

State of Florida



FILED APR 22, 2016
DOCUMENT NO. 02409-16
FPSC - COMMISSION CLERK

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 22, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (Williams, Bates)
Office of the General Counsel (Page)

RE: Docket No. 140029-TP – Request for submission of proposals for relay service, beginning in June 2015, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

AGENDA: 05/05/16 – Regular Agenda – Proposed Agency Action for Issue 1 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: July 1, 2016 – Effective date of Florida Telecommunications Relay, Inc. budget. Notification of any change in the Telecommunications Access System Act surcharge must be made to carriers prior to July 1, 2016.

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.

Case Background

The Florida Relay System provides deaf and hard of hearing persons access to basic telecommunications services by using a specialized Communications Assistant that relays information between the deaf or hard of hearing person and the other party to the call. The primary function of the Florida Relay System is accomplished by the deaf or hard of hearing

Date: April 22, 2016

person using a Telecommunications Device for the Deaf where the person using the Telecommunications Device for the Deaf types a message to the Communications Assistant who in turn voices the message to the other party, or a Captioned Telephone which displays real-time captions of the conversation.

The Telecommunications Access System Act of 1991 (TASA) established a statewide telecommunications relay system which became effective May 24, 1991. TASA is authorized pursuant to Chapter 427, Florida Statutes (F.S.). Section 427.701(1), F.S., provides that the Florida Public Service Commission (Commission or FPSC) shall establish, implement, promote, and oversee the administration of the statewide telecommunications access system to provide access to telecommunications relay services by persons who are deaf, hard of hearing or speech impaired, or others who communicate with them. It is estimated that approximately 2.5 to 3 million¹ of the estimated 20 million persons living in Florida have been diagnosed as having a hearing loss. This system provides telecommunications service for deaf or hard of hearing persons functionally equivalent to the service provided to hearing persons.

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 \$0.25 per landline access line per month. Accounts with over 25 access lines are billed for only 25 lines. Pursuant to Section 427.704(4)(a)1, F.S., a surcharge is collected only from landline access lines.²

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, was selected by the Commission to serve as the Telecommunications Access System Act Administrator. On July 1, 1991, the local exchange telecommunications companies began collecting an initial \$.05 per access line surcharge pursuant to Order No. 24581. Since July 1, 1991 the surcharge, which is currently \$0.12 per month, has changed to reflect FTRI budgetary needs and potential Federal Communications Commission (FCC) mandates.

Chapter 427, F.S., 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.

The current relay service provider in Florida is Sprint. The FPSC awarded the contract to Sprint, effective March 1, 2015, for a period of three years. The contract contains options to extend the contract for four additional one-year periods, and requires mutual consent by both parties to extend the contract.

¹ 2015 Florida Coordinating Council for the Deaf and Hard of Hearing Biennial Report to Governor Rick Scott, the Florida Legislature & the Supreme Court and "Demographics and Statistics," Florida Telecommunications Relay, Inc., <http://ftri.org/index.cfm/go/public.view/page/12>, accessed on April 21, 2016.

² Florida Telecommunications Relay, Inc. projects a 4 percent decrease in landline access lines subject to the relay surcharge for the budget year 2016/2017.

Docket No. 140029-TP

Date: April 22, 2016

Staff sent a data request to FTRI on a number of issues included in its proposed budget. FTRI's responses to staff's data request are included in the docket file. The purpose of this recommendation is to address the FTRI proposed 2016/2017 fiscal year budget. The Commission is vested with jurisdiction pursuant to Chapter 427, F.S.

Discussion of Issues

Issue 1: Should the Commission approve FTRI's proposed budget, excluding the National Deaf-Blind Equipment Distribution Program, for fiscal year 2016/2017, effective July 1, 2016, and should the Commission maintain the current Telecommunications Relay Service (TRS) surcharge of \$0.12 per month?

