

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

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.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 2

COMMISSIONERS  
PARTICIPATING: CHAIRMAN JULIE I. BROWN  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER ART GRAHAM  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER JIMMY PATRONIS

DATE: July 7, 2016

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: LINDA BOLES, CRR, RPR  
Official FPSC Reporter  
(850) 413-6734

## P R O C E E D I N G S

1  
2           **CHAIRMAN BROWN:** All right. Circling back to  
3 Item 2.

4           Good morning. Now you're here. Mr. Williams,  
5 welcome.

6           **MR. WILLIAMS:** Telecom takeover, yes.

7           **CHAIRMAN BROWN:** That's right, telecom  
8 takeover.

9           **MR. WILLIAMS:** Good morning, Chairman Brown,  
10 Commissioners. Curtis Williams on behalf of staff.

11           Item 2 addresses Florida Telecommunications  
12 Relay, Incorporated's 2016/2017 proposed budget and two  
13 new appointments to the Telecommunications Access System  
14 Act Advisory Committee.

15           In Issue 1, staff presents three  
16 recommendation options for the budget. Staff recommends  
17 that FTRI's budget expenses be reduced by approximately  
18 600,000, which is Option 1. Staff also recommends that  
19 the surcharge be reduced to 11 cents beginning  
20 September 1st, 2016. Staff further recommends that, if  
21 necessary, FTRI be allowed to use a surplus account if  
22 there is a revenue shortfall in fiscal year 2016/2017.

23           In Issue 2, staff recommends that the  
24 Commission approve the appointments of Mr. Tom D'Angelo  
25 and Mr. Tim Wata to the TASA Advisory Committee.

1 Mr. D'Angelo and Mr. Wata both have extensive relay  
2 experience and were nominated for appointment to the  
3 TASA Committee by the Florida Association of the Deaf.

4 Late yesterday afternoon, we want to point  
5 out, and early this morning staff received a total of  
6 six letters in support of FTRI's proposed budget, which  
7 have been included in the docket file and shared with  
8 your staff and relevant staff on this docket.

9 FTRI is here to address the Commission and to  
10 answer any questions. The staff is also available to  
11 answer questions. Thank you.

12 **CHAIRMAN BROWN:** Great. And before we turn to  
13 FTRI, I wanted to thank staff for their additional due  
14 diligence on this particular item, and for FTRI allowing  
15 the delay to have staff provide a more thorough  
16 recommendation for us to consider. And with that,  
17 Mr. Forstall, you have the floor, sir.

18 **MR. FORSTALL:** Good morning. I'm James  
19 Forstall, the executive director of FTRI. With me are  
20 Brett Bascom, FTRI business manager; Stan Greer, FTRI  
21 board president; and Robert Telfer, FTRI legal counsel.

22 Thank you for the opportunity to provide  
23 comments regarding FTRI's fiscal year 2016/17 budget and  
24 staff's recommendation. On March 7th, FTRI submitted a  
25 board-approved budget, which is Option 3 in staff's

1 recommendation.

2 On April 13th, FTRI presented its budget  
3 during the TASA Advisory Committee meeting, at which  
4 time the Advisory Committee verbally endorsed the  
5 FTRI-approved budget as submitted. On April 22nd, the  
6 FPSC staff recommended the approval of FTRI's  
7 board-approved budget.

8 On June 23rd, the Florida Public Service  
9 Commission staff issued a revised recommendation, which  
10 includes three separate options, one of them being the  
11 original FTRI board-approved option, No. 3; with  
12 Option 2, the actual 2015/16 expenses level updated by  
13 staff; and Option 1, a substitute budget prepared by  
14 staff.

15 Option 1, we believe, goes far beyond  
16 oversight and interferes with FTRI's administration of  
17 TASA, and for this reason we oppose Option 1. We do  
18 recognize that Option No. 1 raises some issues which  
19 should be reviewed, and we intend to do so. However,  
20 the FTRI board convened after receiving staff's  
21 recommendation and maintains that Option No. 3 should be  
22 approved as submitted.

23 I would like to address a few specifics of the  
24 staff recommendation, but first I'd like to provide some  
25 general comments.

1           Last year, our former counsel, Doc Horton,  
2 provided the Commission with some general background and  
3 history of TASA, which is now 25 years old, Chapter 427  
4 and FTRI, which we thought was helpful for last year's  
5 discussion, and we -- and which we would like to  
6 reemphasize some points here today.

7           TASA Chapter 427 requires the administrator to  
8 be a not-for-profit corporation organized under Chapter  
9 17, which is the Florida not-for-profit statute. FTRI  
10 is organized specifically under this provision for the  
11 sole purpose of administering TASA. FTRI, as the  
12 administrator, has no other business. It is governed by  
13 a board, and, again, its sole purpose is to administer  
14 TASA, which was adopted in 1991 by the legislature.

