Business	22,295	16,725	19,234	(3,061)
49 Equipment Maint.	1,669	1,658	1,741	72
50 Employee Training/Dev	7,158	5,575	5,665	(1,493)
51 Meeting Expense	5,741	4,790	7,000	1,259
52 Miscellaneous Expense	0	0	0	0
<b>SUBTOTAL-CATEGORY V</b>	<b>1,393,576</b>	<b>1,305,978</b>	<b>1,379,585</b>	<b>(13,991)</b>
<b>CATEGORY VI - NDBEDP</b>				
53 NDBEDP - Expense	458,832	175,000	458,832	0
<b>SUBTOTAL-CATEGORY VI</b>	<b>458,832</b>	<b>175,000</b>	<b>458,832</b>	<b>0</b>
<b>TOTAL EXPENSES</b>	<b>11,725,413</b>	<b>10,006,129</b>	<b>9,329,613</b>	<b>(2,395,800)</b>
<b>REVENUE LESS EXPENSES</b>	<b>10,039,968</b>	<b>11,512,994</b>	<b>10,886,051</b>	<b>846,083</b>