

A REPORT TO THE
President of the Senate
Speaker of the House of Representatives



The Status of The Telecommunications Access System Act of 1991

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TERMS AND ACRONYMS

Since many terms and organizations are referenced throughout this report, the following explanations should assist the reader.

ADMINISTRATOR. A nonprofit corporation [427.704(2), F.S.] created by the local exchange telephone companies pursuant to Commission Order No. 24462, dated May 1, 1991. This nonprofit corporation was created in June 1991, and is known as the Florida Telecommunications Relay, Inc. (FTRI). The FTRI has three basic roles: (1) to collect the surcharge revenues from the local exchange telephone companies and pay the relay service provider [427.705(1)(d)&(g), F.S.], (2) to distribute and maintain specialized telecommunications devices [417.705(1)(a), F.S.], and (3) to provide community outreach and training on use of the relay service and specialized telecommunications devices [427.705(1)(a)-(b), F.S.]. FTRI's office is located in Tallahassee.

ADVISORY COMMITTEE. A group of up to ten individuals recommended by various organizations representing both the telephone industry and individuals with hearing, speech, or dual sensory impairment (427.706, F.S.). The Advisory Committee's role is to provide input to both the FPSC and the Administrator on the development and operation of the Telecommunications Access System. The Advisory Committee has been actively involved in the implementation of TASA since May 1991, and meets with the Commission staff regularly.

ARS (Audible Ring Signaler). A signaler with a ring volume up to 95 decibels which rings when the telephone rings. When the ringer is turned to off, a light will still flash when the phone rings.

ASCII. An acronym for American Standard Code for Information Interexchange which employs an eight bit code and can operate at any standard transmission baud rate including 300, 1200, 2400, and higher. Baud rate is a measure of how fast data is moving between instruments that use serial communication. The standard ASCII character set consists of 128 decimal numbers ranging from 0 through 127 assigned to letters, numbers, punctuation marks, and the most common special characters. Computers use ASCII code, while most TDDs use Baudot which has a fixed baud rate of 45.45.

Baudot. A seven bit code, only five of which are information bits. Baudot is used by some text telephones to communicate with each other at a 45.5 baud rate.

CA. A Communications Assistant transliterates or interprets conversation between two or more end users of telecommunications relay service. CA supersedes the term "TDD operator."

CapTel. 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 listen to the other party speak and simultaneously read captions of what the other party is saying.

COC. Carrier of Choice

Dialogue RC 200. A phone which has voice activated answering, designed for people with any degree of mobility and dexterity loss.

FCC. Federal Communications Commission.

FPSC. The Florida Public Service Commission, which has overall responsibility for implementation and oversight of the Relay system [427.704(1), F.S.].

FTRI. The Florida Telecommunications Relay, Inc., which is the nonprofit corporation formed to serve as the TASA Administrator.

HCO. Hearing Carry Over is a form of relay service in which the person with the speech disability is able to listen to the other end user and, in reply, the CA speaks the text as typed by the person with the speech disability.

ILA. In-line Amplifier. This battery operated amplifier connects to most corded telephones allowing a hard of hearing user to increase the volume of incoming speech through the handset.

Internet Protocol (IP) Relay. Allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than with a TTY and a standard telephone line.

Jupiter Speaker Phone. A speaker phone which provides hands-free telephone access and accommodates speech impaired, hearing impaired, and mobility impaired persons.

Provider. The entity that provides relay service [427.704(3)(a), F.S.].

TASA. Telecommunications Access System Act of 1991.

TDD. The Telecommunications Device for the Deaf is a type of machine that allows people with hearing or speech disabilities to communicate over the phone using a keyboard and a viewing screen.

TeliTalk. The TeliTalk speech aid is specifically designed to meet the needs of approximately 3,000 speech impaired people in Florida who have had laryngectomies. The TeliTalk Speech Aid is a telephone unit with an electro larynx device attached. It is operated just like any other speech aid, allowing for a variety of neck placements and oral straw use.

TRS. (1) The Tactile Ring Signaler is a signaler for deaf/blind people which vibrates to let the individual know when the telephone is ringing. (2) Telecommunications Relay Services.

TTY. A Text Telephone is a machine that employs graphic communication in the transmission of coded signals through a wire or radio communication system. TTY supersedes the term "TDD" or "telecommunications device for the deaf."

Turbo Code. A feature that allows for enhanced transmission and the capability to interrupt during transmission during relay calls on text telephones. Turbo Code is an enhanced TTY protocol which has a higher data rate than regular Baudot protocol and full ASCII compliance.

Tykriphone. A hands-free speakerphone which accommodates speech impaired and mobility impaired persons.

VCO. Voice Carry Over is a form of TRS in which the person with the hearing disability is able to speak directly to the other end user. The CA types the response back to the person with the hearing disability. The CA does not voice the conversation.

VCP. The Volume Control Phone is a phone for the hearing or speech impaired which amplifies the incoming voice from 0 to 40 decibels.

VRS. (1) A Visual Ring Signaler is a signaler which connects to a lamp and makes the light flash on and off when the telephone rings. (2) Video Relay Service is a telecommunications relay service that allows people with hearing or speech disabilities and who use sign language to communicate with voice telephone users through video equipment. The video link allows the CA to view and interpret the party's signed conversation and then relay the conversation back and forth with a voice caller.

EXECUTIVE SUMMARY

Chapter 427, Florida Statutes, established the Telecommunications Access System Act of 1991 (TASA). Section 427.704, Florida Statutes, requires the Commission to submit this annual report to the Legislature regarding the operation of the telecommunications access system.

According to the Florida Coordinating Council for the Deaf and Hard of Hearing, nearly 3 million deaf, hard-of hearing, deaf-blind, and speech-impaired citizens live in Florida. Florida is the fourth largest state in the U.S. and has the second highest percentage of population who are deaf, hard of hearing, or deaf-blind.¹ To meet the needs of these Florida citizens, a telecommunications access system was established to provide equitable basic access to the telecommunications network for individuals who are hearing impaired, speech impaired, or dual sensory impaired.

Pursuant to TASA, the Florida Public Service Commission (FPSC or Commission) is responsible for establishing, implementing, promoting, and overseeing the administration of a statewide telecommunications access system to provide access to telecommunications relay services by people who are hearing or speech impaired and others who communicate with them. To that end, the FPSC directed the local exchange companies (LECs) to form a not-for-profit corporation, known as the Florida Telecommunications Relay, Inc. (FTRI). Under oversight by the FPSC, the FTRI fulfills some of the requirements of TASA by providing for the distribution of specialized equipment required for telecommunications services to the hearing impaired, speech impaired, and dual sensory impaired, and for outreach, both in the most cost effective manner.

The tables below provide a statistical summary of the status of the Telecommunications Access System. More detailed information regarding the financial status of the program is in Appendix A of this report.

Table A shows a comparison of the Florida relay revenues and expenses for the last two fiscal years. With the minutes of use for traditional relay service gradually decreasing, the PSC took steps in approving the 2006-2007 budget to reduce expenses accordingly. Net revenues have increased in preparation for the Florida relay service assuming the intrastate costs of Video Relay Service² (VRS) and Internet Protocol (IP) Relay.³ Presently, interstate and intrastate VRS and IP Relay services are federally

¹ 2007 Florida Coordinating Council for the Deaf and Hard of Hearing Report to the Governor, Legislature, and Supreme Court of the State of Florida.

² Video Relay Service is a form of Telecommunications Relay Service that enables people with hearing disabilities to 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—called a “communications assistant” (CA)—so that the VRS user and the CA can see and communicate with each other in signed conversation.

³ IP Relay allows people who have difficulty hearing or speaking to communicate with anyone in the world through an Internet connection using a computer and the Internet, rather than with a TTY and a telephone.

funded through the Interstate Telecommunications Relay Services Fund. A proposed FCC Rule would require the states to fund the intrastate portion of VRS and IP Relay, causing Florida to absorb an estimated additional \$17-22 million in relay costs. This proposed FCC rule is discussed further in Section VI.

Table A. Financial Report

	7/01/05 – 6/30/06	7/01/06 – 6/30/07
Total Revenue	\$17.8 million	\$17.7 million
Relay Services Expense	\$ 6.6 million	\$ 6.3 million
Equipment and Repairs	\$ 2.7 million	\$ 1.6 million
Equipment Distribution	\$ 1.3 million	\$ 1.0 million
Outreach	\$ 0.6 million	\$ 0.5 million
Administrative Expense	\$ 1.2 million	\$ 1.2 million
Revenue less Expenses	\$ 5.4 million	\$ 7.1 million

Table B shows the amount of equipment distributed from July 1, 2001 through June 30, 2007. The decrease in the number of units distributed between the 2005-2006 fiscal year and 2006-2007 fiscal year is due to the increased use of Internet relay services such as VRS and IP Relay, and increase in the use of wireless services, all of which the current TASA statute does not provide funding for. VRS and IP Relay are presently federally funded through monies collected by the Interstate Telecommunications Relay Services Fund Administrator, the National Exchange Carrier Association, Inc. (NECA), based on interstate end-user revenues of carriers.

Table B. Equipment Distribution History*

	Total Items Distributed	Average Per Month
7/1/01 - 6/30/02	54,499	4,542
7/1/02 - 6/30/03	60,302	5,025
7/1/03 – 6/30/04	69,500	5,791
7/1/04 – 6/30/05	76,197	6,349
7/1/05 – 6/30/06	56,370	4,697
7/1/06 – 6/30/07	41,337	3,445

**The predominant single piece of equipment distributed is the volume control telephone for the hearing impaired.*

Table C reflects the number of new recipients receiving equipment and training during the last two fiscal years. As mentioned above, the drop in the number of equipment recipients and amount of training is largely due to the increased usage of internet and wireless services.

Table C. New Recipients Of Equipment And Training

	2005-2006	2006-2007
Deaf	410	256
Hard of Hearing	25,784	18,407
Speech Impaired	257	253
Dual Sensory Impaired	115	21
Total	*26,566	*18,937

**The number of new recipients is lower than the amount of distributed new equipment referenced in Table B because a significant number of recipients received more than one piece of equipment. In most circumstances, clients are allowed to have two pieces of equipment on loan through the program.*

Table D provides an historical view of the TASA surcharge which began in 1991.

Table D. Surcharge Level History

07/01/91 - 06/30/92	5¢/access line/month
07/01/92 - 10/31/94	10¢/access line/month
11/01/94 - 06/30/95	12¢/access line/month
07/01/95 - 06/30/96	10¢/access line/month
07/01/96 - 06/30/98	12¢/access line/month
07/01/98 - 06/30/99	11¢/access line/month
07/01/99 - 06/30/00	9¢/access line/month
07/01/00 - 06/30/01	8¢/access line/month
07/01/01 - 06/30/02	12¢/access line/month
07/01/02- 06/30/03	8¢/access line/month
07/01/03- 02/28/04	12¢/access line/month
03/01/04 - 6/30/04	13¢/access line/month
07/01/04 - 6/30/07	15¢/access line/month
07/01/07 - Present	11¢/access line/month

Additional statistical information is contained in the appendices to this report. Appendix A (pages 14-15) provides the approved budget and actual expenses for FTRI for the fiscal year 2006-07 and the approved budget for fiscal year 2007-08. Appendix B (pages 16-36) is FTRI's annual report to the Commission that contains information on the equipment distribution program and audited financial statements for FTRI. Appendix C (pages 37-46) contains usage information on the various relay services compiled from Sprint's monthly reports. Appendix D (pages 47-51) contains FPSC comments to the FCC regarding VRS and IP Relay.

I. RECENT DEVELOPMENTS OF THE TELECOMMUNICATIONS ACCESS SYSTEM

Sprint Communications Company, L.P. (Sprint) has been the relay service provider since June 2000. Based on evaluations of the responses to the FPSC's Request for Proposal (RFP) issued in 2004, Sprint was awarded a new contract beginning June 1, 2005, for a three year period with four one-year extensions upon mutual agreement between Sprint and the Commission. The RFP was issued to receive bids to provide Florida relay service in compliance with both the Florida Telecommunications Access System Act and the federal Americans with Disabilities Act.

On June 1, 2007, Sprint notified the Commission of its desire to extend the contract for the option year beginning June 1, 2008. However, Sprint stated it would need an additional \$3.4 million for the 2008-2009 contract year. The Commission initiated negotiations with Sprint to ensure that the telecommunications access system would be as cost efficient as possible without diminishing the effectiveness or the quality of the system.

Discussions with Sprint resulted in Sprint maintaining the current \$0.75 per session minute charge for traditional relay service,⁴ and a \$1.37 flat rate per session minute rate for CapTel service for the 2008-2009 contract year. These negotiations saved the citizens of Florida over \$3 million for the 2008-2009 contract year. As an additional incentive in the negotiation process, Sprint agreed to set caps on any price increase for traditional relay service and CapTel service in contract option years two, three, and four. Sprint will provide pricing for contract option years two, three, and four on an annual basis which will be equal to or lower than the percentage caps provided in the negotiations.