15           The budget before you, which was Option No. 3  
16 in the staff recommendation, was prepared by FTRI based  
17 on its experience and establishes the funding it  
18 believes is necessary to maintain the effectiveness and  
19 the quality of the system as intended by the  
20 legislature. It was approved by the FTRI board which  
21 continues to endorse it. We do urge its approval.

22           In reviewing the Commission's role in this  
23 process, the staff recommendation notes that Section  
24 427.704(1) provides that it shall establish, implement,  
25 promote, and oversee the administration of the system.

1 Section 427.704 further outlines the powers and duties  
2 of the Commission. Importantly, it provides the  
3 Commission the authority to determine the amount of  
4 surcharge based on the funding necessary to accomplish  
5 the purpose of TASA and provide services on an ongoing  
6 basis.

7 The Commission also has the authority to  
8 suspend the surcharge for a period of time, if it deems  
9 it's appropriate. The legislature provided the  
10 Commission with the flexibility to set a surcharge  
11 between zero and 25 cents to ensure the necessary funds.  
12 FTRI has interpreted this statutory section and the  
13 PSC's role to set a surcharge that is at least  
14 sufficient to maintain the quality of the program.

15 Under TASA, specifically Section 427.705, it  
16 is the responsibility of FTRI, as the administrator, to  
17 deal with the day-to-day operation. This includes  
18 purchasing, distributing equipment, training, outreach,  
19 advertising, et cetera. FTRI continues to take the view  
20 that under TASA, the Commission's role is one of  
21 oversight and not management of FTRI's operation and a  
22 determination of a surcharge that sufficiently maintains  
23 the quality of the program.

24 Under TASA, FTRI is charged with these  
25 day-to-day operations and numerous responsibilities. As

1 we stated last year, FTRI believes the reason that the  
2 legislature provided the Commission with the flexibility  
3 to change the surcharge was to ensure that the program  
4 is adequately funded. We believe this flexibility is  
5 particularly important now when we are confronted with  
6 declining access lines.

7 At this time, I would like to address some  
8 concerns for consideration. FTRI's outreach specialist  
9 resigned her position, and FTRI is looking to hire an  
10 outreach management -- manager as a replacement.  
11 Option 3 provides it with the best option to accomplish  
12 this.

13 Regarding staff's recommended Option No. 1,  
14 we're concerned that the reduction to outreach, which is  
15 vital to FTRI's ability to inform the general public  
16 about the equipment distribution program and the Florida  
17 Relay service, limits FTRI's capability to fulfill the  
18 mission and spirit of TASA.

19 FTRI's tracking mechanism clearly shows that  
20 specific outreach activities are effective with  
21 recruiting clients to the program. Option 1 would limit  
22 our capability to purchase and distribute equipment,  
23 provide training and services sufficiently, as directed  
24 under Florida Statutes, Chapter 427.705.

25 Another concern had to do with the information

1 presented in Table 2 found on page 8. It is FTRI's view  
2 that this table does not provide a comprehensive picture  
3 of the services FTRI provides. We would like to provide  
4 the Commissioners a table for what we believe to be a  
5 full picture of cost per service/activity. This chart  
6 does reflect a downward trend of cost per service  
7 activity until the past year and this year's year-end  
8 estimate. This could be attributed to the fact that  
9 several RDCs have ceased the FTRI program in their area.

10 During fiscal year 2015/16, the three RDCs,  
11 regional distribution centers, that ceased the FTRI  
12 program could have potentially contributed over 2,000  
13 additional FTRI service and activity.

14 We do thank you for the opportunity to share  
15 these comments, and we're available to answer any  
16 questions the Commissioners may have.

17 **CHAIRMAN BROWN:** Thank you, Mr. Forstall.

18 Staff, would you like to respond to any of the  
19 comments that were made before we bring it back to the  
20 bench?

21 **MS. SALAK:** Certainly. I would rather go -- I  
22 want to go to the specifics, if you don't mind. I  
23 believe that the amount that's under Option 1 for  
24 outreach is plenty to inform the consumers of Florida.  
25 I think that it will take some tough decisions on



1 Mr. Forstall's part that he has laid out, and he needs  
2 to prioritize the outreach that he has planned. If he  
3 wants to do the full newspaper for the state, he still  
4 has plenty of money -- he has the sufficient funds to do  
5 that under Option 1. That would mean cutting back  
6 another program. So he has to decide what he believes  
7 is the most effective outreach. But I do believe that  
8 there is sufficient monies to reach many consumers.

9 As far as training and services, we took into  
10 consideration that we have reduced outreach, and so  
11 outreach should have an impact on how many -- I mean, it  
12 may have an impact on how many people you reach. We  
13 believe that there is a correlation between equipment  
14 distribution and outreach. As such, it's not dollar for  
15 dollar, so we've reduced what they requested by a third.  
16 We, in turn, reduced equipment and the training and  
17 services by 10 percent in recognition of the reduction  
18 in outreach.