Recommendation: Yes. Staff recommends that the Commission approve FTRI's proposed budget operating revenue of \$7,796,894 and proposed budget expenses of \$7,505,109, excluding the National Deaf-Blind Equipment Distribution Program, for fiscal year 2016/2017, effective July 1, 2016. Staff recommends that FTRI should be allowed to increase its outreach expenses to pilot a targeted newspaper insert program with data to be filed with its annual budget request indicating the program's effectiveness. (Williams, Bates, Page)

Staff Analysis:

Traditional Telecommunications Relay Service

Minutes of use for traditional Telecommunications Relay Service have been declining. Sprint's projections indicate that traditional minutes will continue to decline during the 2016/2017 fiscal year. Traditional relay users are transitioning to Internet Protocol Relay,³ Video Relay Service,⁴ Captioned Telephone Service,⁵ Internet Protocol Captioned Telephone Service,⁶ Internet Protocol Speech-to-Speech (STS) service,⁷ and wireless service. The traditional Telecommunications Relay Service cost as approved in Sprint's contract remains at \$1.09 per session minute.

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

⁴ Video Relay Service is a form of Telecommunications Relay Service that enables persons with hearing disabilities who 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 so that the VRS user and the operator can see and communicate with each other in signed conversation. Because the conversation between the VRS user and the operator flows much more quickly than with a text-based TRS call, VRS has become a popular form of TRS.

⁵ A telephone that displays real-time captions of a conversation. The captions are typically displayed on a screen embedded into the telephone base.

⁶ IP captioned telephone service allows the user to simultaneously listen to, and read the text of, what the other party in a telephone conversation has said, where the connection carrying the captions between the service and the user is via an IP addressed and routed link.

⁷ Speech-to-Speech (STS) relay service utilizes a specially trained CA who understands the speech patterns of persons with speech disabilities and can repeat the words spoken by such an individual to the other party to the call. IP STS uses the Internet, rather than the public switched telephone network, to connect the consumer to the relay provider. Instead of using a standard telephone to make the relay call, an IP STS user can use a personal computer or personal digital assistant (PDA) device and, with the installation of softphone application software, can make a voice call via the Internet to the relay provider. The call is initiated by the user clicking on an icon on his or her computer or PDA; the relay user is then connected to a CA over the Internet and tells the CA the number to be dialed; the CA then connects the IP STS user with the called party and relays the call between the two parties.

CapTel Service

CapTel service uses a specialized telephone that provides captioning of the incoming call for a deaf or hard of hearing person. Sprint's projections show that CapTel minutes of use will also decrease during the 2016/2017 fiscal year. The CapTel cost as approved in the Sprint contract remains at \$1.63 per session minute.

Florida Telecommunications Relay Inc. Budget

Attachment A reflects FTRI's 2016/2017 fiscal year proposed budget, which was reviewed and adopted by FTRI's Board of Directors prior to filing with the Florida Public Service Commission. The proposed budget includes a decrease in expenses of approximately \$774,299 from the 2015/2016 Commission approved budget. The FTRI 2016/2017 proposed budget projects total operating revenues to be \$8,269,418 and total expenses to be \$7,977,633. FTRI believes the Telecommunications Relay surcharge can remain at \$0.12 per access line for the 2016/2017 fiscal year.

Sprint's estimated fiscal year 2016/2017 traditional Telecommunications Relay surcharge minutes of use are 1,013,262 at a rate of \$1.09 per minute for a total of \$1,104,456. Sprint's estimated CapTel minutes of use for fiscal year 2016/2017 are 1,280,726 at a rate of \$1.63 per minute for a total of \$2,087,583.

The biggest decrease in expense in the budget arises from relay provider services, resulting in \$779,460 in savings when compared to the 2015/2016 Commission approved budget. The largest increase in the budget is associated with FTRI Outreach. FTRI's Outreach expense increased by \$153,674 over the 2015/2016 Commission approved budget and FTRI's 2015/2016 estimated expenditures for Outreach.