Other recent developments include the following:

- By Order No. PSC-07-0457-PAA-TP, issued May 29, 2007, in Docket No. 040763-TP, the Commission approved a 2007-2008 budget of \$13,222,962 for FTRI, the administrator of the Florida relay program. This new budget allowed the Commission to reduce the TRS surcharge from \$0.15 to \$0.11 per month for the fiscal year 2007-2008, effective July 1, 2007.

In order to minimize the impact of absorbing the intrastate costs of VRS and IP-Relay on the Florida TRS Fund, the Commission took action in the 2006-2007 FTRI budget year by maintaining a \$0.15 per month TRS surcharge to create a surplus to handle the initial costs of the intrastate VRS and IP-Relay.⁵

⁴ Telephone transmission services that provide the ability for an individual who has a hearing or speech disability to engage in communication with a hearing individual in a manner that is functionally equivalent to the ability of an individual who does not have a hearing or speech disability to communicate using voice communication services.

⁵ Order PSC-06-0469-PAA-TP, issued June 1, 2006, in Docket No. 040763-TP.

- On September 21, 2007, the FPSC filed for FCC recertification of Florida’s Relay program. Current TRS certifications for all states and territories will expire July 26, 2008, and applications for renewal of relay certifications needed to be filed with the FCC by October 1, 2007. Recertifications are done once every five years for all states and territories. The FCC will be releasing Public Notices seeking comments on the filings. The state certification process is intended to ensure that Relay service is provided in a uniform manner throughout the United States and territories. The recertification filing contained documentation that Florida meets or exceeds all of the applicable mandatory minimum standards set forth in Code of Federal Regulations Section 64.604.

II. DISTRIBUTION OF SPECIALIZED TELECOMMUNICATIONS EQUIPMENT

In order to be in compliance with Section 427.704(9), F.S., which requires the FPSC to file an annual TASA report with the Legislature by January 1, FTRI must file a report annually with the Commission by November 1 and include the status of the distribution of specialized telecommunications devices. The Relay Administrator, which is presently FTRI, provides for the distribution of the specialized equipment required for telecommunications services to the hearing impaired, speech impaired, and dual sensory impaired, and also provides outreach and educational programs for Florida relay services. FTRI continues to expand its outreach programs which increase consumer awareness of both FTRI’s programs and the relay system. FTRI and its 26 regional distribution centers conducted 1,629 outreach activities and signed up 988 businesses as Relay Friendly Business Partners⁶ during the last fiscal year.

The following table identifies the types and quantity of equipment that was distributed to end-users for the last two fiscal years. The drop in the number of units distributed between 2005-2006 and 2006-2007 is due to the increased usage of Internet and wireless services by the deaf community for relay purposes. FTRI, along with 26 regional distribution centers, loans this equipment to qualified deaf, hard-of-hearing, or speech impaired individuals at no charge for as long as they need it. To receive this equipment, individuals would complete an FTRI application, have it signed by an approved certifier, and either mail it to FTRI or visit a Regional Distribution Center in their area.

⁶ Forty-eight businesses signed up as a “Relay Friendly” partner and were provided access to training information designed to help businesses train employees on how to communicate via the Florida Relay service with individuals who are deaf, hard of hearing, deaf/blind, or speech impaired. Information about both Florida Relay and FTRI has been made available to over 1,736 employees with those businesses.

Table E. Equipment Distributed by FTRI

Equipment Distributed by FTRI	Units Distributed 7/1/05 – 6/30/06	Units Distributed 7/1/06 - 6/30/07
1. Volume Control Telephones for Hearing Impaired (VCPH)	43,680	33,278
2. Audible Ring Signalers (ARS)	7,766	4,783
3. Visual Ring Signalers (VRS)	1,690	1,219
4. Telecommunications Devices for the Deaf (TDD)	811	529
5. Braille phones, in-line amplifiers, tactile ring signalers, Tykriphones, Dialogue RC 200 units, voice-carry-over phones with large visual displays (CapTel), volume control phones for the speech impaired, Uniphone 1140 units, and voice-carry-over phones.	2,423	1,528
Total	56,370	41,337

III. RELAY CALLING VOLUME

June 1992 was the first month of operation for the relay service, and call volumes have fluctuated since that time. For comparison, in June 2006, there were 426,817 billable minutes of use for relay calls, but in June 2007, the number of billable minutes of use declined to 360,383. Much of the decline is attributed to users changing to IP Relay and VRS, both of which are currently federally funded through the interstate Telecommunications Relay Service (TRS) fund.

Relay minutes of use and CapTel minutes of use are tracked separately due to the cost differential of the two services. While relay minutes have a cost of \$0.75 per minute, CapTel has a cost of \$1.37 per minute because of its specialized service.⁷ CapTel minutes of use for June 2006 were 158,497, while for June 2007, the minutes of use increased to 173,976. Florida distributes up to 100 CapTel instruments per month.

⁷ When using this service, the captioned telephone user dials the number he or she wishes to call. The user is automatically connected to a captioned telephone relay operator at the TRS facility. The specialized TRS facility equipment, in turn, automatically connects the captioned telephone user's line to a second outgoing line from the TRS facility to the called party. The captioned telephone user does not need to dial an 800 or 711 exchange to reach the TRS facility and set up the call, nor is there any interaction with the relay operator (by either party to the call). The relay operator, instead of typing what the called party says, repeats or re-voices what the called party says and voice recognition technology automatically transcribes it from the relay operator's voice into text, which is then transmitted directly to the user. The use of voice recognition technology allows the captions to appear on the captioned telephone nearly simultaneously with the called party's spoken words. Throughout the call, the relay operator is completely transparent and does not participate in the call by voicing any part of the conversation.

CapTel minutes of use are expected to increase as the number of CapTel instruments distributed increases, and as existing CapTel users become more experienced in operating their CapTel phone.

IV. ADVISORY COMMITTEE

In accordance with Section 427.706, Florida Statutes, TASA establishes an Advisory Committee to advise the Florida Public Service Commission and FTRI concerning the Telecommunications Access System. The Advisory Committee provides the expertise, experience, and perspective of persons who are hearing impaired or speech impaired to the Commission and to the FTRI regarding the operation of the telecommunications access system. The committee also advises the Commission and the Administrator on any matter relating to the quality and cost-effectiveness of the telecommunications relay service and the specialized telecommunications devices distribution system. Members of the committee are not compensated for their services but are entitled to per diem and travel expenses. The Advisory Committee can consist of up to ten individuals recommended by eight different organizations. The following table shows the current members of the TASA Advisory Committee.

Table F. TASA Advisory Committee

Recommending Organization	Name of Member
Advocacy Center for Persons with Disabilities, Inc.	Steve Howells
Deaf Service Center Association of Florida	Rick Kottler
Florida Association of the Deaf, Inc.	Isaac Abenchunchan
Florida Deaf/Blind Association	Cheryl Rhodes
Florida Telecommunications Industry Association (formerly known as Florida Telephone Association)	Maryrose Sirianni - local telco representative Demetria G. Clark - long distance telco representative
Self Help for Hard of Hearing People	Kathy Borzell
Florida Association of the Deaf, Inc.	Mary K. Moore

April 27, 2007 TASA Advisory Committee Meeting

At the April 27, 2007, meeting, the topics discussed included recent Federal Communications Commission Orders issued regarding Relay service, the FTRI 2007/2008 budget, Florida Relay traffic trends, service quality testing, and CapTel

service. Sprint provided results of a survey sent to Florida CapTel Relay users asking how they would rate their experience using the CapTel phone. The results showed that 87.5 percent of those who responded stated that they like CapTel Relay service. Sprint and FTRI followed-up with the 12.5 percent of CapTel users who responded that they were not satisfied with CapTel service to determine why they rated CapTel service as poor. Most of those respondents either needed more time or training to familiarize themselves with the CapTel equipment or determined that the CapTel phone did not meet their needs given their disability. Additional CapTel training was offered to those respondents who were not comfortable or familiar enough with the CapTel phone. FTRI also offered to switch out CapTel phones for other devices which could better meet the needs of each respondent's disability.

Sprint announced that it initiated a CapTel taskforce to discuss strategies and issues on how to improve CapTel service. The taskforce's first meeting was held April 23, 2007, in Tampa. Representatives from Sprint, UltraTec (the manufacturer of the CapTel phone), CapTel Relay, and FTRI attended to discuss CapTel issues with the actual users of CapTel. Attendees believed the meeting was valuable since all the players involved with CapTel service were present. Participants came away from the meeting with a better understanding and deeper perspective regarding CapTel service. Representatives answered all of the participants' questions and explained why some CapTel users may sometimes experience a problem with their service quality. Sprint and staff of the FPSC continue to conduct monthly CapTel and typing test calls to insure the quality of the relay calls is maintained at a high level.

October 5, 2007 TASA Advisory Committee Meeting

At the October 5, 2007 meeting, items discussed included the FTRI 2007/2008 budget, a CapTel focus group report, Relay service trends, recertification of Florida's Relay program, new services offered by FTRI, updates on FCC actions, and the possibility of intrastate VRS and IP Relay costs shifting to the state.

The Advisory committee was informed that the Commission, at the May 8, 2007, Agenda Conference, approved a budget of \$13,222,962 for FTRI for fiscal year 2007/2008. This budget reduction allowed the Commission to reduce the TRS surcharge from \$0.15 to \$0.11 per month for the fiscal year 2007-2008, effective July 1, 2007.

The CapTel focus group conducted its second meeting on August 27, 2007, to discuss how to improve the quality of CapTel Relay service. The meeting included discussions of CapTel captioning transition speed and whether CapTel relay users were experiencing any delays in the translation speeds. A survey indicated that 72 percent of CapTel users said the speed was at a good pace; 25 percent said it was too slow, and 3 percent said it was too fast. Twenty-eight percent of the respondents to the survey said they had problems with misunderstanding or pronunciation of words or technical difficulties with the equipment or telephone lines. Another CapTel focus group meeting will be held during spring 2008 to receive additional feedback on CapTel service quality.

Sprint provided an overview of the trend in minutes of use for Relay service in Florida. Although traditional Relay minutes of use are continuing to decline due to users transitioning to VRS, IP Relay, and wireless electronic devices, Florida's traditional Relay minutes of use are showing a leveling off. CapTel captioning continues to show a slow steady increase in minutes of use. TASA Advisory Committee members believe that since deaf and hard-of-hearing people are increasingly using wireless devices, cell phones and pagers should be added to the list of equipment provided by the TASA program, and wireless providers should collect the relay surcharge on their bills.

At the October 5, 2007 TASA committee meeting, FTRI introduced a new service called Consumer Choice for its specialized telephone equipment. Consumer Choice allows consumers to examine each of the different telephones available at FTRI and its regional distribution centers, and choose the telephone that best meets their hearing loss. The idea is not only to give consumers a choice in the type of specialized telephone equipment that best meets their needs, but also provide competition among vendors supplying the equipment to FTRI. This Consumer Choice program will encourage manufacturers to enhance customer service and quality of their products. The service also allows options through other manufacturers if an unusual equipment malfunction or inventory setback happens with one manufacturer.

V. FEDERAL ACTIVITIES

Chapter 427, Florida Statutes, requires that the relay system be compliant with regulations adopted by the FCC to implement Title IV of the Americans with Disabilities Act. The FCC mandates the minimum requirements for services a state must provide, certifies each state program, and periodically proposes changes in the stipulated services. One such proposed change is the possibility of the states funding the intrastate portion of the cost to provide VRS and IP Relay services.

On October 8, 2004, the FPSC submitted initial comments to the FCC in response to its Notice of Proposed Rulemaking regarding Telecommunications Relay services.⁸ The FPSC expressed concerns with the proposed rule in terms of the financial impact on the state relay service program, possible statutory conflicts, and possible adverse impacts on competition between providers of Florida VRS and IP Relay since by statute, the Florida Relay service system is to be operated by a statewide single provider.⁹ An FCC decision regarding the Notice of Proposed Rulemaking is still pending. The impact the decision will have on the Florida Relay Program can only be estimated at this time.

