

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: June 19, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Competitive Markets & Enforcement (Moses, Casey)
Office of the General Counsel (Tan)

RE: 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.

AGENDA: 07/01/08 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: 07/15/08 - By contract, the Commission is required to notify Sprint of its intent to exercise the requested option period.

SPECIAL INSTRUCTIONS: PLEASE PLACE THIS ITEM IMMEDIATELY AFTER THE CONSENT AGENDA TO REDUCE INTERPRETER COSTS.

FILE NAME AND LOCATION: S:\PSC\CMP\WP\040763.RCM.DOC

Case Background

Relay service is a service that uses specialized operators that interface with hearing impaired individuals for the purpose of accessing telecommunications services and is provided pursuant to Chapter 427, Florida Statutes. According to the Florida Coordinating Council for the Deaf and Hard of Hearing's 2007 Report to the Governor, Legislature, and Supreme Court of the State of Florida, there are nearly three million Deaf or Hard of Hearing citizens in Florida.

The current relay provider is Sprint Communications Company L.P. (Sprint). Sprint and the Florida Public Service Commission (FPSC or Commission) signed a contract¹ for the provision of relay services which began on June 1, 2005, for a period of three years ending May 31, 2008. The contract contained options to extend the contract for four additional one-year periods, and required mutual consent of both parties to extend the contract.

On September 11, 2007, the Commission approved the first one-year extension of the Sprint Relay contract beginning June 1, 2008, and ending May 31, 2009. The Commission also approved pricing caps for contract option years two through four which were contained in Sprint's September 6, 2007 letter to the Commission.

Sprint is required to notify the FPSC of its decision whether to extend the relay contract into the option periods by June 1 the year before the current service expires. By contract, the FPSC is required to notify Sprint of its intent to exercise the requested option period within two months of receipt of Sprint's notification of its desire to extend. Sprint submitted a letter May 15, 2008, notifying the Commission of its desire to extend the contract for the option year beginning June 1, 2009, and ending May 31, 2010. The purpose of this recommendation is to address the one year contract option period beginning June 1, 2009.

The Commission is vested with jurisdiction over these matters pursuant to Chapter 427, Florida Statutes.²

¹ Contract to Provide Telecommunications Relay Service (TRS) to Florida (contract).

² Section 427.704 (1), Florida Statutes, provides: "The commission shall establish, implement, promote, and oversee the administration of a statewide telecommunications access system to provide access to telecommunications relay services by persons who are hearing impaired or speech impaired, or others who communicate with them."

Discussion of Issues

Issue 1: Should the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2009?

Recommendation: Yes. Staff recommends that the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2009. Rates for traditional telecommunications relay service (TRS)³ service should be \$0.80 per session minute and the rate for CapTel captioning service⁴ should be \$1.40 per session minute⁵ for the 2009-2010 contract year. Staff also recommends that the amount of the Sprint performance bond should be increased to \$7,661,137 for the 2009-2010 contract option year. (Moses, Casey, Tan)

Staff Analysis: On May 15, 2008, Sprint submitted a letter notifying the Commission of its desire to extend the Florida Relay contract for the option year beginning June 1, 2009, and ending May 31, 2010. Florida is presently paying \$0.75 per session minute for traditional TRS and \$1.37 per session minute for CapTel captioning service per the existing one-year option contract effective June 1, 2008.

In accordance with the pricing caps agreed to during negotiations of the 2008-2009 contract, Sprint has submitted rates for traditional TRS and CapTel captioning service for the second option year of the contract. These rate caps translate into 2009-2010 contract rates of \$0.80 per session minute for traditional TRS and \$1.40 per session minute for CapTel captioning service.

Staff surveyed other states to determine what other relay programs are paying for their services. Many states have confidential contract clauses which do not allow the rates to be made public. Of states that did share information, staff determined that the average cost of traditional TRS was \$0.91 per session minute, and the average cost for CapTel captioning service was \$1.49 per session minute. Administrators of Relay programs across the country have been experiencing substantial increases in the cost of relay service. The interstate TRS fund experienced an increase of 23.36% in the per minute rate for traditional TRS service in March 2008. One state experienced an 18% increase in the per minute cost of CapTel captioning service effective July 2008.

³ TRS uses operators, called communications assistants (CAs), to facilitate telephone calls between people with hearing and speech disabilities and other individuals. A TRS call may be initiated by either a person with a hearing or speech disability, or a person without such disability. When a person with a hearing or speech disability initiates a TRS call, the person uses a TTY or other text input device to call the TRS relay center, and gives a CA the number of the party that he or she wants to call. The CA in turn places an outbound traditional voice call to that person. The CA then serves as a link for the call, relaying the text of the calling party in voice to the called party, and converting to text what the called party voices back to the calling party.

⁴ The CapTel phone is a captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard telephone line, to both listen to the other party speak and simultaneously read captions of what the other party is saying. This way, a typical user of this service, who has the ability to speak and some residual hearing, can both listen to what is said over the telephone and read captions for clarification.

⁵ Session minutes include the entire time that the call is connected to the communication assistant, including the time used to set up the call.

Annual Performance Bond In accordance with the contract effective June 1, 2008, the amount of the performance bond provided by Sprint for the 2008-2009 contract year is \$6,840,000. Because of the anticipated increase in minutes of use for CapTel captioning service, the leveling-off of minutes of use for traditional relay service, and the increase in the per minute cost of relay service provided under the terms of the contract, Sprint is proposing that the amount of the performance bond be increased from \$6,840,000 to \$7,661,137 for the 2009-2010 contract option year. Paragraph B-56 of the Relay RFP states:

The provider will be required to furnish an acceptable performance bond, certified or cashier's check, or bank money order equal to the estimated total first year price of the contract. The bond shall be in effect for the entire duration of the contract and provided to the FPSC upon execution of the contract.

Staff agrees that the amount of the performance bond should be \$7,661,137 for the 2009-2010 contract option year. The entire projected value of the contract would be covered by this performance bond.

Conclusion

Capping the amount of increase for traditional TRS and CapTel captioning service in the three remaining contract option years has proven to be very beneficial. While some states are experiencing relay costs of as much as \$1.11 per minute for traditional TRS and \$1.65 per minute for CapTel captioning service, Florida's rates relay rates for the 2009-2010 contract option year will be \$0.80 per session minute for traditional TRS and \$1.40 per session minute for CapTel captioning service.

Although the Commission has the right to re-bid the relay contract for the 2009-2010 contract year, staff believes that extending the second option year of the contract with Sprint Relay is in the public interest. It would keep relay costs down, and be the most economical choice benefiting the state of Florida. Therefore, staff recommends that the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2009. Rates for traditional TRS service should be \$0.80 per session minute and the rate for CapTel captioning service should be \$1.40 per session minute for the 2009-2010 contract year. Staff also recommends that the amount of the Sprint performance bond should be increased to \$7,661,137 for the 2009-2010 contract option year.

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Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open for the duration of the contract. (Tan, Moses, Casey)

Staff Analysis: No. This docket should remain open for the duration of the contract. The docket is used to monitor relay and contract issues that arise during the contract term.