19 I believe these -- I would turn to you, Pam,  
20 Ms. Page, there we go, to discuss anything that she  
21 wants to discuss about the TASA.

22 **MS. PAGE:** Under TASA, the Commission oversees  
23 the Florida Telecommunications Relay System. The  
24 statute that we must comply with is Title IV of the  
25 Americans with Disabilities Act. We are only required

1 to provide service that is functionally equivalent to  
2 that which is available to hearing persons. We believe  
3 that what we are providing here is compliant with  
4 Title IV of the ADA and that there is no specific  
5 requirement in the ADA or in the FCC regulations that we  
6 provide specific types of service such as cellular or  
7 wireless.

8 **CHAIRMAN BROWN:** Thank you.

9 Commissioners?

10 I'll start off with a question for  
11 Mr. Forstall. Looking at Table 2 in the staff  
12 recommendation, which is on page 8, you referenced the  
13 table or the numbers in your comments. It shows your  
14 budget operating expenditures per new client to have  
15 really increased in your budget proposal even with the  
16 declining new customers, which is a departure from what  
17 FTRI has been doing over the last few years, since at  
18 least I've been on the Commission. So I'm just trying  
19 to understand your business philosophy to increase  
20 operating costs in a declining marketplace.

21 **MR. FORSTALL:** Our budget is based on the fact  
22 of our experience and the distribution of services, and  
23 we don't believe that the market has declined for those  
24 that would be eligible for the program. The decline  
25 that you may be referencing to is a decline in the relay

1 minutes --

2 **CHAIRMAN BROWN:** Uh-huh.

3 **MR. FORSTALL:** -- which really have no  
4 correlation to the actual client that received the  
5 equipment and -- or have an opportunity to obtain access  
6 to the telephone system. And so we believe also with  
7 the shorter number too that that does not reflect -- as  
8 I said earlier, that's not a reflective total picture of  
9 what we believe. And I do have a chart available for  
10 the Commissioners for review, should you be interested  
11 in looking at it.

12 **CHAIRMAN BROWN:** Okay. Yes.

13 I'll restate, though, a decline in minutes,  
14 yet an increase in operating costs. Thanks.

15 **MR. FORSTALL:** The increase in the operating  
16 costs, specifically in general administrative, is due to  
17 the cost of doing business. We have -- or we are  
18 experiencing an increase in the associated costs with  
19 employees' compensation, benefits, et cetera. And we  
20 also -- other services also are experiencing an increase  
21 in the administrative service. And the -- with regards  
22 to outreach, we do believe that continuing to insert  
23 newspaper ads do make a positive impact with the number  
24 of people that are being referred to the program.  
25 Again, we continue to hear over and over again that

1 people have not heard about the program and are hearing  
2 about it for the first time.

3 In addition, as mentioned with Option No. 1,  
4 the reduction to outreach that the -- we could maintain  
5 newspaper advertisements; however, we may have to make a  
6 reduction with the actual contract with regard to the  
7 regional distribution centers doing outreach, which  
8 really plays another major role in recruiting clients as  
9 well.

10 **CHAIRMAN BROWN:** So looking at this handout  
11 that you just passed to the Commissioners, it notes that  
12 three RDCs ceased providing services during the fiscal  
13 year 2015 and 2016. Is that a result because there was  
14 not a need?

15 **MR. FORSTALL:** No. Actually two of the  
16 centers ceased -- dissolved due to financial difficulty  
17 with the individual centers. And keep in mind, they are  
18 contracted with FTRI. We do not have any oversight or  
19 input as to how they operate the program. We do provide  
20 them with a procedures manual specifically to the FTRI  
21 program. But almost all regional distribution centers  
22 provide other services and activities to the community.  
23 The FTRI program is just one part of it. And due to the  
24 fact that the other services were being -- budgets were  
25 being cut, they had to close their office. And so,

1           therefore, the FTRI program did cease in those areas;  
2           however, we are actively looking to find a replacement  
3           in those particular areas.

4                   **CHAIRMAN BROWN:** I'm going to restate my first  
5           question, and my first question was it looks like FTRI  
6           has been trying to hold the line with the budget with  
7           the reduction in relay minutes and customers that -- new  
8           customers. I don't understand why there's such a big  
9           jump in outreach, given the current climate for  
10          landlines, and I don't understand the jump in the  
11          administrative costs, including salaries, advertising,  
12          consultation, computer expenses, travel business,  
13          additional training that wasn't there. Why are there so  
14          many increases when minutes are declining, customers are  
15          declining?