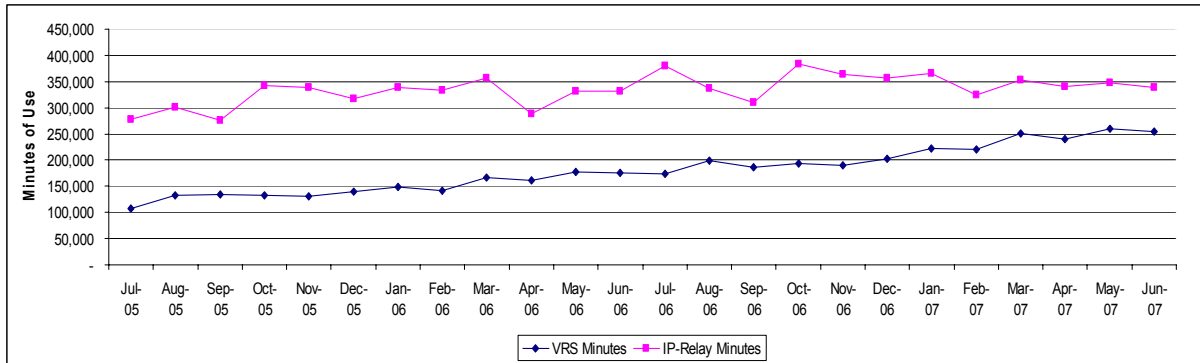
Presently, interstate and intrastate VRS and IP Relay services are federally funded through monies collected by the Interstate Telecommunications Relay Services Fund Administrator (the National Exchange Carrier Association, Inc. or NECA), based on interstate end-user revenues of carriers. The proposed FCC Rule, if adopted, would

⁸ Federal Communications Commission's Report and Order, Order on Reconsideration, and Further Notice of Proposed Rule Making in CG Docket No. 03-123, released on June 30, 2004.

⁹ Section 427.704(1) Florida Statutes, Powers and Duties of the Commission.

require the states to fund the intrastate portion of VRS and IP Relay, causing Florida to absorb an estimated additional \$17-22 million in relay costs. VRS minutes and IP-Relay minutes are presently being reimbursed at the rate of \$6.644 per minute and \$1.293 per minute, respectively, and as shown below in Table G, the Florida VRS and IP-Relay minutes of use show an upward trend over the last 24 months.

Table G. VRS and IP-Relay Minutes of Use



On July 20, 2006, the FCC released a Further Notice of Proposed Rulemaking,¹⁰ asking for additional comments regarding cost recovery methodology for VRS and IP Relay. On October 27, 2006, the FPSC filed supplemental comments which are included as Attachment D (pages 47-51) to this report.

On May 4, 2007, the FCC issued Order DA 07-2006 to alert merchants of fraudulent credit card purchases made through IP Relay. The FCC urged merchants to use caution in handling telephone orders for goods. The FCC also reminded merchants who accept telephone orders that they must not “hang up” on calls made through a relay service. Title III of the Americans with Disabilities Act of 1990 (ADA) requires merchants to ensure that people with disabilities have access to their services. Therefore, if a merchant accepts telephone orders from the general public, the merchant cannot refuse to accept calls from people who are deaf or hard of hearing or who have a speech disability who call through a relay service. Calls made through a relay service can and must be handled in the same way as any telephone call.

By Order FCC 07-110, released June 15, 2007, the FCC required providers of interconnected VoIP service to comply with the TRS requirements contained in Federal regulations, including the requirement of providers to contribute to the Interstate TRS Fund and to offer 711 abbreviated dialing for access to relay services. The FCC stated that:

[E]ven where a fully accessible landline phone is available to an individual with a disability, the accurate and reliable transmission of information between the individual and a called party *via*, for example, a

¹⁰ CG Docket No. 03-123, In the Matter of Telecommunications Relay Services and Speech-to-Speech services for Individuals with Hearing and Speech Disabilities, FCC 06-106, released July 20, 2006.

TTY, may not be assured if the called party is a VoIP service customer using a VoIP service that is not accessible. For these reasons, where interconnected VoIP service substitutes for traditional phone service, the same disability access protections that currently apply to telecommunications services and equipment must apply to interconnected VoIP service and equipment. Because consumers have a reasonable expectation that interconnected VoIP services are replacements for traditional phone service, the same disability access protections that currently apply to telephony must apply to interconnected VoIP. (FCC 07-110, ¶17)

The FCC concluded that access to relay services should be evaluated on the functionalities of the service, not on whether the services are provided through different technologies such as landline, wireless, or the internet. (FCC 07-110, ¶18)

By Order FCC 07-186, released November 19, 2007, the FCC reiterated that recovery of costs of VRS and IP Relay are being compensated from the Interstate TRS fund only on an interim basis.¹¹ The FCC stated the issue of separation of costs (Federal vs. State costs) relating to the provision of IP Relay and VRS is pending pursuant to its Further Notice of Proposed Rulemaking in the 2004 TRS Report and Order.¹²

¹¹ CG Docket No. 03-123, In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, FCC 07-186, released November 19, 2007, (page 5, footnote 15).

¹² CC Dockets 90-571 and 98-67 and CG Docket 03-123, In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, (Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking), FCC 04-137, released June 30, 2004

VI. CONCLUSION

Florida Telecommunications Relay, Inc. continues to expand its outreach programs which increase consumer awareness of both FTRI's programs and the relay system. FTRI and its 26 regional distribution centers conducted 1,629 outreach activities and signed up 988 businesses as Relay Friendly Business Partners during the last fiscal year. Florida continues to place emphasis on service quality, which has resulted in increased typing speed for not only Florida, but for all of the states served by Sprint. Furthermore, the increased distribution and service improvement of CapTel has enriched the lives of people who would not normally use traditional relay service. The Commission expects these positive trends to continue but will continue to pursue service quality improvements through testing of relay operator typing and CapTel telephone captioning.

The Telecommunications Relay industry is changing rapidly. Traditional relay service minutes have been decreasing because users are transitioning to the more efficient technologies of IP Relay, VRS, CapTel captioning service, and Blackberry or Palm wireless devices. A FCC mandate requiring states to assume the intrastate costs of two of these newer technologies, VRS and IP Relay, may have a major impact on the Florida Relay service. The proposed FCC Rule would require Florida to fund an estimated additional \$17-22 million in annual relay costs. Florida could possibly experience a financial shortfall in relay surcharge revenue due to a statutory relay surcharge cap. The FCC has not provided states with a timeline as to when this proposed rule may be adopted. When the new FCC rule is adopted, an examination of the Florida Statutes regarding relay services will need to be completed to ensure Florida's Relay program is in accordance with any new Federal laws.

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Appendix A

FTRI Budget for 2006-07 and 2007-08 Fiscal Years

		Commission Approved Budget 2006-2007 \$	Actual Revenue And Expenses 2006-2007 \$	Commission Approved Budget 2007-2008 \$
Operating Revenue				
1	<i>Surcharges</i>	17,012,637	17,125,473	12,391,546
2	<i>Interest Income</i>	118,995	613,803	831,416
	<i>Miscellaneous Income</i>	0	15,169	0
3	<i>Total Revenues</i>	17,131,632	17,754,445	13,222,962
4	<i>Surplus Account</i>	7,233,968	15,828,415	16,497,597
	GRAND TOTAL	24,365,600	33,582,860	29,720,559

CATEGORY I. Operating Expenses/ Relay Services

5	<i>Sprint Relay</i>	9,197,349	6,278,388	5,922,431
---	---------------------	------------------	------------------	------------------

CATEGORY II. Equipment & Repairs

6	<i>TDD Equipment</i>	173,400	55,800	58,800
7	<i>Large Print TDDs</i>	5,680	2,840	0
8	<i>VCO/HCO – TDD</i>	36,000	36,642	18,000
9	<i>VCO Telephone</i>	20,939	8,121	4,430
10	<i>Dual Sensory Equipment</i>	9,592	0	0
11	<i>CapTel Phone Equipment</i>	433,200	146,777	105,060
12	<i>VCP Hearing Impaired</i>	2,038,362	1,161,217	1,333,932
13	<i>VCP Speech Impaired</i>	16,067	6,543	15,376
14	<i>TeliTalk Speech Aid</i>	60,000	36,000	60,000
15	<i>Jupiter Speaker Phone</i>	15,330	0	15,330
16	<i>In-Line Amplifier</i>	2,640	1,600	1,680
17	<i>ARS Signaling Equipment</i>	183,675	86,135	104,536
18	<i>VRS Signaling Equipment</i>	65,565	34,216	47,675
19	<i>TRS Signaling Equipment</i>	560	0	0
20	<i>Telecom Equipment Repair</i>	36,072	38,566	72,845
	TOTAL CATEGORY II	3,097,082	1,614,457	1,837,664

CATEGORY III. Equipment Distribution & Training

21	<i>Freight-Telecom Equipment</i>	41,621	34,888	41,966
22	<i>Regional Distribution Centers</i>	1,426,195	991,016	1,194,173
23	<i>Workshop Expense</i>	35,332	7,274	68,852
24	<i>Training Expense</i>	0	0	0
	TOTAL CATEGORY III	1,503,148	1,033,178	1,304,991

		Commission Approved Budget 2006-2007	Actual Revenue And Expenses 2006-2007	Commission Approved Budget 2007-2008
CATEGORY IV. Outreach				
25	<i>Outreach Expense</i>	627,544	543,727	779,544
	TOTAL CATEGORY IV	627,544	543,727	779,544
CATEGORY V. General & Administrative				
26	<i>Advertising</i>	3,000	3,011	3,792
27	<i>Accounting/Auditing</i>	17,121	17,866	17,067
28	<i>Legal</i>	72,000	72,000	72,000
29	<i>Computer Consultation</i>	28,990	20,513	42,580
30	<i>Bank Charges</i>	1,520	1,702	1,669
31	<i>Dues & Subscriptions</i>	2,156	2,263	3,485
32	<i>Office Furniture Purchase</i>	5,588	6,819	2,788
	<i>Less: Capitalized Portion</i>		(6,405)	
33	<i>Office Equipment Purchase</i>	10,970	0	11,860
	<i>Depreciation</i>	0	31,314	0
34	<i>Office Equipment Lease</i>	4,213	3,465	3,470
35	<i>Insurance- Health/Life/Disability</i>	250,866	241,777	275,698
36	<i>Insurance – Other</i>	6,313	0	5,336
37	<i>Office Expense</i>	26,654	22,497	25,919
38	<i>Postage</i>	22,736	12,961	21,674
39	<i>Printing</i>	4,057	3,770	3,768
40	<i>Rent</i>	88,104	88,428	91,084
41	<i>Utilities</i>	11,577	10,522	12,660
42	<i>Retirement</i>	74,952	63,842	73,385
43	<i>Employee Compensation</i>	552,743	480,870	541,184
44	<i>Temporary Employment</i>	86,674	26,133	39,032
45	<i>Taxes – Payroll</i>	42,285	41,829	41,401
46	<i>Taxes – Unemployment Compensation</i>	5,266	0	4,096
47	<i>Taxes – Licenses</i>	61	61	61
48	<i>Telephone</i>	26,490	23,277	28,731
49	<i>Travel & Business</i>	29,950	10,270	28,293
50	<i>Equipment Maintenance</i>	8,156	976	7,081
51	<i>Employee Training/Dev</i>	7,760	4,365	15,760
52	<i>Meeting Expense</i>	4,342	3,566	5,032
53	<i>Miscellaneous</i>	100	0	0
	TOTAL CATEGORY V	1,394,644	1,187,692	1,378,906
TOTAL EXPENSES		15,819,767	10,657,442	11,223,536

APPENDIX B

Florida Telecommunications Relay, Inc.



Annual Report
2006 - 2007

TASA – Florida Statutes Chapter 427

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Message from the Executive Director



As you read in the subsequent pages, you'll find both the Equipment Distribution Program (EDP) and Outreach program had a productive fiscal year 2006 / 2007. Here are a few highlights:

- 18,937 new clients were served throughout the state.
- 42,193 different services were provided to individuals.
- 41,337 pieces of specialized telecommunications equipment were distributed.
- 1,629 outreach activities were performed by FTRI and the regional distribution centers (RDC) throughout Florida.
- 988 new TASA approved certifiers have partnered with FTRI to refer individuals to the FTRI program to receive specialized telecommunications equipment and services.
- 1,009 licensed physician certified FTRI applications.
- We processed 16,327 customer service calls.
- We processed more than 80,067 EDP forms.
- We continued our extensive educational, training and support efforts through workshops and daily interactions with RDCs.
- We continued to collaborate with other organizations and / or state agencies for outreach activities.
- We continued to place a high priority on protecting the integrity of client information by making security enhancements to our processing system.
- We operated within budget requirements.
- We received high marks from the external auditors for the financial records and internal controls FTRI has in place.

These highlights are some of our accomplishments in fiscal year 2006 / 2007 that reflect the broad scope of the FTRI organization to provide quality service to the residents of Florida.


James Forstall, FTRI Executive Director



TASA Requirements

In response to the Telecommunications Access System Act of 1991 (TASA), the Florida Public Service Commission (FPSC) directed the local exchange companies (LECs) to form a not-for-profit corporation to fulfill the requirements of TASA. Florida Telecommunications Relay, Inc. (FTRI) registered with the Florida Department of State as a not-for-profit corporation effective June 13, 1991, and is exempt from Florida sales tax as a 501(c) (3) organization.