FTRI states that it has experimented with newspaper inserts during 2015/2016. FTRI states that it plans to advertise the relay program all year, primarily using insert advertisements in newspapers. In support of its advertising strategy, FTRI presents the following points:

- Scarborough, a Nielsen service, released a report in March 2015 that 71.7 percent of US populations 65+ still read the Daily or Sunday newspaper
- Scarborough also reported that 71.9 percent of the total Top 7 Florida markets read a Daily or Sunday paper (Tampa-St. Pete-Sarasota, Miami-Ft. Lauderdale, Orlando-Daytona Beach-Melbourne, West Palm Beach-Ft Pierce, Jacksonville)
- In an article published in January 2015 by Pew Research Center, 84 percent of people 65+ still have landlines

The newspaper inserts will be targeted to zip codes with a high population of residents over 65 years old. Statistics indicate that one in three people over 65 have a hearing loss. FTRI has conducted various Outreach projects in the past including newspaper, community events, and joint efforts with the Regional Distribution Centers. However, the strategy of using newspaper insert advertisements on a statewide basis is a new and more intense effort.

After analysis of the proposed budget, staff believes FTRI should have sufficient funds for its 2016/2017 fiscal year budget and reserve account. A comparison of FTRI's 2015/2016 Commission approved budget and FTRI's 2016/2017 proposed budget is shown in Table 1 below.

Table 1
FTRI 2016/2017 Budget Comparison

| | Commission Approved 2015-2016 | FTRI Proposed 2016-2017 |
|-------------------------------------|--|------------------------------------|
| Operating Revenue: | | |
| Surcharges | \$8,249,890 | \$7,762,706 |
| Interest Income | 33,941 | 34,188 |
| NDBEDP ⁸ | 468,749 | 472,524 |
| Total Operating Revenue | \$8,752,580 | \$8,269,418 |
| Operating Expenses: | | |
| Relay Provider Services | \$3,971,499 | \$3,192,039 |
| Equipment and Repairs | 1,690,386 | 1,621,478 |
| Equipment Distribution And Training | 1,054,737 | 950,403 |
| Outreach | 574,626 | 728,300 |
| General & Administrative | 991,935 | 1,012,889 |
| NDBEDP | 468,749 | 472,524 |
| Total Expenses | \$8,751,932 | \$7,977,633 |
| Annual Surplus | 648 | 291,785 |
| Total Surplus ⁹ | \$15,723,243 | \$16,274,881 |

Source: FTRI's 2016/2017 proposed budget.

Decertification from the National Deaf-Blind Equipment Distribution Program

FTRI was certified by the FCC to participate in the National Deaf-Blind Equipment Distribution Program (NDBEDP) and receive reimbursement from the Federal TRS Fund in 2012. Under current FCC guidelines, FTRI is reimbursed for some expenses, including equipment purchased and distributed, assessment of clients, and training of clients. Administrative costs are capped at 15 percent of the reimbursement expenses.

⁸ National Deaf Blind Equipment Distribution Program.

⁹ The Federal Communications Commission may mandate state funding of Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service. It is estimated that approximately \$32 million would be needed to adequately fund the state program. The Commission, by Order PSC-06-0469-PAA-TP, issued June 1, 2006, in Docket No. 040763-TP, maintained the Florida Telecommunications Relay Service surcharge at \$0.15/month for one year in lieu of a surcharge reduction, to prepare the state Telecommunications Relay Service Fund for assuming intrastate costs of Video Relay Service and Internet Protocol Relay, and to allow time to determine how the costs should be recovered should the need arise.

As presented in Attachment B, on March 28, 2016 after it submitted its 2016/2017 proposed budget, FTRI submitted a letter to the Commission communicating that it will decertify from the NDBEDP. In the letter, FTRI explains that the FTRI Board directed that participation in the NDBEDP not adversely impact FTRI's TASA function in Florida. FTRI further explains that its participation in the NDBEDP without incurring a loss is becoming more challenging. FTRI revenues for FY 2015/2016 from the NDBEDP for Q1 and Q2 were \$66,149 and expenses were \$76,702, resulting in a net loss of \$10,553.