16                   **MR. FORSTALL:** Okay. And, yes, you're correct  
17          that the minutes for the relay are declining. We do  
18          have a section of the population that we serve who are  
19          the hard of hearing, who rely on amplified telephones,  
20          that do not use the relay service. And so when you have  
21          that particular population, who are the majority of the  
22          people we serve today, is people who are becoming older  
23          in life, losing their hearing as they become older or  
24          are being challenged with being able to communicate  
25          daily on the telephone, and that's the population that

1 we're focused on with the outreach and marketing and  
2 providing additional services to. Now, granted, we  
3 would love to be able to provide services, and we do, by  
4 the way, we do provide services to the deaf community  
5 that relies on the relay services. Unfortunately, we do  
6 not have equipment. More and more deaf individuals are  
7 migrating to newer technology such as the video relay  
8 phone.

9 **CHAIRMAN BROWN:** Uh-huh.

10 **MR. FORSTALL:** Text messaging or -- exactly.  
11 So, therefore, we're not able to supply that equipment  
12 to work with them. And so that's why we're seeing the  
13 shift from the deaf community to the hard of hearing.  
14 It has been that way for a few years, and we have -- we  
15 would welcome the opportunity to be able to distribute  
16 that type of equipment that would allow the deaf  
17 community to communicate.

18 **CHAIRMAN BROWN:** Will that be possible?

19 **MR. FORSTALL:** Not under the current statute.  
20 But we know other states are doing it all across the  
21 country. Florida, unfortunately, is one of the states  
22 that has not made the change to -- with technology.  
23 It's there and, you know, we would love to be able to,  
24 be able to provide that service.

25 **CHAIRMAN BROWN:** So that would take a

1 legislative fix?

2 **MR. FORSTALL:** Yes, ma'am.

3 **CHAIRMAN BROWN:** What is your biggest area of  
4 concern with the proposal, either Option 1 or Option 2,  
5 the reduction, what area?

6 **MR. FORSTALL:** We still, of course, stand firm  
7 on Option 3. Option 1 and 2 does limit us to the  
8 ability to -- first of all, as I said earlier, I wanted  
9 to be able to replace the outreach specialist with the  
10 outreach manager. And at the time we developed the  
11 budget, we had an outreach specialist on staff. So  
12 moving to the outreach manager would require an increase  
13 in that particular line item.

14 We would -- what we see happening is should we  
15 run out of funding in any line item, the option would be  
16 to come back to the Commissioners to request additional  
17 funding.

18 **CHAIRMAN BROWN:** And that's always an option.

19 **MR. FORSTALL:** Yes. We do recognize that,  
20 although based -- the budget we submitted is just based  
21 on our experience and what we believe will take place,  
22 if the projection is approved to operate the FTRI  
23 program.

24 **CHAIRMAN BROWN:** Okay. Thank you.

25 **MS. SALAK:** Oh, I'm sorry. Could I just add

1 one other thing? He is correct. He can come back and  
2 ask for a budget increase later. He can do that. And  
3 the other thing that we added to the recommendation was  
4 that for categories 2 through 5, that they could shift  
5 10 percent of the amount without coming here for  
6 approval. We did have some exclusions in there. But  
7 they still have that option also. If, say, they don't  
8 have enough equipment, they can shift it from -- well, I  
9 hate to say it -- outreach or from other items in their  
10 budget.

11 **CHAIRMAN BROWN:** Thank you, Ms. Salak. And,  
12 you know, I originally liked Option 2 because it gave  
13 FTRI a little more flexibility --

14 **MS. SALAK:** Uh-huh.

15 **CHAIRMAN BROWN:** -- to kind of meet its needs.  
16 But then having my briefing with you all and going over  
17 Option 1, it appears that you really adjusted where the  
18 costs should be most appropriately made when you went  
19 with Option 1. Is your recommendation, is your  
20 preference Option 1 or Option 2?

21 **MS. SALAK:** There are certain items in  
22 Option 1 that I feel strongly about, but certainly you  
23 can start with Option 2 and make a few of those  
24 adjustments. For example, I think temporary employment,  
25 I think that is double counting in the budget. I mean,



1 that's like a \$9,400 adjustment. I think that the -- as  
2 far as the employee benefits, it's a lot of adjustments  
3 we made to employee benefits. And I think that for some  
4 of their people on the low end of the salary range, that  
5 would be difficult for them to absorb. Well, there's  
6 the retirement adjustment, there's the short-term  
7 liability, long-term liability, which doesn't come out  
8 of their paycheck, but they would have to choose whether  
9 they were going to buy those or not. The retirement  
10 would actually have them paying for part of it. So I  
11 think there was a lot that could impact some of the  
12 lower paid employees, so that is always a concern.

13 I think that the outreach is fine the way we  
14 recommended it. There's a difference between \$74,000  
15 basically between Option 1 and Option 2 for outreach.

16 **CHAIRMAN BROWN:** Uh-huh.

17 **MS. SALAK:** And it does not -- they were --  
18 wanted additional in their budget to do the newspapers  
19 basically targeted at people 64 and older, 65 and older  
20 in specific areas. And that would not give them the  
21 additional ability to do that statewide, but it still --  
22 our recommendation would still allow them to continue  
23 that, if they wanted to. If they wanted to do that as  
24 their primary outreach, they could still do it under  
25 Option 1 or 2.