Mission Statement

Florida Telecommunications Relay, Inc. (FTRI), as the designated administrator, shall carry out the intent of the Telecommunications Access System Act (TASA) by providing access terminals required for basic telecommunications services to hearing impaired, speech impaired, and dual sensory impaired persons in the most cost effective manner.

Equipment Distribution Program

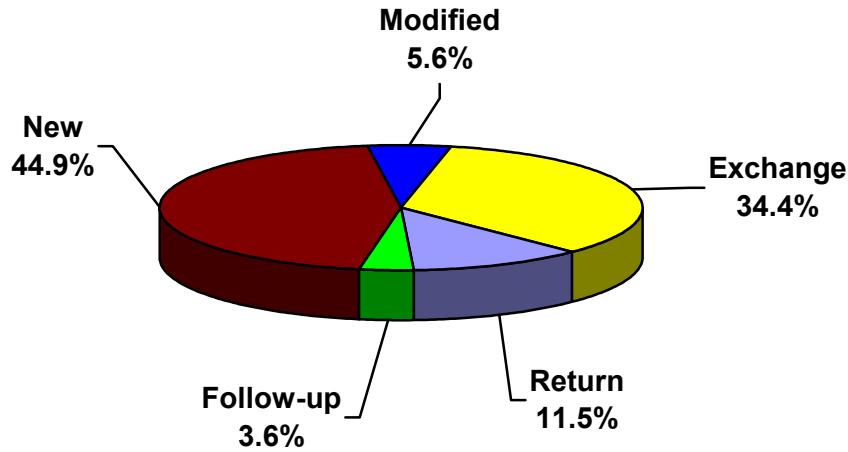
FTRI utilizes a regional distribution system for approximately eighty percent of the state of Florida, with centralized distribution from the administrative office in Tallahassee accounting for the remaining twenty percent.

FTRI contracted with nineteen non-profit agencies to provide services as Regional Distribution Centers (RDCs). In these areas, persons who are deaf, hard of hearing, or speech impaired have applications certified and processed (**New** service), and receive equipment and training, and are supplied with any additional services. These may include modifying from one type of equipment to another (**Modified** service), exchanging for the same type of equipment (**Exchange** service), returning any equipment that is no longer necessary (**Return** service), and additional training services as needed (**Follow-up** service).

Additional training on equipment is provided to individuals requesting the training at no charge.

Client Services

The total number of EDP services provided by FTRI for fiscal year 2006 / 2007 was **42,193**. The average number of EDP services provided monthly was **3,516**.

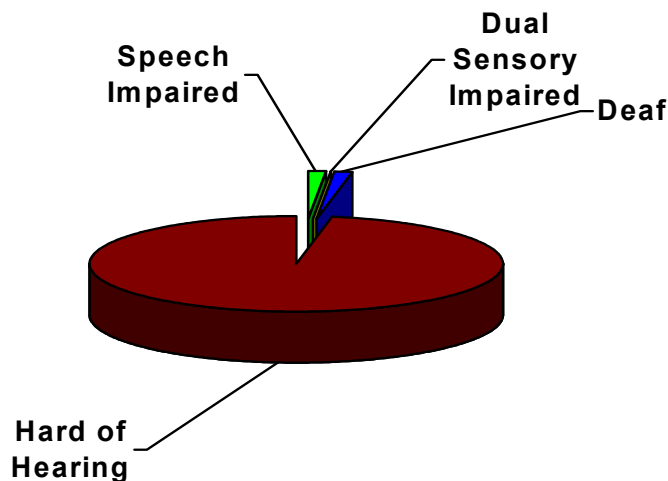


New Client Eligibility

FTRI served **18,937** new clients during the reporting period. Clients certified as eligible for the FTRI program are classified into four distinct groups:

Group	New Clients
Deaf	256
Hard of Hearing	18,407
Speech Impaired	253
Dual Sensory Impaired	21
Total	*18,937

* The number of new recipients is lower than the amount of distributed new equipment because a significant number of recipients received more than one piece of equipment. Margin of error $\pm 1\%$.



New Client Certification

Professionals involved with the certification of client applications for the equipment distribution program were as follows:

Category of Certifier	Quantity of Approved Applications
Deaf Service Center Director	5,758
Audiologist	7,721
Hearing Aid Specialist	3,916
Licensed Physician	1,009
State Certified Teacher	127
State Agency	29
Speech Pathologist	301
Federal Agency	76
Total	18,937

New Client Age Groups

The 2006 / 2007 breakdown of new recipients by age group is as follows:

Age Group	Recipients
4 – 9	48
10 – 19	95
20 – 29	64
30 – 39	135
40 – 49	297
50 – 59	765
60 – 69	2,485
70 – 79	5,537
80 – 89	7,395
90 – 99	2,059
100 – 109	57
DOB not provided	0
Total	18,937

More people in the 80 to 89 age group received equipment than those of any other specific age group. Approximately seventy-five percent of all recipients served in this fiscal year were seventy years of age or older.

New Client County of Residence

FTRI is a statewide program serving all 67 counties. The following is a breakdown of **new** clients by county of residence:

County	Recipients	County	Recipients
Alachua	138	Lake	497
Baker	15	Lee	794
Bay	119	Leon	236
Bradford	19	Levy	50
Brevard	550	Liberty	10
Broward	2,269	Madison	16
Calhoun	25	Manatee	433
Charlotte	413	Marion	559
Citrus	307	Martin	132
Clay	63	Monroe	93
Collier	267	Nassau	44
Columbia	36	Okaloosa	104
Dade	1,692	Okeechobee	33
DeSoto	35	Orange	509
Dixie	9	Osceola	92
Duval	381	Palm Beach	1,755
Escambia	258	Pasco	750
Flagler	80	Pinellas	1,544
Franklin	18	Polk	713
Gadsden	57	Putnam	55
Gilchrist	11	Santa Rosa	97
Glades	8	Sarasota	822
Gulf	6	Seminole	224
Hamilton	5	St. Johns	77
Hardee	14	St. Lucie	180
Hendry	20	Sumter	160
Hernando	268	Suwannee	33
Highlands	179	Taylor	37
Hillsborough	739	Union	5
Holmes	19	Volusia	523
Indian River	121	Wakulla	28
Jackson	86	Walton	47
Jefferson	16	Washington	37
Lafayette	5		
		Total	18,937

Counties in **bold** are located close to Regional Distribution Centers. RDC contracts do not assign counties to specific contracted entities in order to assure that clients receive the best and most convenient service available.

Equipment

FTRI currently distributes the following specialized telecommunications equipment:

1. Text Telephone (TTY)
2. Volume Control Phone for the Hearing Impaired (VCPH)
3. Volume Control Phone for the Speech Impaired (VCPS)
4. Voice Carry-Over Telephone (VCO)
5. Large Visual Display TTY (LVDTTY)
6. TeleBraille TTY (TBTTY)
7. In-Line Amplifier (ILA)
8. Voice Carry-Over / Hearing Carry-Over / TTY (VCO / HCO / TTY)
9. Gewa Jupiter Telephone
10. Dialogue RC 200 w/ Air Switch
11. TeliTalk Speech Aid phone
12. Captioned Telephone (CapTel)

FTRI also distributes amplified, flashing, or vibrating ringer devices to alert clients to incoming telephone calls. These devices are:

1. Audible Ring Signaler (ARS)
2. Visual Ring Signaler (VRS)
3. Tactile Ring Signaler (TRS)

Each piece of equipment is supported by the standard manufacturer warranty for either one or two years. Equipment that is determined to be out of warranty is retired and replaced due to the economics of purchasing new equipment versus repairing old equipment.

Equipment Vendors

FTRI works with several equipment vendors to supply specialized telecommunications equipment. Some of these include:

CLARITY
Amplifying Your Life™

SilentCall[®]
communications



Ultratec

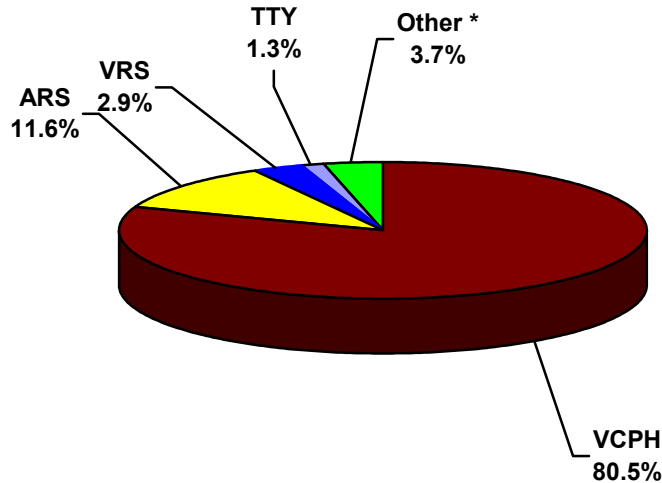
Sonic Alert
America's Leader in Visual Alerting Systems.

KROWN
MANUFACTURING, INC.
Griffin
Laboratories

Distributed Equipment

FTRI distributes both new and refurbished equipment. Equipment distributed during fiscal year 2006 / 2007 numbered **41,337*** units. The monthly equipment distribution average was **3,445**.

* Margin of error ± 1%



* More than three percent of all distributed equipment in fiscal year 2006 / 2007 included BrailleTTY phone, in-line amplifier, tactile ring signaler, voice-carry-over phones with large visual display, phones for the speech impaired, hearing-carry-over phone, voice-carry-over phone, and captioned telephone.

Quality Assurance

FTRI maintains a quality assurance system to monitor the services, training, and equipment provided by contracted agencies. Questionnaires are sent to a random selection of clients served by each Regional Distribution Center or the FTRI office.

Approximately twenty percent of new clients served were mailed quality assurance surveys. Of the approximately 5,191 questionnaires sent during this fiscal year, FTRI received 1,147 responses for a twenty-two percent return rate. Ninety-eight percent of the responses were positive. All negative responses were addressed directly by FTRI and forwarded to the appropriate RDC for follow-up.

How do you like your new phone from FTRI?

LET FREEDOM <<<RING>>>

... and discover telephone freedom and independence

Florida Telecommunications FTRI Relay, Inc.
Equipment Distribution Program

FTRI provides specialized telephone equipment to qualified Florida residents who are deaf, hard of hearing, deaf/blind, or speech impaired at no charge. FTRI records show that you received equipment from one of our Regional Distribution Centers (RDC). FTRI wants to make sure the customer service you received is up to our high standards.

Please take a few minutes to answer the following questions about your experience with the Regional Distribution Center (RDC) in your area and mail this prepaid postcard to FTRI. If you have any questions or comments, please call:

FTRI Customer Services:
1-800-222-3448 (V)
or 1-888-447-5620 (TTY)
Monday-Friday 8:30 a.m.-5:00 p.m.

Detach along perforation and mail.



Throughout the past fiscal year FTRI's outreach efforts have stabilized throughout the state. The regional distribution centers (RDCs) continue to provide outreach services to their respective communities to disseminate information about FTRI's programs and Florida Relay service.

The following activities were conducted.

Outreach Activities
FTRI / RDC conducted 1,629 outreach activities throughout the state
FTRI published and mailed "Connecting People to People" reminder postcards to 276,052 active clients
Administered a six month print media campaign covering nine counties and 3,500 media distribution outlets throughout the state
Developed, tested, and distributed a new Educational Relay Kit - kits were distributed to 68 elementary schools and 40 diagnostic and learning centers (FDLRS) statewide
Launched the Business Partnership Program as a web based solution
Forty-eight businesses signed-up as Relay Friendly Business Partners through the FTRI website
Information about both Florida Relay and FTRI EDP have been made available to over 1,736 employees through the BPP
FTRI continued to partner with organizations and / or state agencies (FAD, FLALDA, HLA-FL, AGBELL-FL, FSDB, Sprint, TSC, FDOE, FDOEA, FDOH, FDVR, FASC, FLAA, FLASHA, FLA, FCCDHH) for outreach activities
Purchased media time statewide for both Florida Relay and FTRI EDP PSAs (Public Service Announcements) and received approximately 19-1 ratio coverage
Developed and produced new Florida Relay service brochure and print advertisements
Translated, developed, and printed new FTRI pass-along brochure in Spanish
Development and production of FTRI applications in alternative formats (Braille and large print) for the visually impaired
Provided approximately 1,387 (EDP) and 658 (Outreach) hours of comprehensive training to RDCs during this fiscal year
Coordinated three training workshops for the RDCs on EDP and Outreach

FTRI – Equipment Distribution Program

FTRI continued to air 30 second PSAs (Public Service Announcement) targeted to reach individuals with hearing loss to create awareness about the specialized telephones that are available to Florida residents at **no charge**. This PSA was aired continuously on cable networks throughout the state year-round.