FTRI believes continued participation in the program may lead to increasing losses due to the 15 percent administrative cap. Further, FTRI states that reimbursable expenses are shifting to lower cost equipment, as well as maintenance and repair which take more administrative time than a new client and yield a lower administrative reimbursement using the 15 percent cap.

If FTRI decertifies with the FCC, it is anticipated that the program and its offered services will continue with another entity distributing the equipment for the deaf-blind, low-income Floridians. The FCC will make that determination after reviewing interested applicants' proposals.

The full impact of continuing to participate in the NDBEDP on FTRI's proposed 2016/2017 budget would be a projected \$61,820 loss as presented by FTRI in its 2015/2016 Estimated Revenue & Expenses as presented in Attachment A.

Analysis

As previously mentioned, Relay and CapTel expenses from Sprint are projected to decline as a result of reduced minutes. All other expense categories in FTRI's 2016/2017 proposed budget increased over the estimated expenses for 2015/2016. Staff believes the \$.12 surcharge is sufficient to cover the expenses for the fiscal year 2016/2017. However, if only the decrease in the Sprint relay expenses were considered with no increase in the other expense categories, staff still believes that the \$.12 should remain in place.

The idea of using insert advertisements that can be pulled out of newspapers may prove to have a positive impact on the relay program. Staff believes the targeted newspaper insert program should be approved on a pilot basis during the 2016/2017 budget year. Staff recommends that FTRI present its results and findings in its proposed 2017/2018 budget to the Commission to determine its effectiveness. During the April 13, 2016 TASA meeting, a member of the TASA Committee shared that his organization has seen an increase in the distribution of equipment as result of FTRI's outreach efforts. If this program is successful, the expenses for equipment, maintenance and repair should increase over estimated expenses as reflected in FTRI's proposed budget.

A comparison of FTRI's 2015/2016 Commission approved budget, FTRI's 2016/2017 proposed budget, estimated revenue and expenditures, FTRI's 2015/2016, and staff's recommended 2016/2017 FTRI budget is shown in Table 2. Each column has been adjusted to remove the NDBEDP revenues and expenses for comparability.

Table 2
FTRI 2016/2017 Budget Comparison with NDBEDP Impacts Removed

| | Commission Approved 2015-2016 | FTRI Estimated Revenue & Expense 2015-2016 | FTRI Proposed 2016-2017 | Staff Recommended 2016-2017 |
|-------------------------------------|--------------------------------------|---|--------------------------------|------------------------------------|
| Operating Revenue: | | | | |
| Surcharges | \$8,249,890 | \$8,086,152 | \$ 7,762,706 | \$7,762,706 |
| Interest Income | 33,941 | 23,174 | 34,188 | 34,188 |
| NDBEDP¹⁰ | 0 | 0 | 0 | 0 |
| Total Operating Revenue | \$ 8,283,831 | \$8,109,326 | \$ 7,796,894 | \$7,796,894 |
| Operating Expenses: | | | | |
| Relay Provider Services | \$3,971,499 | \$3,817,071 | \$3,192,039 | \$3,192,039 |
| Equipment and Repairs | 1,690,386 | 1,540,541 | 1,621,478 | 1,621,478 |
| Equipment Distribution And Training | 1,054,737 | 906,770 | 950,403 | 950,403 |
| Outreach | 574,626 | 574,626 | 728,300 | 728,300 |
| General & Administrative | 991,935 | 907,787 | 1,012,889 | 1,012,889 |
| NDBEDP | 0 | 0 | 0 | 0 |
| Total Expenses | \$8,283,183 | \$7,746,795 | \$7,505,109 | \$7,505,109 |

Source: FTRI's 2016/2017 proposed budget.