1           **CHAIRMAN BROWN:** Now getting back to the  
2 Category 2, which is the equipment and repair --

3           **MS. SALAK:** Yes.

4           **CHAIRMAN BROWN:** -- you reduced that in  
5 Option 2 --

6           **MS. SALAK:** Yes.

7           **CHAIRMAN BROWN:** -- a little bit less than  
8 Option 1. Is that because -- is that a correlation with  
9 the outreach, is that --

10          **MS. SALAK:** That would be part of it.  
11 Option 2 is strictly going back to their actuals as we  
12 got more information and we updated the actuals. And so  
13 if you wanted to go back and just give them the actuals  
14 for last year, that would be Option 2.

15                 We totally took a different approach to Option  
16 1, where we just went through line by line and said, all  
17 right, is -- based on last year and calculation of last  
18 year, based on what we see, you know, how they projected  
19 it, what is in there? It was just -- that's how we did  
20 that. It was a line-by-line evaluation by evaluation.  
21 Then when we reduced the outreach, again, I'll say that  
22 we think there's a correlation between outreach and  
23 placement of equipment.

24          **CHAIRMAN BROWN:** Uh-huh.

25          **MS. SALAK:** I mean, or the -- not dollar for

1 dollar, but there -- we believe that that should be a  
2 correlation and so that's why we reduced it, and  
3 judgmentally 10 percent. That was our judgment call  
4 based on what we've seen and knowing that not -- some  
5 outreach is more effective than other outreach and just  
6 recognizing that. So that's how we -- and we did that  
7 to the RDC Category 2 about the training. And the  
8 distribution, the same 10 percent was used for that.

9 **CHAIRMAN BROWN:** Thank you for your thorough  
10 explanation. I appreciate it.

11 **MS. SALAK:** Yes, ma'am.

12 **CHAIRMAN BROWN:** I'm very excited about the  
13 ability to reduce the surcharge finally. I think that  
14 it's something that's been longstanding a need.

15 Commissioners, curious about your thoughts too  
16 on some of these issues. I don't see any lights.

17 Commissioner Edgar.

18 **COMMISSIONER EDGAR:** Thank you, Madam Chair.  
19 If I can to staff, I'm -- of course, we've discussed it  
20 and I've gone back over it a couple of times and --  
21 well, more than a couple of times -- and with my staff  
22 as well, and I'm still kind of weighing back and forth  
23 the differences and potential impacts between  
24 Option 1 and Option 2.

25 Recognizing that Option 1 recommends a

1 decrease in the surcharge from 12 cents to 11 cents,  
2 Option 2 does not make that recommendation but does  
3 discuss that that is a potential. Could you talk -- or  
4 somebody on staff -- a little bit more about option --  
5 the differences between Option 1 and Option 2, but also  
6 looking at Option 2 more specifically, if, indeed, we  
7 had some interest in incorporating the 12-cent to  
8 11-cent change?

9 **MS. SALAK:** Uh-huh. I believe in any of the  
10 three options you can incorporate the 11 cents. It's  
11 just a matter of how much you are willing to pull out of  
12 the surplus account.

13 **COMMISSIONER EDGAR:** From the reserve.

14 **MS. SALAK:** The reserve, yes. Better  
15 terminology definitely. But that is money, as you  
16 probably know already, but it's money that was set aside  
17 by the Commission years ago because of some services  
18 that the FCC plans to send to the states. Now -- and I  
19 have always been a supporter of keeping the surplus  
20 intact; however, the FCC recently has been saying that  
21 they will give states transition time.

22 **COMMISSIONER EDGAR:** Uh-huh.

23 **MS. SALAK:** For us, to pick up any of those  
24 services, I believe that we would need a legislative  
25 change, if that's what they chose to do. The people

1 that make policy would have to look at it and decide  
2 what they wanted.

3 So that was a stopgap measure historically for  
4 getting us through to the next legislative session so we  
5 could ask the question. Again, since we've got a  
6 couple -- if they're going to build in time at the FCC,  
7 I think that you could use the surplus and that would be  
8 the way that you would reduce it to 11 cents. And, you  
9 know, these numbers are -- it's close in Option 2.  
10 We're still into the 12s, but it's very -- you know,  
11 it's like \$60,000. So that's not a lot, given that  
12 we're banking on whether landlines decline or not. So  
13 you never know when -- you know, it's not a for sure  
14 thing that they'll have all that revenue. So, yes, you  
15 can go to 11, but you just have to understand that it  
16 would come from the surplus, and that is true for 1, 2,  
17 and 3 just how much you wanted --

18 **COMMISSIONER EDGAR:** Thank you.

19 **MS. SALAK:** Did you have any -- did that  
20 answer your question?

21 **COMMISSIONER EDGAR:** You did.

