

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

April 24, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF COMMUNICATIONS (TUDOR, KING) *JK RT*
OFFICE OF GENERAL COUNSEL (MILLER) *CM*
RE: DOCKET NO. 910496-TP-IMPLEMENTATION OF FLORIDA TELE-
COMMUNICATIONS ACCESS SYSTEM ACT OF 1991

DOCKET NO. ~~905598~~-TP-REQUEST FOR SUBMISSION OF PROPOSAL
FOR PROVISION OF RELAY SERVICE, BEGINNING IN JUNE 1997,
FOR THE HEARING AND SPEECH IMPAIRED, IN COMPLIANCE WITH
THE FLORIDA TELECOMMUNICATIONS ACCESS SYSTEM ACT OF 1991

AGENDA: 05/06/97 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: BUDGET APPROVAL IS NEEDED FOR FTRI'S FISCAL
YEAR WHICH BEGINS JULY 1, 1997. NEED TO ALLOW
FOR LECS AND ALECS TO PROGRAM ANY SURCHARGE
BILLING CHANGES EFFECTIVE JULY 1, 1997.

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960598.RCM

ANTICIPATE THE NEED FOR SIGN LANGUAGE
INTERPRETERS AND ASSISTIVE LISTENING
DEVICES.

PLACE NEAR THE BEGINNING OF THE AGENDA TO
REDUCE INTERPRETER COSTS.

CASE BACKGROUND

The Telecommunications Access System Act of 1991 (TASA) became effective May 24, 1991 and is found in Chapter 427, Part II of the Florida Statutes. TASA was developed in response to two needs. The first was the need for permanent funding for the distribution of specialized telecommunications equipment for people who are hearing and speech impaired (TDDs, volume control telephones, etc.). The second motivation for TASA was the need for a telecommunications relay system whereby the cost for access to basic telecommunications services for persons who have a hearing or

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speech impairment is no greater than the amount paid by other telecommunications customers.

The federal Americans with Disabilities Act (ADA) required telephone companies to develop a relay system for both interstate and intrastate calls by July 1993; however, TASA mandated that a statewide telecommunications relay service be provided earlier, beginning June 1, 1992. Florida's TASA required the development of a statewide relay service that would be capable of being certified by the FCC. TASA provides funding for the distribution of specialized telecommunications devices and provision of intrastate relay service through the imposition of a surcharge of up to \$.25 per access line per month. (Accounts with over 25 lines are billed for only 25 lines).

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the then thirteen local exchange telephone companies, was named by the Commission to serve as the TASA administrator. Currently, FTRI has over 130,000 Floridians in its client data base.

Beginning July 1, 1991, the LECs began collecting the initial \$.05 per access line surcharge pursuant to Order No. 24581; the surcharge was increased to \$.10 per access line on July 1, 1992. The surcharge remained at \$.10 per access line through November 30, 1994. Effective December 1, 1994, the surcharge was increased to \$.12 per access line. Due to expense reductions proposed by FTRI and a cash balance in its surplus fund account, the surcharge was reduced from \$.12 to \$.10 for the fiscal year 1995-1996. Staff was aware that the cash balance would be reduced during the fiscal year and that an increase in the surcharge would be inevitable for the 1996-97 fiscal year. Accordingly, the Commission ordered the surcharge increased back to \$.12, effective July 1, 1996.

Issue 1 addresses Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1997-98. Issue 2 addresses an amendment to MCI's current contract which expires May 31, 1997.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Telecommunications Relay, Inc.'s proposed budget for the fiscal year 1997-98 be approved effective July 1, 1997 as proposed by FTRI?

RECOMMENDATION: Yes. Florida Telecommunications Relay, Inc.'s proposed budget (Attachment A) for fiscal year 1997-98 should be approved effective July 1, 1997.

Local exchange telephone companies and alternative local exchange companies should be ordered to continue to assess the \$.12 surcharge.

As is the case today, the budget shall be grouped into five categories. FTRI may move amounts between these five categories not to exceed 10% of the category from which the funds are being moved; greater movement would require prior Commission authorization.

STAFF ANALYSIS:

Staff believes the current \$.12 surcharge is sufficient to fund FTRI's planned programs for the upcoming fiscal year. While the per minute rate for relay service will decrease from \$.745 per minute to \$.60 per minute beginning June 1, 1997, the minutes of use have been increasing. In June 1992 FTRI was billed for 333,913 minutes of actual use; in January 1997 they were billed for 1,030,116. MCI projects that minutes of use will exceed 1.2 million by May 1998.

