

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

RECEIVED: FPSC
10 JUN - 3 AM 10:46
COMMISSION
CLERK

DATE: June 3, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Analysis (Casey) *PC*
Office of the General Counsel (Miller) *C.M.S.M.C.*
Division of Service, Safety & Consumer Assistance (Moses) *RET AND*

RE: Docket No. 040763-TP – Request for submission of proposals for relay service, beginning in June 2005, for the hearing and speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

AGENDA: 06/15/10 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: 07/03/10 - By contract, the Commission is required to notify Sprint of its intent to exercise the requested option period.

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

FILE NAME AND LOCATION: S:\PSC\RAD\WP\040763.RCM.06-15-10.DOC

Case Background

Relay service is a service that uses specialized operators that interface with hearing impaired individuals for the purpose of accessing telecommunications services and is provided pursuant to Chapter 427, Florida Statutes. According to the Florida Coordinating Council for the Deaf and Hard of Hearing's 2009 Report to the Governor, Legislature, and Supreme Court of the

DOCUMENT NUMBER-DATE
34606 JUN-3 0
FPSC-COMMISSION CLERK

State of Florida, nearly three million Floridians, or approximately one sixth of all Florida's citizens, are affected by hearing loss.

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

On September 11, 2007, the Commission approved the first one-year extension of the Sprint Relay contract beginning June 1, 2008, and ending May 31, 2009. The Commission also approved pricing caps for contract option years two through four which were contained in Sprint's September 6, 2007 letter to the Commission. On July 1, 2008, the Commission approved the year two contract option beginning June 1, 2009, and ending May 31, 2010. On June 30, 2009, the Commission approved the third one-year extension of the Sprint Relay contract beginning June 1, 2010, and ending May 31, 2011.

Sprint is required to notify the FPSC of its decision whether to extend the relay contract into the option periods by June 1 the year before the current service expires. By contract, the FPSC is required to notify Sprint of its intent to exercise the requested option period within two months of receipt of Sprint's notification of its desire to extend. Sprint submitted a letter May 3, 2010, notifying the Commission of its desire to extend the contract for the option year beginning June 1, 2011, and ending May 31, 2012.

The purpose of this recommendation is to address the fourth and final year option of the Sprint relay contract beginning June 1, 2011. The Commission is vested with jurisdiction over these matters pursuant to Chapter 427, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2011?

Recommendation: Yes. Staff recommends that the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2011. Rates for traditional telecommunications relay service (TRS) should be \$0.89 per session minute and the rate for CapTel captioning service should be \$1.54 per session minute for the 2011-2012 contract year. Staff also recommends that the amount of the Sprint performance bond should be \$4,582,763 for the 2011-2012 contract option year. (Casey, Moses, Miller)

Staff Analysis: On May 3, 2010, Sprint submitted a letter notifying the Commission of its desire to extend the Florida Relay contract for the option year beginning June 1, 2011, and ending May 31, 2012. Florida is presently paying \$0.85 per session minute for traditional telecommunications relay service (TRS)¹ and \$1.47 per session minute² for CapTel captioning service³ per the existing one-year option contract effective June 1, 2010.

In accordance with the pricing caps agreed to during negotiations of the 2008-2009 contract, Sprint could increase its rates to a maximum of \$0.91 per session minute for traditional TRS and \$1.54 per session minute for CapTel captioning service. However, Sprint submitted rates of \$0.89 per session minute for traditional TRS and \$1.54 per session minute for CapTel captioning service for the fourth and final option year of the Sprint contract beginning June 1, 2011.

Annual Performance Bond - Sprint is proposing that the amount of the annual performance bond be \$4,582,763 for the 2011-2012 contract option year. Paragraph B-56 of the Relay contract states:

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

¹ TRS uses operators, called communications assistants (CAs), to facilitate telephone calls between people with hearing and speech disabilities and other individuals. A TRS call may be initiated by either a person with a hearing or speech disability, or a person without such disability. When a person with a hearing or speech disability initiates a TRS call, the person uses a TTY or other text input device to call the TRS relay center, and gives a CA the number of the party that he or she wants to call. The CA in turn places an outbound traditional voice call to that person. The CA then serves as a link for the call, relaying the text of the calling party in voice to the called party, and converting to text what the called party voices back to the calling party.

² Session minutes include the entire time that the call is connected to the communication assistant, including the time used to set up the call.

³ The CapTel phone is a captioned telephone service which uses a telephone that looks similar to a traditional telephone but also has a text display that allows the user, on one standard telephone line, to both listen to the other party speak and simultaneously read captions of what the other party is saying. This way, a typical user of this service, who has the ability to speak and some residual hearing, can both listen to what is said over the telephone and read captions for clarification.

Staff agrees that the amount of the performance bond should be \$4,582,763, which is the projected contract value for the 2011-2012 contract option year. The entire projected value of the contract would be covered by this performance bond.

Conclusion

Capping the amount of increase for traditional TRS and CapTel captioning service in the remaining contract option years has proven to be very beneficial. While some states are experiencing relay costs of as much as \$1.31 per minute for traditional TRS and \$1.82 per minute for CapTel captioning service, Florida's relay rates for the 2011-2012 contract option year will be \$0.89 per session minute for traditional TRS and \$1.54 per session minute for CapTel captioning service.

Although the Commission has the right to re-bid the relay contract for the 2011-2012 contract year, staff believes that extending Sprint's contract for the fourth option year is in the public interest. It would keep relay costs down and be the most economical choice benefiting the state of Florida. Staff surveyed other states and determined that Florida's TRS rates are below the average TRS rates being paid by other states. Therefore, staff recommends that the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2011. If approved, rates for traditional TRS service shall be \$0.89 per session minute and the rate for CapTel captioning service shall be \$1.54 per session minute for the 2011-2012 contract year. Staff also recommends that the amount of the Sprint performance bond should be \$4,582,763 for the 2011-2012 contract option year.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open for the duration of the contract period with Sprint as the relay provider. This docket is used to monitor relay and contract issues that arise during the contract term. (Miller)

Staff Analysis: This docket should remain open for the duration of the contract period with Sprint as the relay provider. This docket is used to monitor relay and contract issues that arise during the contract term.