22 Follow-up?

23 **CHAIRMAN BROWN:** Uh-huh.

24 **COMMISSIONER EDGAR:** So, again, could you walk  
25 me through what reductions to the budget request would

1 be between Option 2 and Option 3, recognizing Option 3  
2 is the budget that was submitted, between Option 2 and  
3 Option 3 versus Option 1 and Option 3? And I hope  
4 that's clear.

5 **MS. SALAK:** Yes. There are a lot of -- there  
6 are a lot of changes just due to what we believe was  
7 actual. So that's going to be reflected. But let me go  
8 to what I believe are the major differences between  
9 1 and 3 versus 2 and 3. How about we do that.

10 We specifically made a change to line 12 --  
11 I'm on page 25 -- line 12, which was the hard of hearing  
12 equipment that Mr. Forstall was discussing. Again, this  
13 was because of the outreach that we made that  
14 adjustment. And the Option 2 was just based on  
15 historical numbers.

16 Again, we made a specific adjustment to the  
17 Item 4, I mean, 14, line 14, just because we thought  
18 that that was a more reasonable -- based on history and  
19 based on we thought that 10,000 was more reasonable than  
20 the 15 requested.

21 We also reduced some signaling equipment based  
22 on looking at what actual had been and what we thought  
23 might happen this year. We made it 10,000 instead of  
24 the 7,000, which we are -- actually we're higher than  
25 Option 2 but lower than the proposed budget.

1           We reduced the accessories and supplies, the  
2 same sort of rationale. And I did not -- we did not --  
3 notedly, we did not reduce the repair because we believe  
4 that they will see some additional repair this year  
5 because they're going off warranties.

6           For Category 3, again, the Option 2 reflects  
7 what we believe their actual was for -- or estimate of  
8 their actual for last year. Ours was again the  
9 10 percent because of the -- pure and simple because of  
10 the outreach reduction we made. It is the corresponding  
11 reduction to what we believe what would happen to  
12 distribution and training. And so that was the cause  
13 for our -- is this getting what you want or -- okay.

14           **COMMISSIONER EDGAR:** Absolutely.

15           **MS. SALAK:** Okay. I just want to make sure.

16           **COMMISSIONER EDGAR:** Yes. Yes, thank you,  
17 please.

18           **MS. SALAK:** Item 25 is a large item. Their  
19 actual for last year, they spent their budget for  
20 outreach, which was the 574,626. They had committed it  
21 by the time that we were writing the recommendation, so  
22 we believed that -- we called it spent. We reduced it  
23 to \$500,000. In light, Option 1, the whole premise  
24 behind Option 1 was reducing expenses because landlines  
25 are, you know, falling and there are fewer people to pay

1 for it, and so it's a heavier burden on fewer people.

2 Advertising, we actually adjusted the -- both  
3 columns. We went beyond what was actually, we thought,  
4 was their actual for last year for Option 2. But in  
5 addition, we made an adjustment because we didn't think  
6 they needed quite as much advertising for the one  
7 position that they had available at that time.

8 We did cut legal expense in half. We did that  
9 because we are suggesting that perhaps if they go hourly  
10 as opposed to doing a retainer. So that was -- if that  
11 doesn't work, they can tell us next year. Because, you  
12 know, we just thought that perhaps -- we did an estimate  
13 of number of hours we thought perhaps they would use and  
14 this is the amount we came up with.

15 We didn't -- we did cut dues and subscriptions  
16 in half just because -- or, no, this is computer  
17 consultation. We noticed that their history was half of  
18 what it was, you know, what their request was. They  
19 added some additional people coming in four hours a week  
20 to look at how their computers were operating and  
21 whether or not they had bugs and that kind of stuff. So  
22 we cut that back.

23 I'll just -- I think I'll just -- I'll jump to  
24 health insurance. There were a couple of adjustments,  
25 if I remember right, there were a couple of adjustments



1 in this one. This is where we would have cut out their  
2 long-term and short-term disability. There was also an  
3 adjustment made for the tax credit that they would get,  
4 and so we added -- we deducted the tax credit also. We  
5 thought -- they thought perhaps it would go away.  
6 Legally, we said, well, we'll base it on current law.  
7 We believe that they would still get it. We did use  
8 last year's amount. That could vary somewhat.

9           The next real major adjustment we made was to  
10 retirement, which would be line 41. And that was due  
11 mostly -- we want them to -- the employees to pay for  
12 part of their retirement, which seems to be the normal  
13 practice of most companies these days. So this was  
14 having -- they pay 11.1 percent. We were suggesting  
15 that the FTRI still pay 8.1 but have the employees pay  
16 3.

17           The employee compensation, just in keeping  
18 with cutting costs that we thought that most of the  
19 employees had already had a raise in the last several  
20 years, so we would suggest for a year that they not have  
21 any raises.