It is estimated, based on information received on April 16, 1997, that the amount of cash surplus in FTRI's account will be approximately \$1.5 million on June 30, 1997. FTRI and staff agree that an appropriate amount of surplus is equal to approximately one month's cash disbursements. Using the most current data available, and applying FTRI's simplified cash flow model, with the surcharge continuing at \$.12 per access line, the surplus balance will be approximately \$1.1 million at the end of the fiscal year (which is very close to one month's cash disbursements). Therefore, staff recommends that FTRI's proposed budget for fiscal year 1997-98 should be approved effective July 1, 1997, and local exchange telephone companies and alternative local exchange companies should be ordered to continue to assess the current \$.12 surcharge.

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ISSUE 2: Should MCI's current contract be amended to allow a third 800 telephone number for ASCII users?

RECOMMENDATION: Yes, MCI's current contract should be amended to allow a third 800 telephone number for ASCII users for the remaining life of the current contract.

STAFF ANALYSIS: The current contract with MCI (which expires May 31, 1997) requires that the company provide a single access number for TDD users and a single access number for voice users. The new contract with MCI, which begins June 1, 1997 and runs through May 31, 2000, has the same requirement as above but allows the provider to offer a third access number for ASCII users (ASCII is a type of TDD protocol). Under its new contract, MCI has elected to provide this third number.

The current TDD 800 number first answers in the ASCII protocol, which delays the connection for those TDD users with the Baudot protocol. It is estimated that approximately 70% of FRS TDD callers are Baudot users. By allowing MCI to provide a third number for ASCII user, Baudot users will experience quicker connections.

Beginning immediately MCI would like to implement and advertise this new telephone number for ASCII access. At the last Advisory Committee Meeting (April 10, 1997), the Committee members in attendance were supportive of MCI's efforts to provide a third access number for ASCII. Therefore, staff believes it is appropriate to amend the current contract in order to allow MCI to begin advertising and implementing the separate access number for ASCII users. A separate access number for ASCII users will benefit the majority of the relay users because they will experience quicker connections time when calling the FRS. In addition, if a caller calls the wrong access number, FRS will process the call without requiring the caller to redial. This additional access number is provided without additional cost to the state. Since this will benefit FRS users and the state will not incur additional costs, staff believes MCI's current contract should be amended to include a third 800 telephone number for ASCII users.

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ISSUE 3: Should these dockets be closed?

RECOMMENDATION: No.

STAFF ANALYSIS: Docket 910496-TP should remain open for the duration of the current contract with MCI. Docket 960598-TP should remain open for the duration of the new contract with MCI.

