

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-

DATE: April 18, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Curtis J. Williams, Regulatory Analyst IV, Office of Telecommunications *CW PC*
RE: Docket No. 110013-TP - Document Filing *BMS*

Please file the attached document in Docket No. 110013-TP. The document includes an e-mail and response relating to FTRI's 2013/2014 Proposed Budget.

Please let me know if you have any questions.

Attachments

Cc: Bob Casey
Beth Salak
Cindy Miller

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13 APR 18 PM 12:54
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DOCUMENT NUMBER-DATE

02046 APR 18 2013

FPSC-COMMISSION CLERK

Curtis Williams

From: James Forstall <jforstall@ftri.org>
Sent: Wednesday, April 17, 2013 2:39 PM
To: Curtis Williams
Cc: Bob Casey; Cindy Miller; Beth Salak; James Forstall; sdearie@ftri.org; nhorton@lawfla.com; mgriffis@nefcom.net; Cecil.Bradley@vr.fldoe.org
Subject: RE: Data Request Regarding FTRI FY 2013/2014 Budget
Attachments: FTRI-2013-2014-BUDGET-DATA REQUEST-JF.pdf

Curtis,

Attached is FTRI's responses to the Data Request. Should you have any questions or need clarification, please feel free to contact me.

Regards,

James

From: Curtis Williams [mailto:CJWillia@PSC.STATE.FL.US]
Sent: Monday, April 08, 2013 3:44 PM
To: jforstall@ftri.org
Cc: Bob Casey; Cindy Miller; Beth Salak
Subject: Data Request Regarding FTRI FY 2013/2014 Budget

Hi James,

Attached please find questions regarding FTRI's FY 2013/2014 Budget. Staff is preparing a recommendation to present to the Commission at the May 14, 2013, Commission Agenda.

Staff request that you provide your response by Wednesday, April 17, 2013.

If you have any questions, please feel to contact us. Thank you.

Curtis J. Williams
Office of Telecommunications

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**DATA REQUEST
FTRI FY 2013/2014 PROPOSED BUDGET**

1. FTRI is showing a decrease of \$505,518 in surcharges from 2012/2013 Estimated Revenue and Expenditures. Is the surcharge decrease the result of a reduction of access lines? If so, what percentage decrease did FTRI estimate on access lines for the 2013-2014 budget? Please provide the access line calculation FTRI used for this proposed budget.

RESPONSE: We attribute the decrease to a reduction in access lines and companies that report such activity. Based on actuals and estimated reporting for FY 2012/2013, along with prior FY's activity, we anticipate a reduction of access lines of 5.76% for FY 2013/2014.

2. In response to staff's inquiry last year, FTRI indicated that it was earning .25 APY. Has FTRI considered alternatives to increase returns? If so, what are they?

RESPONSE: Currently interest earnings are .35% APY. We've explored alternatives such as CD's and other investments but the challenge has been with finding a financial instrument that ensures the 280 Public Deposits matching requirements.

3. The NDBEDP account shows FTRI using \$175,000 of the \$458,832 Federal Grant. Are the grants issued by calendar year? Will the unused funding allocations for Florida be rolled over or lost if not used?

RESPONSE: The NDBEDP funds (\$458,832) were allocated to FTRI to be used exclusively on specialized equipment, training, outreach and associated administrative cost with serving qualified Deaf-Blind individuals in Florida. The FCC, as well as the FTRI Board of Directors, requires that NDBEDP funds not be intermingled with FTRI funds. NDBEDP funds are issued by fiscal year (July-June) and unused funds are not rolled over into subsequent fiscal year. Based on actual activities and number of remaining Deaf-Blind individuals not served, the FCC will determine how much to allocate to each state going forward.

4. The DPR Provider account shows a decrease of \$1,457,500 from 2012/2013 Estimated Revenue and Expenditures. Did FTRI review and agree with AT&T's Estimated Volume projections? Did FTRI notice the projections were based on conversation minutes and not session minutes?

RESPONSE: FTRI used the billable minute projections provide to us by AT&T and did not notice the conversation/session minutes error. Current FY 2012/2013 volume is under AT&T projections as provided to FTRI last year and FTRI had no reason to question AT&T's anticipated volume for the upcoming year.

5. Last year, FTRI indicated that the decrease in equipment primarily for the Deaf community (TTY) was due to migration to both wireless and internet products/services. FTRI's 2013/2014 budget

also shows a significant decrease in equipment expense. Do you believe the 2013/2014 decrease is also the result of migration to wireless and internet products and services? Please explain.