Conclusion

Staff has reviewed FTRI's 2016/2017 fiscal year budget request and believes it is reasonable. The current Telecommunications Relay Service surcharge of \$0.12 should meet FTRI's budget needs for the 2016/2017 fiscal year. Staff also recommends that the Telecommunications Relay Service surcharge be maintained at \$0.12 per month per access line up to 25 access lines for the fiscal year 2016/2017, effective July 1, 2016. The Commission should order all telecommunications companies to continue to bill the \$0.12 surcharge for the fiscal year 2016/2017, effective July 1, 2016.

¹⁰ National Deaf Blind Equipment Distribution Program.

Date: April 22, 2016

Issue 2: Should the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately?

Recommendation: Yes. Staff recommends that the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately. (Williams, Bates, Page)

Staff Analysis: Section 427.706, Florida Statutes, provides that the Commission shall appoint an advisory committee of up to 10 members to assist the Commission with Florida's relay system. By statute, the advisory committee provides the expertise, experience, and perspective of persons who are deaf, hard of hearing, or speech impaired to the Commission and the administrator during all phases of the development and operation of the telecommunications access system. The advisory committee advises the Commission and the administrator on 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 provided through the Florida Public Service Commission's Regulatory Trust Fund.

Mr. Tom D'Angelo and Mr. Tim Wata were nominated for appointment to the TASA Advisory Committee by the Florida Association of the Deaf. If approved by the Commission, they will replace Mr. Jon Ziev and Mr. Louis Schwarz who both resigned their positions on the TASA Advisory Committee as representatives for the Florida Association of the Deaf.

Mr. D'Angelo has over 15 years experience in the telecommunications industry. Mr. D'Angelo's previous positions include serving as the Florida Account Manager with Sprint Relay and Outreach Director for Communication service for the Deaf. Mr. D'Angelo is currently an active member of the Florida Association of the Deaf.

Mr. Wata has vast technical experience in Computer Science. Mr. Wata is currently a Staff research Engineer with Lockheed Martin Corporation. In addition to volunteering with the Florida Association of the Deaf, Inc., Mr. Wata also has volunteered with the Deaf Service Center of Greater Orlando, Inc., the Center for Independent Living in Central Florida, Inc., and the Florida Rehabilitation Advisory Council.

Therefore, staff recommends that the Commission approve the appointments of Mr. Tom D'Angelo and Mr. Tim Wata to the TASA Advisory Committee effective immediately.

Issue 3: Should this docket be closed?

Recommendation: No. A Consummating Order should be issued for Issue 1, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the current Sprint contract. (Williams, Bates, Page)

Staff Analysis: A Consummating Order should be issued for Issue 1, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. The docket should remain open to address all matters related to relay service throughout the life of the current Sprint contract.

Date: April 22, 2016



1820 E. Park Avenue, Suite 101
Tallahassee, FL 32301
Voice: 800-222-3448
TTY: 888-447-5620
Business: 888-292-1950
Fax: 850-656-8098
www.ftri.org

March 7, 2016

Mr. Curtis Williams, Regulatory Analyst IV
Office of Telecommunications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866

RE: FTRI FY 2016/2017 Budget

Dear Mr. Williams:

I am pleased to forward a copy of the FY 2016/2017 budget that was recently approved by the Florida Telecommunications Relay, Inc. (FTRI) Board of Directors. The budget was reviewed by our Budget Committee and was adopted by the Board at a special meeting recently.

The budget adopted by the board for FY 2016/2017 maintains the surcharge at the current rate of 12 cents per access line and at this level is projected to produce revenues of \$7,796,894. As reflected on the attached copy of the approved budget total expenses are projected to be \$7,505,109.

Access lines have decreased at the rate of 4.7% during the past three years (2013, 2014 & 2015) and that trend is expected to continue as more consumers move from landline to other technologies. For the budget period it is projected that access lines will decrease over 4%.