	COMMISSION APPROVED BUDGET 1996-1997	FTRI BEST VIEW ACTUAL 1996 - 1997 (AS OF MARCH 1997)	FTRI PROPOSED BUDGET 1997 - 1998
OPERATING REVENUE			
(1.) SURCHARGES	\$12,972,441.00	\$13,137,976.00	\$13,696,341.00
(2.) INTEREST INCOME	\$67,810.00	\$70,982.00	\$71,658.00
(3.) SERVICE/OTHER	\$0.00	\$0.00	\$0.00
TOTAL OPERATING REVENUE	\$13,040,251.00	\$13,208,958.00	\$13,767,999.00
OPERATING EXPENSES			
CATEGORY 1 - RELAY SERVICES			
(4.) DPR PROVIDER	\$7,978,908.00	\$8,962,227.00	\$8,862,120.00
SUBTOTAL-CATEGORY 1	\$7,978,908.00	\$8,962,227.00	\$8,862,120.00
CATEGORY II - EQUIPMENT & REPAIRS			
(5.) TDD EQ	\$481,500.00	\$374,027.00	\$399,000.00
(6.) LARGE PRINT TDD'S	\$5,690.00	\$5,690.00	\$5,010.00
(7.) VOO/HCO-TDD	\$45,800.00	\$36,994.00	\$295,950.00
(8.) VCO-TELEPHONE	\$67,000.00	\$94,794.00	\$134,000.00
(9.) DUAL SENSORY EQ	\$0.00	\$0.00	\$0.00
(10.) VCP HEARING IMP	\$2,490,840.00	\$1,681,613.00	\$1,838,160.00
(11.) VCP SPEECH IMP	\$7,926.00	\$5,300.00	\$16,590.00
(12.) IN-LINE AMPLIFIER	\$0.00	\$0.00	\$13,200.00
(13.) ARS SIGNALING EQ	\$362,500.00	\$313,100.00	\$371,070.00
(14.) VRS SIGNALING EQ	\$78,225.00	\$57,924.00	\$80,345.00
(15.) TRS SIGNALING EQ	\$750.00	\$735.00	\$960.00
(16.) TELECOMM EQ REPAIR	\$164,575.00	\$255,657.00	\$290,000.00
SUBTOTAL-CATEGORY II	\$3,704,806.00	\$2,825,834.00	\$3,424,285.00
CATEGORY III - EQUIPMENT DISTRIBUTION AND TRAINING			
(17.) FRGHT/TELECOMM EQ	\$27,642.00	\$21,144.00	\$23,686.00
(18.) REGIONAL DIST CTRS	\$710,124.00	\$710,124.00	\$710,124.00
(19.) WORKSHOP EXPENSE	\$10,750.00	\$11,108.00	\$18,146.00
(20.) TRAINING EXPENSE	\$30,000.00	\$35,556.00	\$39,112.00
SUBTOTAL-CATEGORY III	\$778,516.00	\$777,930.00	\$791,068.00
CATEGORY IV - OUTREACH			
(21.) OUTREACH EXPENSE	\$64,885.00	\$6,161.00	\$153,000.00
SUBTOTAL-CATEGORY IV	\$64,885.00	\$6,161.00	\$153,000.00
CATEGORY V - GENERAL & ADMINISTRATION			
(22.) ADVERTISING	\$2,100.00	\$388.00	\$800.00
(23.) ACCOUNTING/AUDITING	\$12,000.00	\$11,425.00	\$11,525.00
(24.) LEGAL	\$54,000.00	\$31,941.00	\$42,000.00
(25.) CONSULTATION	\$6,500.00	\$1,075.00	\$25,000.00
(26.) AUTO LEASE EXPENSE	\$4,800.00	\$4,800.00	\$4,800.00
(27.) BANK CHARGES	\$0.00	\$0.00	\$0.00
(28.) DUES/SUBSCRIPTIONS	\$1,250.00	\$660.00	\$1,000.00
(29.) OFFICE FURNITURE PURCHASE	\$1,000.00	\$848.00	\$1,000.00
(29A.) LESS CAPITALIZED POR	\$0.00	\$0.00	\$0.00
(30.) OFFICE EQUIPMENT PURCHASE	\$2,500.00	\$8,358.00	\$23,500.00
(30A.) LESS CAPITALIZED POR	\$0.00	\$0.00	\$0.00
(31.) DEPRECIATION	\$0.00	\$0.00	\$0.00
(32.) OFFICE EQUIPMENT LEASE	\$3,160.00	\$3,707.00	\$3,892.00
(33.) INSURANCE-HEALTH/LIFE/DISABILITY	\$70,280.00	\$54,388.00	\$62,269.00
(34.) INSURANCE-OTHER	\$3,250.00	\$2,799.00	\$3,250.00
(35.) OFFICE EXPENSE	\$5,250.00	\$5,806.00	\$7,008.00
(36.) POSTAGE	\$16,500.00	\$14,310.00	\$15,024.00
(37.) RENT	\$45,875.00	\$45,975.00	\$47,698.00
(38.) PRINTING	\$35,000.00	\$33,625.00	\$35,306.00
(39.) RETIREMENT	\$28,713.00	\$20,945.00	\$27,073.00
(40.) EMPLOYEE COMPENSATION	\$249,296.00	\$202,857.00	\$234,782.00
(41.) EMPORARY EMPLOYMENT	\$2,500.00	\$938.00	\$2,400.00
(42.) TAXES-PAYROLL	\$19,483.00	\$15,886.00	\$18,328.00
(43.) TAXES-UNEMP COMP.	\$220.00	\$2,820.00	\$2,822.00
(44.) TAXES-LICENSES	\$75.00	\$62.00	\$75.00
(45.) TELEPHONE	\$25,000.00	\$20,790.00	\$24,000.00
(46.) TRAVEL AND BUS EXPENSE	\$15,000.00	\$14,413.00	\$14,980.00
(47.) EQUIPMENT MAINTENANCE	\$5,000.00	\$2,904.00	\$5,000.00
(48.) EMPLOYEE TRNG/DVLP	\$3,000.00	\$1,299.00	\$4,000.00
(49.) MEETING EXPENSE	\$2,300.00	\$7,029.00	\$3,900.00
(50.) MISCELLANEOUS EXP.	\$500.00	\$0.00	\$500.00
SUBTOTAL-CATEGORY V	\$614,652.00	\$508,048.00	\$621,942.00
TOTAL EXPENSES	\$13,141,667.00	\$13,080,200.00	\$13,852,415.00
REVENUE LESS EXPENSES	(\$101,416.00)	\$128,758.00	(\$84,416.00)