RESPONSE: Yes, the Deaf community has been migrating away from the traditional TTY for equipment and technology such as video phone and wireless devices for the past few years. In addition, the hard of hearing (HOH) community is also migrating towards VoIP, Internet, and wireless devices. For the past few years both Deaf and HOH communities have requested equipment from FTRI that works with the Internet such as video phones and captioned telephones; FTRI has been unable to serve this segment of qualified consumers due to statute limitations. Additionally, there are amplified wireless devices specifically designed for persons with hearing loss however they're not readily available in the retail market due to unawareness by both the consumers and retailers.

6. The VCO Telephone account shows a \$1,013 (37.4%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: During the current fiscal year FTRI had an inventory of VCO units that needed to be depleted prior to purchasing additional units. The increase represents units to be purchased once the inventory is depleted.

7. The CapTel Phone Equipment account shows a \$17,050 (44.9%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently the Estimated Revenue and Expenditures are under budget for CapTel. In the next fiscal year FTRI anticipates increasing the Equipment and RDC Service activities and budgeted for those estimations.

8. The VCP Hearing Impaired account shows a \$366,720 (19.2%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for VCPH. In the next fiscal year FTRI anticipates increasing the Equipment and RDC Service activities and budgeted for those estimations.

9. The VCP Speech Impaired account shows a \$21,148 (197.8%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for VCPS. In the next fiscal year FTRI anticipates increasing the Equipment and RDC Service activities and budgeted for those estimations.

10. The TeliTalk Speech Aid account shows a \$11,400 (52.8%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for TeliTalk. In the next fiscal year FTRI anticipates increasing the Equipment and RDC Service activities and budgeted for those estimations.

11. The Jupiter Speaker Phone account shows a \$12,000 (66.7%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for Jupiter Speaker Phone. Additionally, the Jupiter Speaker Phone is no longer available and FTRI has had to secure another speaker phone (Fortissimo) as a replacement and anticipates that the new equipment could produce a high demand leading FTRI to budget for additional units.

12. The VRS Signaling Equipment account shows a \$3,500 (21.2%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for VRS. In the next fiscal year FTRI anticipates increasing the Equipment and RDC Service activities and budgeted for those estimations.

13. The Telecomm Equip Repair account shows a \$24,000 (48%) decrease from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated decrease.

RESPONSE: FTRI has implemented a repair/refurbish pilot program for VCPH equipment and distributes the equipment as new. The cost of the repaired to like new condition equipment should provide a substantial savings to the program. FTRI moved the expense for repairing VCPH equipment to the new equipment line item to reflect the reduction in new equipment cost.

14. The Freight-Telecomm Equipment account indicates a \$7,000 (14.58%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: FTRI has implemented a repair/refurbish pilot program and the increased cost is to cover shipping of phones to the repair facility.

15. The Regional Distr Centers account shows a \$15,135 (1.37%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase. Have any regional distribution centers been added or deleted during the last year?

RESPONSE: Current FY 2012/2013 Equipment and RDC Service activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for this RDC line item. In the next fiscal year FTRI anticipates increasing the RDC Service activities using a comprehensive outreach program and budgeted for those estimations. FTRI has not added an RDC during the current fiscal year however, the Deaf and Hearing Connection of Tampa Bay (RDC

#12) was dissolved for financial reasons and FTRI contracted with Family Center on Deafness (RDC #27) as a replacement. RDC #12 staff transitioned to RDC #27 seamlessly.

16. The Training Expense Account shows a \$18,000 (900%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: FTRI held a state-wide conference (Workshops #23) for RDCs in FY 2012/2013 that included training, equipment updates, etc. and held fewer regional workshops than anticipated. In the upcoming FY 2013/2014 FTRI does not plan to host an annual conference (Workshops #23) but plans to host regional training workshops in addition to Go-To-Meeting webinars. FTRI hosted a few Go-To-Meeting webinars during the current fiscal year and have found this type training method to be successful and cost efficient. Should the Go-To-Meeting webinars continue to prove successful during the upcoming fiscal year, FTRI should be able to reduce budget amount for Training (#24) in subsequent years.