As of February 2016, FTRI has over 507,498 individuals in the client database. FTRI and its regional partners continue to reach out to meet the telecommunications access needs of residents who are deaf, hard of hearing, deaf/blind, or speech disabled. Outreach continues to be a large part of our efforts to attract new clients and educate the general population about the Florida Relay System and the benefits this brings to our citizens.

Should you have questions or desire additional information, please do not hesitate to email me at jforstall@ftri.org.

Sincerely,

James Forstall
Executive Director

Enclosure

cc: FTRI Board of Directors

Florida Telecommunications Relay, Inc.
 Fiscal Year 2016/2017 Budget @ .12 cents surcharge

| | 2015/2016 APPROVED BUDGET | 2015/2016 ESTIMATED REV & EXPEND | 2016/2017 PROPOSED BUDGET | VARIANCE 2015/2016 2016/2017 |
|---|---------------------------------|--|---------------------------------|------------------------------------|
| OPERATING REVENUE | | | | |
| 1 Surcharges | 8,249,890 | 8,086,152 | 7,762,706 | (487,184) |
| 2 Interest Income | 33,941 | 23,174 | 34,188 | 247 |
| 3 NDBEDP | 468,749 | 155,578 | 472,524 | 3,775 |
| TOTAL OPERATING REV | 8,752,580 | 8,264,904 | 8,269,418 | (483,162) |
| OTHER REVENUE/FUNDS | | | | |
| 4 Surplus Account | 15,722,595 | 15,682,385 | 15,983,096 | 260,501 |
| TOTAL REVENUE | 24,475,175 | 23,947,289 | 24,252,514 | (222,661) |
| OPERATING EXPENSES | | | | |
| CATEGORY I - RELAY SERVICES | | | | |
| 5 DPR Provider | 3,971,499 | 3,817,071 | 3,192,039 | (779,460) |
| SUBTOTAL-CATEGORY I | 3,971,499 | 3,817,071 | 3,192,039 | (779,460) |
| CATEGORY II - EQUIPMENT & REPAIRS | | | | |
| 6 TDD Equipment | 0 | 0 | 0 | 0 |
| 7 Large Print TDD's | 0 | 0 | 568 | 568 |
| 8 VCO/HCO - TDD | 720 | 1,150 | 1,150 | 430 |
| 9 VCO Telephone | 0 | 0 | 0 | 0 |
| 10 Dual Sensory Equipment | 5,000 | 0 | 5,000 | 0 |
| 11 CapTel Phone Equipment | 0 | 0 | 0 | 0 |
| 12 VCP Hearing Impaired | 1,440,645 | 1,414,033 | 1,434,745 | (5,900) |
| 13 VCP Speech Impaired | 1,386 | 554 | 693 | (693) |
| 14 TeliTalk Speech Aid | 18,000 | 10,800 | 15,000 | (3,000) |
| 15 Jupiter Speaker phone | 0 | 0 | 0 | 0 |
| 16 In-Line Amplifier | 0 | 0 | 0 | 0 |
| 17 ARS Signaling Equip | 6,501 | 4,204 | 5,418 | (1,083) |
| 18 VRS Signaling Equip | 16,080 | 8,577 | 15,246 | (834) |
| 19 Accessories & Supplies | 2,980 | 1,481 | 1,886 | (1,094) |
| 20 Telecomm Equip Repair | 199,074 | 99,742 | 141,772 | (57,302) |
| SUBTOTAL-CATEGORY II | 1,690,386 | 1,540,541 | 1,621,478 | (68,908) |
| CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING | | | | |
| 21 Freight-Telecomm Equip | 74,314 | 45,072 | 47,325 | (26,989) |
| 22 Regional Distr Centers | 978,423 | 860,762 | 901,078 | (77,345) |
| 23 Workshop Expense | 0 | 0 | 0 | 0 |
| 24 Training Expense | 2,000 | 936 | 2,000 | 0 |
| SUBTOTAL-CATEGORY III | 1,054,737 | 806,770 | 950,403 | (104,334) |