Below are excerpts taken from the FTRI EDP PSA that continued to air throughout Florida on cable television.



The FTRI **“Connecting People to People”** reminder postcard (pictured below at left) was published and mailed to all active clients throughout the state. This generated positive feedback from clients regarding the equipment program. Pictured at right is the CapTel seasonal newsletter published by UltraTec and is disseminated to all CapTel users in Florida.



Postcard Spring 2007



CapTel Newsletter



Florida Relay

Two Florida Relay PSAs continued to air throughout the state on cable network. Below are excerpts taken from the Florida Relay PSAs.



Business Partnership Program

Forty-eight businesses signed up as a “Relay Friendly” partner and were provided access to training information designed to help businesses train employees on how to communicate via the Florida Relay service with individuals who are deaf, hard of hearing, deaf/blind, or speech impaired. Information about both Florida Relay and FTRI EDP has been made available to over 1,736 employees with those businesses.

TASA Approved Certifiers

FTRI partnered with 988 TASA approved certifiers who referred individuals with hearing loss to the FTRI programs to receive specialized telephones and services. FTRI provides all certifiers, as well as other collaborated partners, with applications, brochures and other printed materials for dissemination to people that visit their office or agencies.

Closing Statement

FTRI continues to maintain its status as an administrative center, concentrating on oversight of the Regional Distribution Center (RDC) contractors, and equipment vendors. The FTRI administrative office directly serves approximately twenty percent of Florida’s residents statewide. Since the inception of the Equipment Distribution Program in 1986, over 379,000 residents have been provided with telecommunications equipment and support services.

During the next fiscal year 2007 / 2008 FTRI will be introducing consumer choice to the equipment distribution program. This new concept will allow consumers to choose from selected amplified telephones that will best suit their respective hearing loss.

FLORIDA TELECOMMUNICATIONS RELAY, INC
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FISCAL YEAR ENDED JUNE 30, 2007

FLORIDA TELECOMMUNICATIONS RELAY, INC.

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TONY C. STARACE, CPA, PA

*1906 Buford Boulevard, Suite 3
Tallahassee, Florida 32308
(850) 422-0080 FAX: (850) 877-4720*

INDEPENDENT AUDITORS' REPORT


Board of Directors
Florida Telecommunications Relay, Inc.

We have audited the accompanying statement of financial position of Florida Telecommunications Relay, Inc. (a nonprofit organization) as of June 30, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Telecommunications Relay, Inc. as of June 30, 2007, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Tony C. Starace, CPA



September 25, 2007
Tallahassee, Florida

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2007

ASSETS

CURRENT ASSETS		
Cash	\$15,828,415	
Accounts Receivable (Note 1)	1,378,370	
Prepaid Expenses (Note 1)	<u>65,184</u>	
TOTAL CURRENT ASSETS		\$ 17,271,969
PROPERTY & EQUIPMENT (Note 1)		
Office Furniture	\$ 51,985	
Office Equipment	231,742	
Dual Sensory Equipment	174,766	
Less: Accumulated Depreciation	<u>(417,475)</u>	
NET PROPERTY & EQUIPMENT		41,018
OTHER ASSETS		<u>8,939</u>
TOTAL ASSETS		<u>\$ 17,321,926</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable (Note 1)	\$ 792,793	
Sick Leave Payable	<u>7,832</u>	
TOTAL CURRENT LIABILITIES		\$ 800,625
NET ASSETS (Unrestricted)		<u>16,521,301</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 17,321,926</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2007

REVENUES

Surcharge Revenue	\$ 17,125,473
Misc. Revenue – RDC's	15,169
Interest	<u>613,803</u>

TOTAL REVENUES \$ 17,754,445

EXPENSES***Category I - Relay Service***

Total - Category I Expenses \$ 6,278,388

Category II - Equipment & Repair

Total - Category II Expenses 1,614,457

Category III - Equipment Distribution

Total - Category III Expenses 1,033,178

Category IV - Outreach

Total - Category IV Expenses 543,727

Category V - General & Administrative

Total - Category V Expenses 1,187,692

TOTAL EXPENSES \$ 10,657,442

NET OF REVENUE OVER EXPENSES 7,097,003

NET ASSETS, BEGINNING OF YEAR 9,424,298

NET ASSETS, END OF YEAR \$ 16,521,301

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF EXPENSES BY CATEGORY
For the Year Ended June 30, 2007

<i>Category I - Relay Service</i>		
DPR Provider		\$ 6,278,388
<i>Category II - Equipment & Repair (Note 1)</i>		
TDD Equipment	\$ 55,800	
Large Print TDD's	2,840	
VCP Hearing Impaired	1,161,217	
VCPH Cordless	28,830	
VCPS-RC200	7,812	
CapTel Equipment	146,777	
VCP Speech Impaired	6,543	
In-Line Amplifiers	1,600	
VCO Telephone	8,121	
Signaling Equipment	120,351	
TeliTalk Speech Aid Phone	36,000	
Telecommunications Equipment Repair	<u>38,566</u>	
<i>Subtotal - Category II</i>		1,614,457
<i>Category III - Equipment Distribution</i>		
Freight / Telecommunications Equipment	\$ 34,888	
Regional Distribution Centers	991,016	
Workshop Expense	<u>7,274</u>	
<i>Subtotal - Category III</i>		1,033,178
<i>Category IV - Outreach</i>		
Outreach Expense		543,727
<i>Category V - General & Administrative</i>		
Advertising	\$ 3,011	
Accounting/Auditing	17,866	
Legal	72,000	
Consultation	20,513	
Bank charges	1,702	
Dues and Subscriptions	2,263	
Furniture & Equip. Purchased	6,819	
Less: Capitalized Portion	(6,405)	
Depreciation	31,314	
Office Equipment Lease	3,465	
Insurance	241,777	
Office Expenses	22,497	
Postage	12,961	
Printing	3,770	
Rent (Note 2)	88,428	
Retirement (Note 3)	63,842	
Employee Compensation	480,870	
Payroll Taxes	41,829	
Temporary Employment	26,133	
Telephone & Fax	23,277	
Travel and Business Expense	10,270	
Utilities	10,522	
Equipment Maintenance	976	
Employee Training	4,365	
Meeting & Interpreter Expense	3,566	
State Corp. Filing Fee	<u>61</u>	
<i>Subtotal - Category V</i>		<u>1,187,692</u>
TOTAL EXPENSES		<u>\$ 10,657,442</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2007

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash Received from Revenue	\$ 17,222,578
Cash Paid for Goods and Services	(10,917,413)
Interest Income	<u>613,803</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES (NOTE 4)	\$ 6,918,968
--	--------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash Paid to Acquire Fixed Assets	\$ <u>(6,405)</u>
-----------------------------------	-------------------

NET CASH USED IN INVESTING ACTIVITIES	\$ <u>(6,405)</u>
---------------------------------------	-------------------

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,912,563
--	-----------

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>8,915,852</u>
--	------------------

CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>\$ 15,828,415</u>
--	----------------------

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

FLORIDA TELECOMMUNICATIONS RELAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General:

The Organization maintains its accounts and prepares financial statements on the accrual basis of accounting. Revenues are recognized in the period earned, whether or not received; expenses are recognized in the period in which the obligation is incurred, whether or not paid.

Purpose:

The Organization is a not-for-profit corporation designated as the Administrator of the Telecommunications Access System Act, pursuant to s.427.704(2), F.S., and is responsible for the distribution of specialized telecommunications devices. The devices for the Deaf, Hard of Hearing, and Speech Impaired persons are distributed free of charge to clients certified by designated specialists in the speech and hearing field. The Florida Public Service Commission regulates the Organization, which is funded through a surcharge on telephone bills of residents of the State of Florida.

Property and equipment:

Property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

The Organization has adopted the policy of recording the purchase of the specialized telecommunication equipment, distributed to its clients, as an expense of the period, while the Organization retains certain rights and obligations.

Income taxes:

The Organization, a Florida nonprofit corporation, is tax exempt under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been made.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - LEASES

*On March 1, 2002 the Organization entered into a lease agreement for office space. The lease is classified as an operating lease with a term of five years with a 3% increase each March and expires on February 28, 2007. FTRI has exercised its option to renew this lease for another 5 year term beginning March 1, 2007 and expiring February 28, 2012. Lease expense for the fiscal year ending June 30, 2007 was **\$86,124**. Future minimum lease payments are: fiscal years ending June 30, 2008; \$8,870, 2009; \$91,369, 2010; \$94,110, 2011; \$96,933, and 2012; \$65,902.*

FLORIDA TELECOMMUNICATIONS RELAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 (Continued)

On June 12, 2004 the Organization entered into a lease agreement with Pitney Bowes Credit Corporation for a postage meter. The lease is classified as an operating lease with a term of 69 months and expires on March 31, 2010. Equipment Lease expense for the fiscal year ended June 30, 2007 was \$3,324. Future minimum lease payments are: Fiscal Years Ending June 30, 2008 through June 30, 2009 - \$3,324 each and Fiscal Year Ended June 30, 2010 - \$2,493.

NOTE 3 - RETIREMENT PLAN

The Organization contributes to a multi-employer, non-contributory, defined benefit pension plan, sponsored by the National Telecommunications Cooperative Association. Employees begin participating in the plan quarterly coincident with their date of employment. Contributions to the plan are paid annually and based on 11.3% of compensation for all full-time employees and part-time employees, who work at least 1,000 hours per calendar year. Benefits will be paid to participants in an amount dependent on years of service and the final average salary as defined in the Plan Document. Retirement expense for the fiscal year ending June 30, 2007 was \$63,842.

NOTE 4 - RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<i>Excess of Revenues Over Expenses</i>	\$ 7,097,003
<i>Items not requiring cash</i>	
Decrease in Accounts Receivable	\$ 81,936
Increase in Prepaid Expenses	(42,016)
Decrease in Accounts Payable	(249,269)
Depreciation	<u>31,314</u>
<i>Net of items not requiring cash</i>	<u>(178,035)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,918,968</u>

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the cash maintained in a Checking/Investment account is considered cash equivalents.

NOTE 5 - CONCENTRATION OF RISK

Florida Telecommunications Relay, Inc. maintains two bank accounts at Regions Bank. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at this institution exceeded federally insured limits. At June 30, 2007 FTRI's uninsured cash balance totals \$2,312,575. Cash in the Organization's Public Funds Investment account, in the amount of \$13,415,820 is secured, on a dollar for dollar basis, with United States Treasuries in accordance with Florida Statute number 280.16.

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APPENDIX C

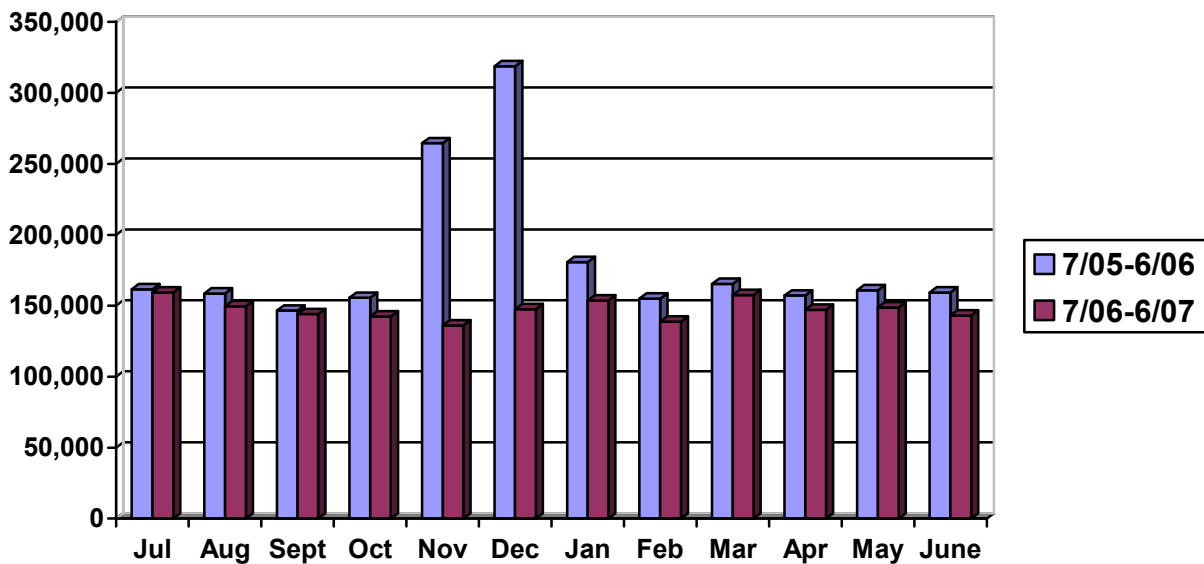
Florida Relay Service Information: Sprint