22           Temporary employment, this is one I -- I think  
23 this is double counting because they included the  
24 temporary employment and the full salaries. And so if  
25 you're missing somebody, you wouldn't have your full

1 salaries. But that -- so that would be the adjustment  
2 for Option 1. And the other would just be the -- our  
3 projected expenses.

4 Payroll taxes, that was because we reduced the  
5 salaries and so we were just -- just a fallout issue.  
6 We reduced -- in line 48 we reduced their travel and  
7 business expenses. We looked at what we -- they  
8 projected for the last year. Well, what we projected  
9 for their final expense for last year. They had added a  
10 few non-event-related trips, and so we just virtually  
11 cut those out is what we did.

12 We go to employee training on line 50. That  
13 was just an oversight that they included something that  
14 was not during this calendar, this fiscal year. So we  
15 made that adjust in 50.

16 So that's pretty much -- oh, there we go.

17 **COMMISSIONER EDGAR:** Thank you, Ms. Salak.

18 **MS. SALAK:** Certainly.

19 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

20 Ms. Salak, can you remind me, please, what  
21 Category 50 -- excuse me -- line 53, Category 6 is?  
22 That acronym is just --

23 **MS. SALAK:** That is the program that we  
24 discussed in the background that they have -- that was  
25 from the FCC where they would distribute some equipment

1 that was -- and they have chosen to not do that any  
2 longer.

3 **COMMISSIONER EDGAR:** That's right.

4 **MS. SALAK:** So we have it as a reference  
5 point, but it's no longer considered.

6 **COMMISSIONER EDGAR:** That's great. Thank you.  
7 The NDBEDP.

8 **MR. WILLIAMS:** National Deaf/Blind Equipment  
9 Distribution Program.

10 **COMMISSIONER EDGAR:** Thank you. Like I said,  
11 that acronym was just not clicking for me. So I do  
12 recall that issue, so thank you very much.

13 Madam Chair, thank you for the opportunity.

14 **CHAIRMAN BROWN:** No, I appreciate that. And,  
15 Ms. Salak, thank you for walking us through some of the  
16 major adjustments. And I'm happy that we're spending  
17 some time on this, discussing it, because it is a very  
18 important job that we have here. Really, we are the  
19 ones that will hold FTRI accountable for keeping the  
20 line and keeping the budget lean. So I appreciate the  
21 Commissioners getting into these issues. And, as  
22 always, staff, thank you for your fine work on it.

23 Is Mr. Horton retired?

24 **MS. SALAK:** Yes, ma'am.

25 **CHAIRMAN BROWN:** He is.

1           **MS. SALAK:** But he is here. Yes.

2           **CHAIRMAN BROWN:** He is. Okay. All right.

3 Thank you.

4           Commissioners, I don't see any other lights,  
5 so I think we're ripe for a motion at this time.

6           Commissioner Edgar.

7           **COMMISSIONER EDGAR:** Thank you, Madam Chair.

8 I'm not quite there yet, but let me put this out if --  
9 and see if there is some discussion. I also -- and  
10 thank you to -- thankful to our staff for obviously the  
11 very detailed work and review and analysis that they  
12 have done on this, and, of course, thankful to the  
13 representatives of FTRI for the good work that you do  
14 and the service that you provide.

15           I do believe that for a program such as this  
16 that has a statutory mission and is clearly providing a  
17 service that is necessary and useful to a certain  
18 population is important, and I clearly support that. I  
19 do believe that having a healthy reserve for such a  
20 program is appropriate, especially when it is somewhat  
21 bound to the whims and travails of the FCC change  
22 process and also potentially, as a result, then  
23 dependent upon legislative action as a follow-up to help  
24 implement.

25           I am supportive with my understanding of the

1 numbers, I am supportive of the change at this point in  
2 time from 12 cents to 11 cents for the surcharge  
3 recommending -- or recognizing that this issue will be  
4 back before the Commission next year and potentially  
5 could be adjusted, if necessary. And, of course, as was  
6 pointed out, that prior to that, FTRI could certainly  
7 come back for a subsequent request, if there was a need.

8           Again, recognizing that I do believe a healthy  
9 reserve is appropriate under these circumstances under  
10 Option 2, the potential tap into that reserve of  
11 approximately, my understanding, 40- to 65,000 annually  
12 I do think is appropriate. That keeps the reserve  
13 strong and healthy, if indeed that is needed.

14           I also am supportive of giving the -- or  
15 making sure that FTRI has the ability to shift between  
16 category with that 12 percent cap. I think that's an  
17 appropriate management tool. And so with that, Madam  
18 Chair, just some general thoughts, and I look forward to  
19 any further discussion.

20           **CHAIRMAN BROWN:** Thank you, Commissioner  
21 Edgar, and agree with almost all of those comments you  
22 made too. Thank you.

23           Commissioners, any other comments before we  
24 get into a motion?

25           Commissioner Brisé.

1                   **COMMISSIONER BRISÉ:** Thank you, Madam Chair.