| Florida Telecommunications Relay, Inc. Fiscal Year 2016/2017 Budget @ .12 cents surcharge | | | | |
|--|---------------------------------|--|---------------------------------|------------------------------------|
| | 2015/2016 APPROVED BUDGET | 2015/2016 ESTIMATED REV & EXPEND | 2016/2017 PROPOSED BUDGET | VARIANCE 2015/2016 2016/2017 |
| CATEGORY IV - OUTREACH | | | | |
| 25 Outreach Expense | 574,626 | 574,626 | 728,300 | 153,674 |
| SUBTOTAL-CATEGORY IV | 574,626 | 574,626 | 728,300 | 153,674 |
| CATEGORY V - GENERAL & ADMINISTRATIVE | | | | |
| 26 Advertising | 2,641 | 1,320 | 2,633 | (8) |
| 27 Accounting/Auditing | 24,896 | 21,398 | 22,300 | (2,596) |
| 28 Legal | 72,000 | 71,550 | 72,000 | 0 |
| 29 Computer Consultation | 23,970 | 8,084 | 15,980 | (7,990) |
| 30 Dues & Subscriptions | 3,034 | 2,784 | 2,798 | (236) |
| 31 Office Furniture Purchase | 250 | 0 | 250 | 0 |
| 32 Office Equipment Purchase | 12,500 | 8,089 | 9,990 | (2,510) |
| 33 Office Equipment Lease | 1,886 | 1,878 | 1,876 | (10) |
| 34 Insurance-Hlth/Life/Dsblty | 158,262 | 124,882 | 165,735 | 7,473 |
| 35 Insurance-Other | 8,897 | 6,064 | 9,844 | 947 |
| 36 Office Expense | 16,524 | 16,389 | 17,496 | 972 |
| 37 Postage | 9,917 | 8,087 | 8,124 | (1,793) |
| 38 Printing | 1,537 | 1,289 | 1,295 | (242) |
| 39 Rent | 91,280 | 92,166 | 93,419 | 2,139 |
| 40 Utilities | 5,808 | 5,254 | 5,281 | (527) |
| 41 Retirement | 58,575 | 57,717 | 59,694 | 1,119 |
| 42 Employee Compensation | 408,471 | 403,461 | 430,284 | 21,793 |
| 43 Temporary Employment | 8,000 | 7,230 | 10,400 | 2,400 |
| 44 Taxes - Payroll | 32,507 | 30,899 | 32,916 | 409 |
| 45 Taxes - Unempmt Comp | 1,863 | 1,651 | 1,663 | (200) |
| 46 Taxes - Licenses | 65 | 65 | 65 | 0 |
| 47 Telephone | 18,670 | 15,765 | 16,708 | (1,962) |
| 48 Travel & Business | 16,296 | 11,430 | 18,700 | 2,404 |
| 49 Equipment Maint. | 1,353 | 1,281 | 1,287 | (66) |
| 50 Employee Training/Dev | 7,000 | 3,475 | 5,300 | (1,700) |
| 51 Meeting Expense | 5,733 | 5,599 | 6,871 | 1,138 |
| 52 Miscellaneous Expense | 0 | 0 | 0 | 0 |
| SUBTOTAL-CATEGORY V | 991,935 | 907,787 | 1,012,889 | 20,954 |
| CATEGORY VI - NDBEDP | | | | |
| 53 NDBEDP - Expense | 468,749 | 217,398 | 472,524 | 3,775 |
| SUBTOTAL-CATEGORY VI | 468,749 | 217,398 | 472,524 | 3,775 |
| TOTAL EXPENSES | 8,751,932 | 7,964,193 | 7,977,633 | (774,299) |
| REVENUE LESS EXPENSES | 15,723,243 | 15,883,096 | 16,274,881 | 551,638 |