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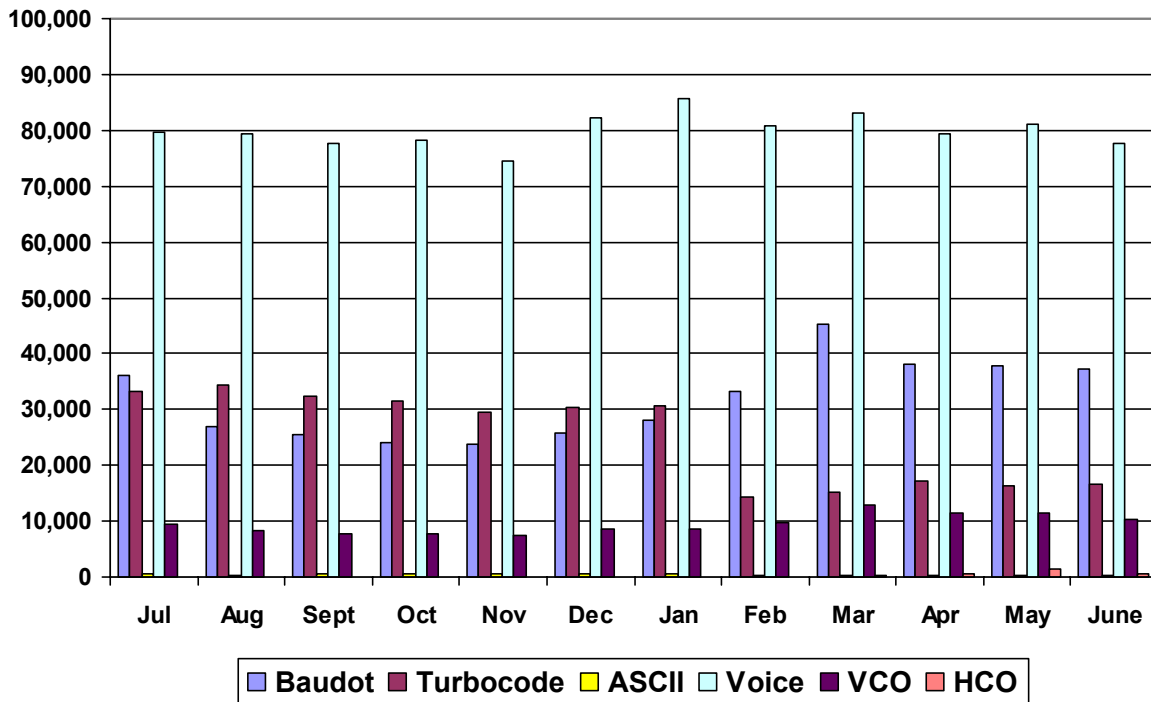
Monthly Incoming Calls			
Total Incoming Calls July 2005 – June 2006		Total Incoming Calls July 2006 – June 2007	
Jul	161,579	Jul	159,358
Aug	158,687	Aug	149,694
Sep	146,576	Sep	144,133
Oct	155,626	Oct	142,374
Nov	264,527	Nov	136,059
Dec	318,776	Dec	147,655
Jan	180,735	Jan	153,764
Feb	155,132	Feb	138,877
Mar	165,465	Mar	157,494
Apr	157,170	Apr	147,074
May	160,852	May	148,748
June	159,341	June	143,158
Total	2,184,466	Total	1,768,388

Monthly Incoming Calls



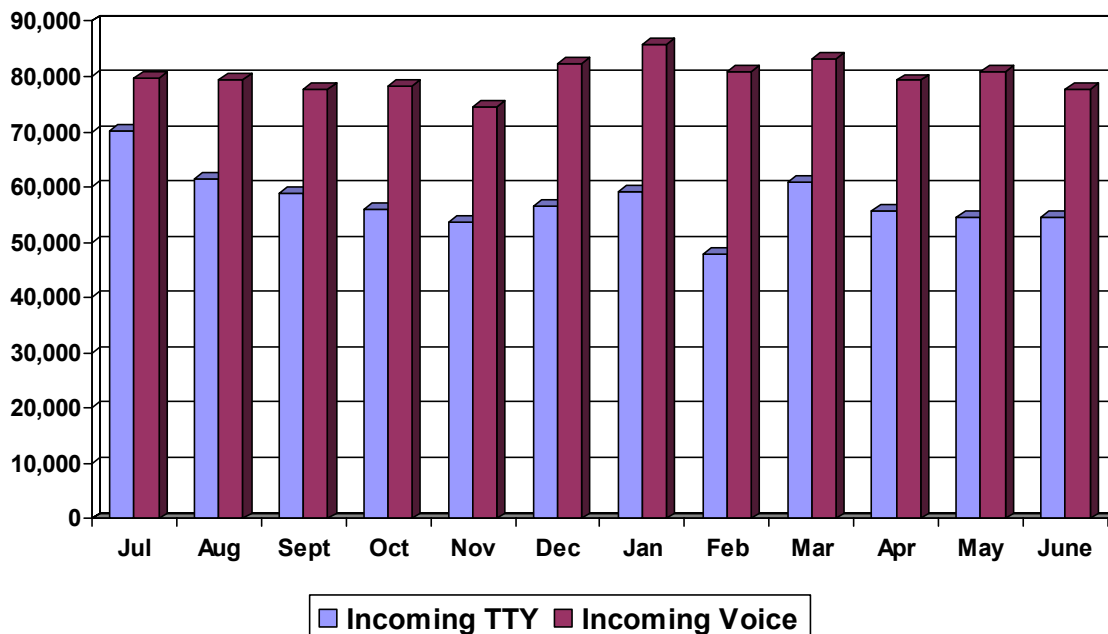
Monthly Incoming Calls by Type July 2006 – July 2007							
	Incoming Baudot	Incoming TurboCode	Incoming ASCII	Incoming Voice	Incoming VCO	Incoming HCO	Total Incoming
Jul	36,188	33,317	551	79,698	9,476	80	159,310
Aug	26,795	34,403	424	79,477	8,448	71	149,618
Sep	25,520	32,487	501	77,760	7,733	66	144,067
Oct	24,050	31,452	518	78,366	7,849	92	142,327
Nov	23,639	29,445	557	74,607	7,434	137	135,819
Dec	25,746	30,289	559	82,236	8,561	81	147,472
Jan	28,048	30,597	636	85,732	8,575	72	153,660
Feb	33,311	14,308	353	80,841	9,869	111	138,793
Mar	45,403	15,244	386	83,194	12,813	376	157,416
Apr	38,119	17,091	417	79,282	11,592	500	147,001
May	37,749	16,466	423	80,977	11,595	1,358	148,568
June	37,292	16,756	393	77,781	10,244	523	142,989
Total	381,860	301,855	5,718	959,951	114,189	3,467	1,767,040

Monthly Incoming Calls by Type
July 2006 - June 2007



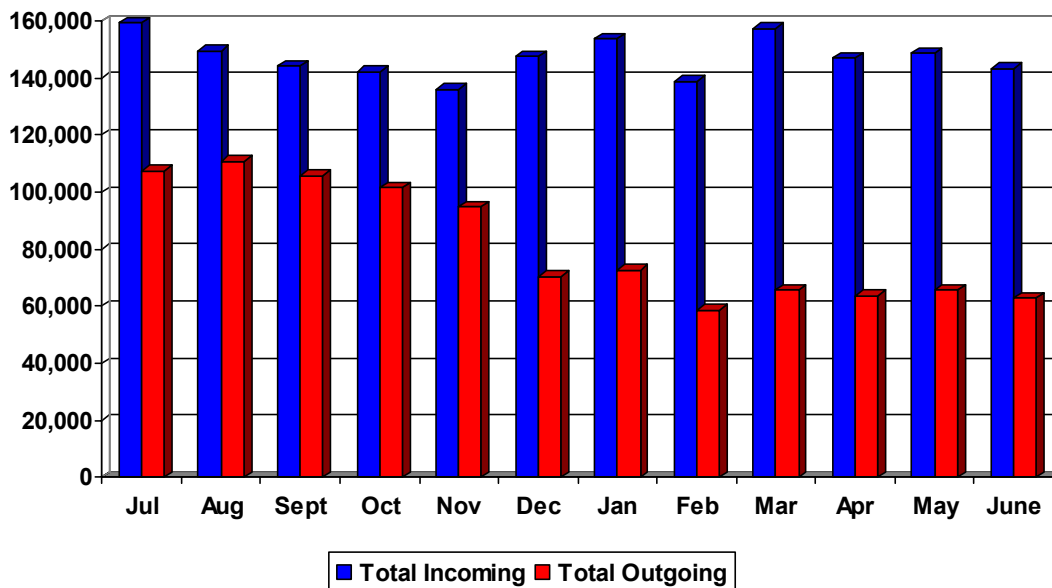
Monthly Incoming TTY Calls vs. Incoming Voice Calls July 2006 - June 2007		
	Incoming TTY (Baudot+Turbo Code+ASCII)	Incoming Voice
Jul	70,056	79,698
Aug	61,622	79,477
Sep	58,808	77,760
Oct	56,020	78,366
Nov	53,641	74,607
Dec	56,594	82,236
Jan	59,281	85,732
Feb	47,972	80,841
Mar	61,033	83,194
Apr	55,627	79,282
May	54,638	80,977
June	54,441	77,781
Total	689,733	959,951

**Monthly Incoming TTY Calls vs. Incoming Voice Calls
July 2006 - June 2007**



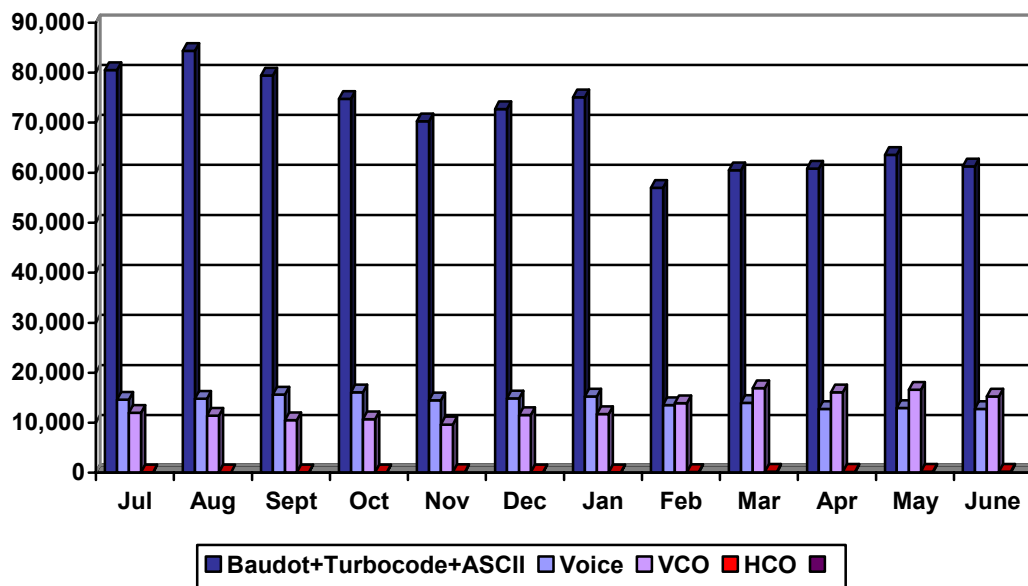
Monthly Incoming and Monthly Outgoing Calls July 2006 - June 2007				
	Total Incoming	Incomplete Outgoing	Complete Outgoing	Total Outgoing
Jul	159,358	22,587	84,715	107,302
Aug	149,694	23,766	87,118	110,884
Sep	144,133	23,220	82,598	105,818
Oct	142,374	20,977	80,656	101,633
Nov	136,059	18,999	75,830	94,829
Dec	147,655	12,344	58,003	70,347
Jan	153,764	13,527	59,076	72,603
Feb	138,877	13,262	45,466	58,728
Mar	157,494	16,642	49,007	65,649
Apr	147,074	15,976	47,716	63,692
May	148,748	15,667	50,014	65,681
June	143,493	15,709	47,145	62,854
Total	1,768,723	212,676	767,344	980,020