2                   I think I'm pretty close to, conceptually to some of the  
3                   issues that Commissioner Edgar brought forward. There's  
4                   just one thing from a philosophical perspective. I  
5                   believe that boards that are in place to set budgets,  
6                   it's their job to set their budget. And part of my  
7                   concern with Option 1 is that we are -- from my  
8                   perspective, if we pursue Option 1, we get really into  
9                   the micromanaging of the budget. So I think Option 2  
10                  provides us with that greater flexibility and still  
11                  provides FTRI the flexibility that they might need in  
12                  order to make decisions down the line in this year, and  
13                  they always have the option to come back if it doesn't  
14                  meet their needs.

15                  **CHAIRMAN BROWN:** Okay. Thank you for those  
16                  comments, Commissioner Brisé.

17                  Guys to my left, any comments? I am ready to  
18                  entertain a motion. Somebody's got to jump.

19                  Commissioner Edgar.

20                  **COMMISSIONER EDGAR:** Thank you, Madam Chair.  
21                  With that request and direction, I'll put this out, and  
22                  if there's discussion, I'm welcome to it, of course.

23                  I would move approval of Option 2, with the  
24                  reduction of the surcharge from 12 cents to 11 cents.  
25                  And I'm not sure if there's -- if this is an addition or

1 not, but I would ask that we grant the FTRI the  
2 10 percent management tool category to category shift,  
3 if necessary, within their professional judgment.

4 **CHAIRMAN BROWN:** Is there a second?

5 **COMMISSIONER BRISÉ:** I would second that.

6 **CHAIRMAN BROWN:** Okay. Any further  
7 discussion? Okay. We have a motion, a second. All  
8 those in favor, say aye.

9 (Vote taken.)

10 Opposed? Excellent. Thank you. The motion  
11 passes.

12 Best of luck to you this year. Thank you.

13 Moving on to Item 3. Thank you.

14 **MR. WILLIAMS:** Chairman Brown, before we  
15 leave, I just wanted to get some clarification.

16 **COMMISSIONER EDGAR:** Oh, my goodness. You  
17 know what? I apologize. I intended to include this in  
18 my motion. Apologies to you all. I would move approval  
19 of Issue 2, the appointments of Mr. D'Angelo and  
20 Mr. Wata, and then also Issue 3, if that carries.

21 **CHAIRMAN BROWN:** Excellent. Is there a  
22 second?

23 **COMMISSIONER BRISÉ:** Second.

24 **CHAIRMAN BROWN:** All those in favor, say aye.

25 (Vote taken.)

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**CHAIRMAN BROWN:** The motion passes. Thank  
you.

Is that the --

**MR. WILLIAMS:** Yes.

**CHAIRMAN BROWN:** Thank you, Commissioner  
Edgar.

**COMMISSIONER EDGAR:** Thank you.

(Agenda item concluded.)



1 STATE OF FLORIDA )  
2 : CERTIFICATE OF REPORTER  
3 COUNTY OF LEON )

4 I, LINDA BOLES, CRR, RPR, Official Commission  
5 Reporter, do hereby certify that the foregoing  
6 proceeding was heard at the time and place herein  
7 stated.

8 IT IS FURTHER CERTIFIED that I stenographically  
9 reported the said proceedings; that the same has been  
10 transcribed under my direct supervision; and that this  
11 transcript constitutes a true transcription of my notes  
12 of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,  
14 employee, attorney or counsel of any of the parties, nor  
15 am I a relative or employee of any of the parties'  
16 attorney or counsel connected with the action, nor am I  
17 financially interested in the action.

18 DATED THIS 15th day of July, 2016.

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LINDA BOLES, CRR, RPR  
FPSC Official Hearings Reporter  
(850) 413-6734

**Core Expenditure Per Service Provided FY 2010 – 2016  
Excluding CAT I (Traditional Relay & CapTel Services) & NDBEDP**

Fiscal Year	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016 YE/E
Total Core Expenditures	\$5,891,703	\$5,066,067	\$4,634,021	\$4,166,422	\$4,071,914	\$3,929,724
Client Services (N, M, E, R, FU)	52,217	43,179	36,480	33,222	30,925	28,922
Outreach Activities	3,147	2,941	2,807	3,163	2,713	1,963
Customer Calls (FTRI)	16,252	19,464	23,495	29,467	28,347	25,466
Applications Provided	1,536	1,001	1,534	1,031	831	1,157
Total All Services	73,152	66,585	64,316	66,883	62,816	57,508
Ratio \$ Core/All Services	\$80.54	\$76.08	\$72.05	\$62.29	\$64.82	\$68.33

\*Three RDCs (Miami, West Palm Beach, Sarasota/Bradenton) ceased conducting FTRI services during this fiscal year (FY 2015-2016). During FY 2014-2015 these three RDCs accounted for 852 New client services and 2,031 total services and 196 outreach activities (\$65.78).