1820 E. Park Avenue, Suite 101
Tallahassee, FL 32301
Voice: 800-222-3448
TTY: 888-447-5820
Business: 850-292-1350
Fax: 850-656-5099
www.ftri.org

March 28, 2016

Beth Salak, Director
Office of Telecommunications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Dear Beth:

This is to follow up on your conversation with our counsel regarding the National Deaf-Blind Equipment Distribution Program (NDBEDP) administered by the Federal Communications Commission (FCC) and our consideration to decertify as a participant in that program. After further review and analysis of our participation, we have concluded it would be prudent to decertify as a participant in the NDBEDP.

FTRI was certified by the FCC to participate in the program and receive reimbursement for that participation from the TRS Fund in 2012. Initially, the program was to be a pilot program for two years, but that pilot program has been extended to its fourth year and there is a possibility the pilot program will be extended for a fifth year under the current rules and requirements. Under current FCC guidelines, FTRI is reimbursed the cost of the equipment purchased and distributed, assessment of clients, training of clients and administrative costs associated with the program to a cap of 15% of the cost of the reimbursable expenses. Some costs are not recoverable.

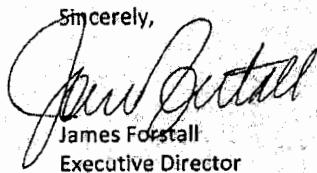
At the time we applied to the FCC for certification in 2011, the Board directed that participation in the FCC program not take away from our focus on TASA, which is our statutory charge, or result in use of surcharge revenues to support the federal program. While we have followed that guidance, it is now our view that may become more challenging. A review of the revenues and expenses associated with the NDBEDP for the past two quarters (Attached) reflect that expenses are beginning to exceed revenues, confirming our concerns which prompted the discussion you had with our counsel several months ago. We believe future activities may yield more of a burden due to the 15% administrative cap. The nature of reimbursable expenses is shifting to lower cost equipment, as well as maintenance and repair issues, all of which take considerable more administrative time than a new client, and yield a lower administrative reimbursement using the 15% cap.

The NDBEDP is not as large a program as TASA compared to clients served because of the specialized nature of the equipment and the FCC guidelines, and does not lend itself to using existing distribution arrangements. As a result, the administrative portion of the NDBEDP is

handled by the main office personnel, all of whom have duties with TASA. FTRI uses independent contractors for assessment and training services, but because the equipment distributed is specialized, the nature of serving the Deaf-Blind community varies due to a wide array of needs, i.e. severity of deafness or blindness, onset of disabilities, technological skill level, communication challenges, all of which contributes to additional time demands on staff.

While we recognize the benefits of the NDBEDP, we are mindful that our purpose is to be the administrator of TASA as outlined in Chapter 427, Florida Statutes, and when all things are considered, we believe that it is in the best interest of TASA for FTRI to decertify with the NDBEDP as other states have done, and we plan to advise the FCC of this action.

Sincerely,



A handwritten signature in black ink, appearing to read "James Forstall".

James Forstall
Executive Director

Attachment

CC: FTRI Board of Directors

Florida National Deaf Blind Equipment Distribution Program
Administered by FTRI

| 2015-2016 | QTR1 | QTR 2 | QTR3 | QTR4 | Total |
|------------------|-------------|--------------|-------------|-------------|--------------|
| Revenue | 43014.86 | 23133.78 | | | 66148.64 |
| | | | | | 0.00 |
| Expenses-Prgrm | 32521.73 | 18322.58 | | | 50844.31 |
| | | | | | |
| Expenses-Admin | 5047.68 | 5200.28 | | | 10247.96 |
| audit | 5000.00 | | | | 5000.00 |
| Expenses-staff | 4618.80 | 5990.63 | | 0.00 | 10609.43 |
| | | | | | |
| Net | -4173.35 | -6379.71 | 0.00 | 0.00 | -10553.06 |
| | | | | | -10553.06 |