**Monthly Incoming Calls and Monthly Outgoing Calls
July 2006 - June 2007**

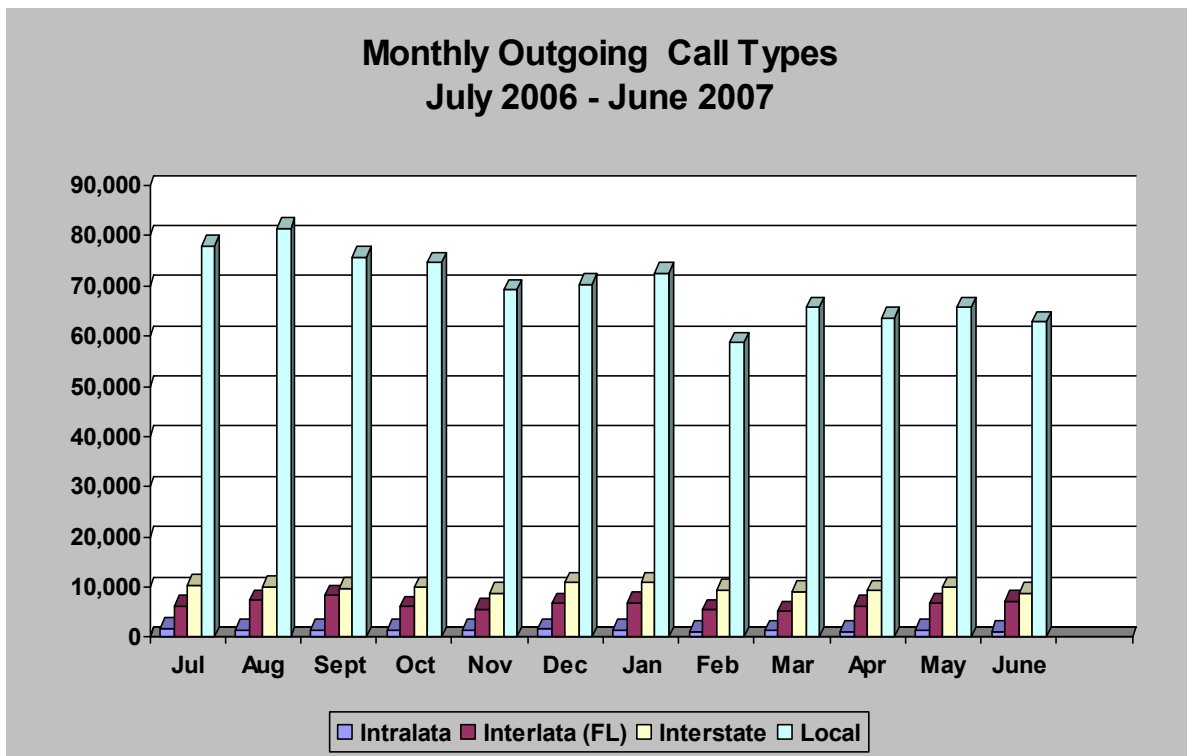


Monthly Outgoing Call Volume July 2006 – June 2007								
	Outgoing Baudot	TurboCode	Outgoing ASCII	Baudot +TurboCode +ASCII	Outgoing Voice	Outgoing VCO	Outgoing HCO	Total Outgoing
Jul	26,251	53,999	236	80,486	14,595	12,014	70	107,165
Aug	26,993	57,115	239	84,347	14,794	11,421	59	110,621
Sep	25,520	53,656	261	79,437	15,625	10,495	74	105,631
Oct	24,400	50,008	228	74,736	16,094	10,692	103	101,625
Nov	22,403	47,604	237	70,244	14,487	9,661	135	94,527
Dec	23,488	48,941	275	72,704	14,849	11,544	102	99,199
Jan	24,402	50,301	347	75,050	15,248	11,752	91	102,141
Feb	32,986	23,825	160	56,971	13,508	13,919	161	84,559
Mar	37,223	23,035	236	60,494	13,974	16,897	218	91,583
Apr	34,160	26,318	329	60,807	12,749	16,078	183	89,817
May	35,076	28,179	306	63,561	12,924	16,609	232	93,326
June	33,030	27,940	255	61,225	12,774	15,238	240	150,702
Total	345,932	490,921	3,109	840,062	171,621	156,320	1,668	1,230,896

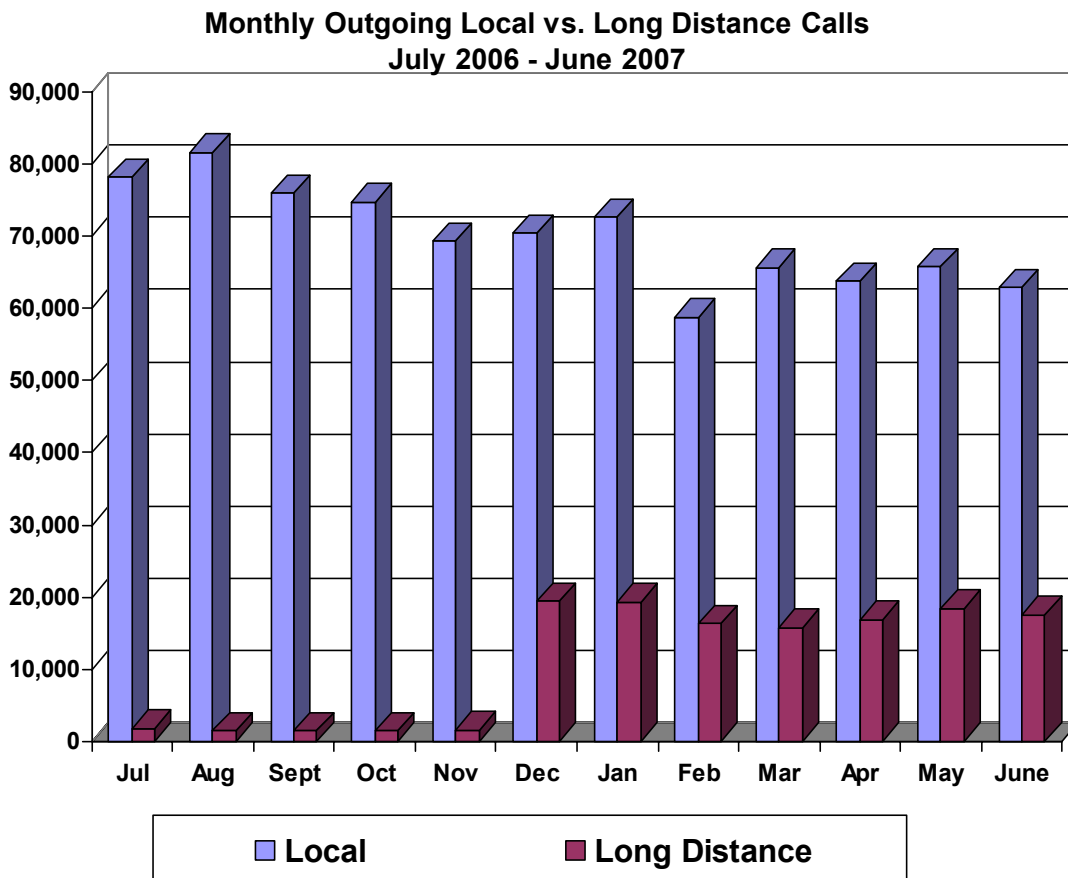
**Monthly Outgoing Call Volume
July 2006 - June 2007**



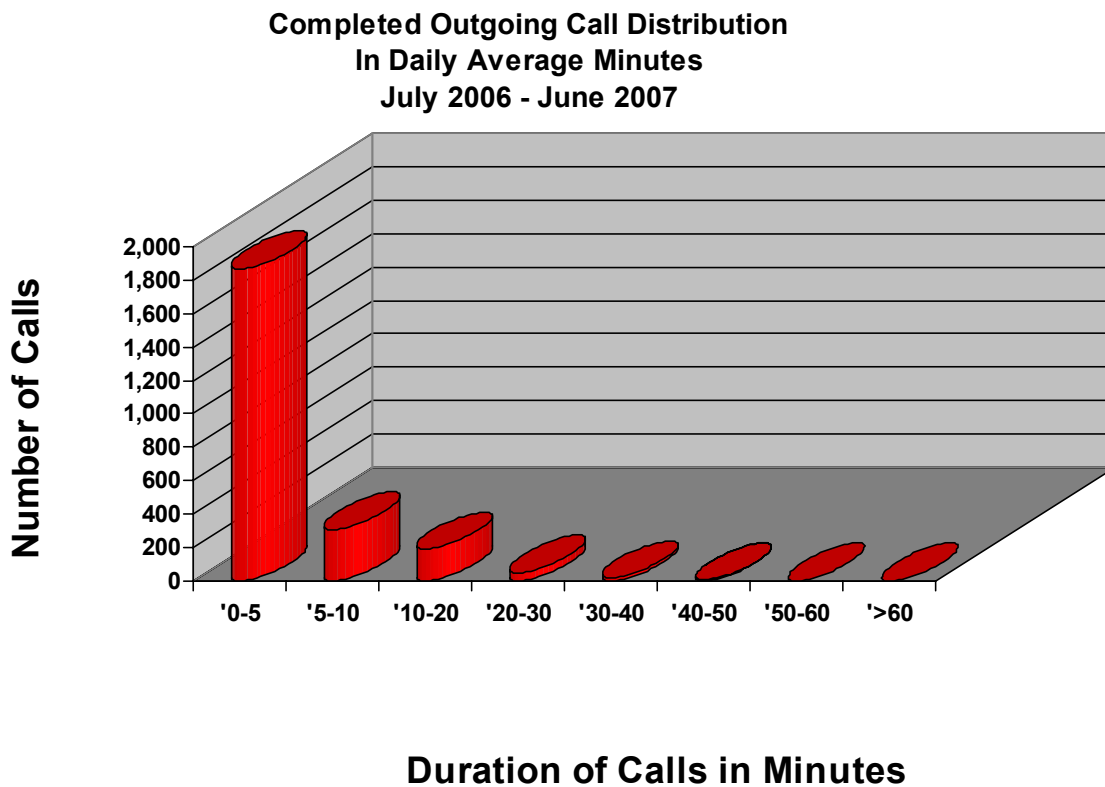
Monthly Outgoing Call Types July 2006 – June 2007							
	Local	Intralata	Interlata (FL)	Interstate	Toll Free	Misc. (COC,Dir Assistance, Internat'l)	Total Outgoing
Jul	78,006	1,776	6,263	10,486	10,059	712	107,302
Aug	81,485	1,517	7,332	10,061	9,887	602	110,884
Sep	75,839	1,511	8,333	9,799	9,713	623	105,818
Oct	74,619	1,465	6,097	9,905	8,924	623	101,633
Nov	69,265	1,563	5,722	8,852	8,892	535	94,829
Dec	70,347	1,603	6,809	10,920	9,082	497	99,258
Jan	72,603	1,459	6,885	10,867	9,780	555	102,149
Feb	58,728	1,160	5,521	9,531	9,162	547	84,649
Mar	65,649	1,332	5,190	9,161	9,832	498	91,662
Apr	63,692	1,221	6,207	9,329	8,769	678	89,896
May	65,681	1,445	6,767	9,993	9,147	600	93,633
June	62,854	1,215	7,314	8,883	9,027	500	89,793
Total	838,768	17,267	78,440	117,787	112,274	6,970	1,171,506



Monthly Outgoing Local vs. Long Distance Call July 2006 – June 2007						
	Local	Total Long Distance	Intralata	Interlata/ Intrastate	Interstate	International
Jul	78,066	18,644	1,776	6,263	10,486	119
Aug	81,485	18,970	1,517	7,332	10,061	60
Sep	75,839	19,728	1,511	8,333	9,799	85
Oct	74,619	17,575	1,465	6,097	9,905	108
Nov	69,265	16,208	1,563	5,722	8,852	71
Dec	70,347	19,450	1,603	6,809	10,920	118
Jan	72,603	19,286	1,459	6,885	10,867	75
Feb	58,728	16,296	1,160	5,521	9,531	84
Mar	65,649	15,775	1,332	5,190	9,161	92
Apr	63,692	16,931	1,221	6,207	9,329	174
May	65,681	18,378	1,445	6,767	9,993	173
June	62,854	17,565	1,215	7,314	8,883	153
Total	838,828	214,806	17,267	78,440	117,787	1,312