17. The Outreach Expense Account shows a \$36,787 (5.7%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: Current FY 2012/2013 Equipment and Outreach activities are less than anticipated and consequently Estimated Revenue and Expenditures are under budget for Outreach. In the next fiscal year FTRI anticipates increasing outreach activities through the RDCs and has maintained the current year budgeted amount for those estimations.

18. The Office Furniture Purchase shows a \$2,550 (104%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: FTRI plans to replace some equipment and/or furniture due to expected wear and tear.

19. The Insurance-Hlth/Life Dsblty account shows a \$41,255 (13.1%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase. Does FTRI fully fund employees health, life, and disability expenses? If so, has FTRI considered having employees pay a portion of their insurance expense? If not, why?

RESPONSE: Part of the increase (9.5%) is due to annual increase by the provider. For budget purposes, FTRI estimates all 15 positions being filled with maximum coverage however the actual is generally lower. FTRI currently funds employee health, life, and disability at 100% and has not considered having employee pay portion of insurance premium but has periodically obtained quotes from the insurance market to ensure comparable rate/coverage. FTRI plans to conduct another comparable rate/coverage analysis in the near future and review whether modifications may be proposed.

20. The Office Expense account shows a \$1,396 (8.7%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: The account encompasses a variety of office expenses such as Janitorial, Pest Control, Security Service, Document Shredding and office supplies. The estimated increase is based on the increased cost for these services in the new budget year.

21. The Retirement Account shows a \$2,813 (8.7%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase. Does FTRI fully fund employee's retirement contributions? If so, has FTRI considered having employees contribute to their retirement? Has FTRI considered alternate retirement plans for new employees?

RESPONSE: Yes, FTRI fully funds the retirement plan. The increase is based on projected salaries, which includes an unapproved COL increase of 3%, and estimated overtime. In the past FTRI has considered having new employees become vested at a later time compared to the current policy but have not made any changes. FTRI plans to conduct a comparable plan analysis in the near future and review whether modifications may be proposed.

22. The Employee Compensation account shows a \$20,514 (3.9%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase. How many full-time positions does FTRI have? Does FTRI have any part-time positions?

RESPONSE: FTRI has 15 full-time positions. The increase includes an across the board COL increase however increases are not mandatory and is subject to recommendation and approval by the Board of Directors. Overtime (\$4,560) is also estimated in the increase.

23. The Temporary Employment account shows a \$1,600 (10.3%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: The rates charged by the temporary employment agency have increased and FTRI budgeted accordingly.

24. The Telephone account shows a \$1,468 (7.4%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: FTRI has implemented a new toll-free Customer Care line for existing clients to contact FTRI for troubleshooting their equipment. FTRI is anticipating an increase in call volume as FTRI expands awareness about the Customer Care program.

25. The Travel & Business account shows a \$2,509 (15%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase.

RESPONSE: During FY 2012/2013 travel was less than anticipated however FTRI anticipates additional traveling to maintain and cultivate relations with the RDCs during the upcoming fiscal year.

26. The Meeting Expense account shows a \$2,210 (46.1%) increase from 2012/2013 Estimated Revenue and Expenditures. Please explain the reason for this estimated increase. How are expenses for your TEDPA duties kept separate from FTRI expenses?

RESPONSE: FTRI increased this line item primarily because of expenses associated with securing ASL interpreters and CART for board and staff meetings. Interpreters are required for some meetings and, due to lack of availability, FTRI has had to secure ASL interpreters from outside of Tallahassee and consequently cost has increased significantly. TEDPA related expenses are charged to personal credit card and/or are paid directly by TEDPA.

27. In response to one of staff's inquiries last year, FTRI indicated that it had reached out to AT&T requesting continuation of the special \$99 pricing for CapTel phones, but had not received an answer. Has AT&T provided an answer to your inquiry?

RESPONSE: No, FTRI did not hear back from AT&T however I did notify Bob Casey on July 27, 2012 that FTRI purchased CapTel devices during the month of June and was charged \$99 per unit. FTRI continues to purchase the CapTel for \$99.

28. What is the status of FTRI's newly implemented paperless system to streamline process? Are all RDCs on board with the new system?

RESPONSE: FTRI is pleased to inform that all RDCs are on board with the new system and FTRI has received quite a bit of praise from the RDCs regarding the new system. The next phase is to allow clients to complete the application online.

29. Please share any developments regarding FTRI's 2013/2014 budget that may have occurred after submission of FTRI's April 1, 2013 letter to FPSC staff regarding the budget.

RESPONSE: None at this time.