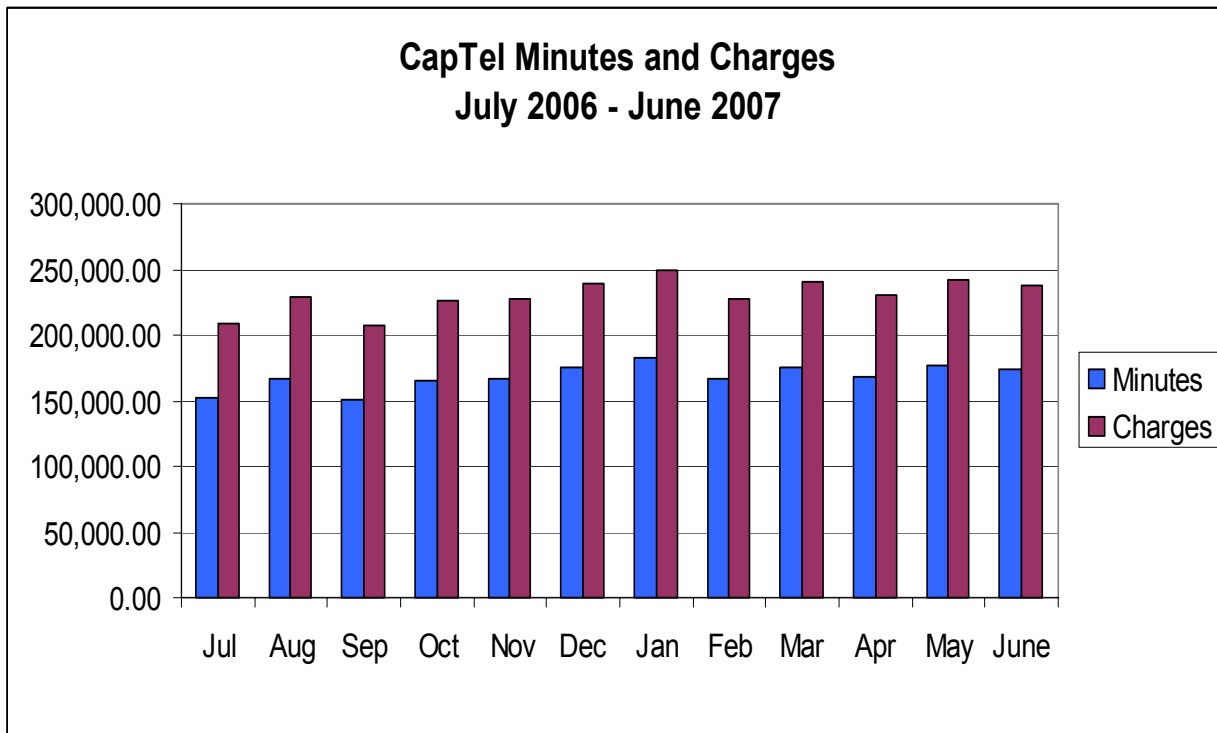


Completed Outgoing Call Distribution - In Daily Average Minutes July 2006 – June 2007								
In Minutes								
	0-5	5-10	10-20	20-30	30-40	40-50	50-60	>60
Jul	2,128	326	197	50	17	8	3	5
Aug	2,167	346	208	55	18	7	4	5
Sep	2,049	329	211	51	17	7	3	4
Oct	2,002	321	196	53	16	7	3	4
Nov	1,942	310	193	51	17	7	4	4
Dec	1,981	307	190	50	16	7	3	3
Jan	1,975	317	201	55	17	8	4	5
Feb	1,672	296	181	51	18	8	3	4
Mar	1,599	278	175	50	15	5	3	4
Apr	1,621	287	181	51	16	7	3	4
May	1,672	288	181	50	18	6	3	4
June	1,589	266	168	46	15	7	3	4
Average	1,866	306	190	51	17	7	3	4



CapTel Minutes and Charges

July 06 – June 07			
	Minutes of Use		Charges
Jul	152,681.03		209,173.01
Aug	166,633.79		228,288.29
Sep	150,826.39		206,632.15
Oct	164,844.23		225,836.60
Nov	166,240.38		227,749.32
Dec	174,880.35		239,586.08
Jan	182,130.70		249,519.06
Feb	166,328.40		227,869.91
Mar	175,881.20		240,957.24
Apr	167,856.01		229,962.73
May	176,844.84		242,277.43
June	173,976.23		238,347.44
Total	2,019,123.55	Total	2,766,199.26



APPENDIX D

COMMISSION SUPPLEMENTAL COMMENTS FILED WITH THE FCC On July 20, 2006

Federal Communications Commission Further Notice of Proposed Rulemaking Regarding Video Relay Service and Internet Protocol Relay

The Florida Public Service Commission (FPSC) submits these comments in response to the Federal Communications Commission (FCC) Further Notice of Proposed Rulemaking (FNPRM) regarding Telecommunications Relay Services (TRS) which the Federal Communications Commission (FCC) released on July 20, 2006. In this FNPRM, the FCC points out that "Section 225 provides that the costs caused by *interstate* Telecommunications Relay Services (TRS) "shall be recovered from all subscribers for every interstate service," and the costs caused by the provision of *intrastate* TRS "shall be recovered from the intrastate jurisdiction." Also noted in footnote 23 of the FNPRM is that the costs of providing *intrastate* video relay service (VRS) and IP Relay are presently paid on an interim basis only from the Interstate TRS Fund.

The FPSC believes the jurisdictional separation issues in Docket No. WC 04-36 (IP-Enabled Services) must be resolved before determining any jurisdiction and associated funding of VRS and IP Relay calls. Since VRS and IP Relay calls are Internet-based services, the FCC must first decide whether IP-Enabled Services are "telecommunications services" or "information services" before any allocation of intrastate and interstate responsibilities are attempted. Until such time, the FPSC believes these two services should continue to be compensated from the Interstate TRS Fund.

Estimated Impact of Going Beyond the "Functional Equivalent" Requirement

The term "telecommunications relay services" means telephone transmission services that provide the ability for an individual who has a hearing impairment or speech impairment to engage in communication by wire or radio with a hearing individual in a manner that is ***functionally equivalent*** to the ability of an individual who does not have a hearing impairment or speech impairment to communicate ***using voice communication services*** by wire or radio.¹³ Although VRS and IP Relay may be beneficial services to the deaf and hard-of-hearing community, they go well beyond the ***functional equivalent*** requirement of conventional voice telephone services required by Title IV of the Americans with Disabilities Act (ADA).

The financial impact of Florida assuming VRS and IP Relay intrastate costs is substantial. The shifting of costs to the states would cause Florida to be responsible for intrastate IP Relay and VRS costs estimated between \$14 and \$16 million annually, causing Florida's TRS surcharge to increase an estimated \$0.08-\$0.10 per month, per access line. Current Florida statutes cap the TRS surcharge at \$0.25 per access line.

¹³ §64.601(14), Code of Federal Regulations

IP Relay Fraud

By Order DA 04-1738, released June 18, 2004, the FCC reminded the public of requirements regarding Internet relay services and issued an alert regarding the fraudulent use of IP Relay service. In Order FCC 06-58, released May 8, 2006, the FCC stated it is concerned about the impact that such misuse may have on the fund. They noted that since IP Relay calls began being compensated in 2002, the size of the fund has risen from approximately \$70 million to its present size of over \$440 million. (¶7)

The FPSC is also concerned about IP Relay fraud because if states assume responsibility for funding intrastate IP Relay, they would also be assuming unnecessary expenses due to fraud. IP Relay is sometimes being utilized by international users to purchase merchandise from businesses in the United States using fraudulent forms of payment. Because IP Relay calls are routed over the Internet and originate in a foreign country, it is difficult to determine the originating location and block the calls.

Sprint Relay, Florida's contracted TRS provider, indicated that it is able to block the domain address of an international fraudulent call once the source is determined, but the calls are then initiated again from a different domain address. The fraudulent calls last longer than legitimate calls and significantly increase the call volume, and consequently, the expense.

Florida's jurisdiction is limited to intrastate calls which makes it difficult for Florida to correct the occurrence of international IP Relay fraud. Using the current IP Relay compensation rate of \$1.293 per minute, staff has estimated that the Florida responsibility of IP Relay costs would be between \$4 million and \$5 million annually, which could include fraudulent costs. State funding of intrastate IP Relay calls must not be mandated until the FCC resolves the fraudulent use of IP Relay service.

IP Relay & VRS Jurisdictional Separation of Costs

In Docket No. WC 04-36 (IP-Enabled Services), the FCC is currently considering jurisdictional issues related to Internet-based services, including whether these services are "telecommunications services" or "information services" and how to determine whether calls are interstate or intrastate. If IP-Enabled Services are determined to be informational services, then VRS and IP Relay should not be considered functionally equivalent to telecom communication services for relay purposes.

If the Commission determines in its IP Enabled Services docket that IP calls are interstate subject to the exclusive jurisdiction of the FCC, then IP Relay calls involving TRS or VRS should also be recovered solely as interstate calls. However, if the Commission finds that IP calls are subject to mixed jurisdiction, then the FPSC contends that that same ruling should be applied to the TRS or VRS subject to this FNPRM.

The current TRS surcharge in Florida is \$0.15 per access line which is used to fund the traditional TRS and equipment distribution system. VRS is an expensive service to provide. The compensation rate for VRS is currently set at \$6.644 per minute.¹⁴ Should the FCC mandate that states pay for the intrastate portion of VRS and IP Relay service, under its current statute, Florida would possibly experience a financial shortfall in relay surcharge revenue which would require a legislative change to the statute. Based on current usage of VRS and IP Relay in Florida, transferring VRS and IP Relay intrastate costs to Florida's TRS program would require an additional \$14-\$16 million per year, causing Florida's TRS surcharge to increase an estimated \$0.08 -\$0.10 per month, per access line. The FCC must resolve the issues in its IP-Enabled Services proceeding prior to determining the jurisdiction and funding of IP Relay calls.

Florida Statutes Regarding TRS

Florida's ability to provide TRS under its current state statutes could be adversely impacted if the FCC requires the states to fund the intrastate portion of VRS and IP Relay. Currently, the Florida law has a cap of \$0.25 per access line per month on the surcharge for TRS. Section 427.704(4)(a)(1.), Florida Statutes, states:

[The commission shall] require all local exchange telecommunications companies to impose a monthly surcharge on all local exchange telecommunications company subscribers on an individual access line basis, except that such surcharges shall not be imposed upon more than 25 basic telecommunications access lines per account bill rendered.

Section 427.704(4)(b), Florida Statutes, further states:

[The commission shall] determine the amount of the surcharge based upon the amount of funding necessary to accomplish the purposes of this act and provide the services on an ongoing basis; however, in no case shall the amount exceed 25 cents per line per month.

As previously mentioned, should the FCC mandate that states pay for the intrastate portion of VRS and IP Relay service, Florida would possibly experience a financial shortfall in relay surcharge revenue which would require a legislative change to the current statute. Such a legislative change cannot happen overnight. If a decision is made to require states to assume intrastate VRS and IP Relay costs, the FCC must allow time for states to make legislative changes on TRS surcharges.

¹⁴ In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities. CG Docket No. 03-123, DA 06-1345 Released June 29, 2006.

The Potential Impact on Competition in Florida

Competition in Florida between providers of VRS and IP Relay may be diminished if the FCC mandates that VRS and IP Relay become required services of TRS in order to meet the FCC state certification requirements. Section 427.704(1), Florida Statutes, in part states:

[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. The telecommunications access system shall provide for the purchase and distribution of specialized telecommunications devices and the establishment of statewide single provider telecommunications relay service system which operates continuously. . . [emphasis added]

Consumers currently have a choice of several providers of VRS and IP Relay in Florida. Should the FCC mandate that VRS and IP Relay become part of TRS, Florida would have only one contracted provider pursuant to its current statute. In Order FCC 00-56¹⁵, the FCC affirmed its belief that competition among TRS providers is preferred, stating:

We agree with commenters that competitive forces are generally the preferred way to improve service quality and bring new services to customers. Although using a single vendor may not automatically lead to poor service quality, we believe that giving consumers a choice among different TRS providers might well improve the quality of TRS service in different states.

Inclusion of VRS and IP Relay in Florida's TRS contract could possibly eliminate competition for these services in Florida because there would not be a funding mechanism for the intrastate portion of the service for any provider other than the one under contract with the FPSC. To this end, the FPSC urges the FCC not to include VRS and IP Relay as mandatory services of TRS.

Alternatively, should the FCC include VRS and IP Relay as mandatory services of TRS or order that the states shall fund the intrastate portion of TRS and/or IP Relay, the FPSC requests that the FCC provide a waiver provision in the rule for states that have statutory conflicts with the proposed rule.

¹⁵ CC Docket No. 98-67, In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, FCC 00-56, Released March 6, 2000.

APPENDIX D

Conclusion

In conclusion, the FPSC urges the FCC to consider the following points:

1. VRS and IP Relay go well beyond the functional equivalent of telecommunication services required by Title IV of the Americans with Disabilities Act (ADA) and should not be mandated services of TRS;
2. If VRS and IP Relay are mandated services of TRS, they should continue to be funded through the Interstate TRS Fund;
3. If state funding of intrastate IP Relay calls is mandated, it should not occur until the FCC resolves the fraudulent use of IP Relay service;
4. The jurisdictional separation issues in Docket No. WC 04-36 (IP-Enabled Services) must be resolved before determining the jurisdiction and associated funding of VRS and IP Relay calls;
5. If a decision is made to require states to assume intrastate VRS and IP Relay costs, the FCC must allow time for states to make legislative changes on TRS surcharges; and,
6. Mandating VRS and IP Relay as part of the TRS program may eliminate competition for these services in Florida since, by statute, Florida can have only one relay service provider.