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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20140029-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.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 2

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER DONALD J. POLMANN

DATE: Thursday, July 13, 2017

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

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN BROWN: Now we are circling back to
3 Item 2. And we do have translators who are here
4 today.

5 All righty, guys. Mr. Williams.

6 MR. WILLIAMS: Good morning, Chairman Brown,
7 Commissioners. Curtis Williams on behalf of staff.

8 Item 2 addresses Florida Telecommunications
9 Relay, Inc.'s, 2017-2018 proposed budget and one
10 new appointment to the Telecommunications Access
11 System advisory committee.

12 In Issue 1, staff presents two recommendation
13 options for the budget. Staff recommends that the
14 Commission reduce FTRI's budget by \$81,954 for
15 regional distribution center expense; and \$36,000
16 for legal expense, as presented in Option 1 under
17 Issue 1.

18 Staff also recommends that the surcharge be
19 reduced to 10 cents beginning September 1st, 2017.

20 Staff further recommends that FTRI be ordered
21 to require detailed itemized bills for its legal
22 counsel and to conduct in-house analyses for
23 insurance and retirement expense.

24 In Issue 2, staff recommends that the
25 Commission approve the appointment of Ms. Elizabeth

1 Brayden to the TASA Advisory Committee.

2 Section 427.706, Florida Statutes, provides that
3 the TASA advisory committee include two members
4 from telecommunications companies. Ms. Brayden is
5 currently employed by CenturyLink and was nominated
6 for appointment by FTRI's board of directors.

7 FTRI is here to address any questions from the
8 Commission. And staff is available for questions.
9 Thank you.

10 CHAIRMAN BROWN: Thank you, Mr. Williams. And
11 thank you for all the work that you do on this
12 annually, ongoing. And appreciate it.

13 With -- does FTRI -- would you like to address
14 us before we get into questions?

15 MR. FORSTALL: No, ma'am. No, thank you.

16 CHAIRMAN BROWN: Thank you.

17 Commissioners, questions?

18 Well, you know I have questions.

19 Would you like to go first? Go for it,
20 Commissioner Polmann.

21 COMMISSIONER POLMANN: Thank you, Madam
22 Chairman.

23 I had an excellent briefing with staff on
24 this. I simply wanted to acknowledge the effort of
25 staff putting this material together. We had good

1 discussion. They answered all my questions. And
2 the analysis that they have provided and the
3 distinction on the budget analysis and the -- the
4 change in the charge clarified a lot of my
5 questions.

6 I don't have any questions here today. All of
7 my questions have been addressed. So, I just want
8 to make that comment. Thank you very much.

9 CHAIRMAN BROWN: Thank you, Commissioner
10 Polmann.

11 And Mr. Forstall, I want to commend your group
12 on continuing to cut back, given the decline in the
13 access lines. 4.8 percent -- definitely want to
14 acknowledge your commitment here to -- to be leaner
15 on the budget.

16 But with that, I do have just a few questions
17 still. And I appreciate staff's option to look
18 into and kind of review and provide us some
19 analysis for some of the expense items, like
20 insurance, health, disability, and retirement.

21 Currently, FTRI -- the employees are --
22 there's ten employees. And none of the employees
23 contribute to the retirement benefits; is that
24 correct?

25 MR. FORSTALL: Not at this current time, they

1 do not.

2 CHAIRMAN BROWN: So, and I -- again, I want to
3 reiterate my appreciation for you cutting back on
4 expenses, but it looks like the employees are
5 getting raises and continuing to accrue excellent
6 retirement benefits.

7 Can you just elaborate maybe on why FTRI and
8 the Board has recommended another increase in
9 employee salaries and also, with regard to the
10 benefits, why employees don't contribute as they do
11 in private as well as state companies, et cetera?

12 MR. FORSTALL: Okay. I'll address -- the
13 retirement concern first is, during the last year,
14 the retirement program has received an adjustment
15 from the provider. So, therefore, the employee --
16 in order to maintain costs for that particular
17 benefit, the employee did have to absorb a --
18 absorb a reduction in the benefit payout; however,
19 the cost for the particular benefits has remained
20 the same. So, that was a decision that we made to
21 maintain costs.

22 CHAIRMAN BROWN: What about the raises?

23 MR. FORSTALL: The raises -- we have not
24 received -- raises were not given in the past year;
25 however, every year, traditionally, it is -- it's

1 been FTRI's custom just to include a merit increase
2 as part of the budget, but it is up to the board of
3 directors to make that decision whether a raise be
4 granted or not. And last year, raises were not
5 granted.

6 CHAIRMAN BROWN: Is it an across-the-board
7 raise that applies to all of the ten employees or
8 just some?

9 MR. FORSTALL: It -- it depends on the
10 evaluation. It also depends on the hiring of
11 employees. New employees are normally not eligible
12 for raises right away. And it all depends.

13 CHAIRMAN BROWN: And I -- I have more of a
14 philosophical question for you. You've been at the
15 helm at FTRI for some time. And with the
16 traditional landlines declining and traditional
17 relay services declining, have you looked at the
18 business model of other states; what other states
19 are doing to kind of go in line with -- with the
20 declining market?

21 MR. FORSTALL: Yes, we have. FTRI is a member
22 of the National Association known as TEDPA. It's
23 called Telecommunication Equipment Distribution
24 Program Association. And we do network with other
25 state programs and -- to do comparisons.

1 And fortunately, Florida is one of the
2 pioneers in this program. People look to us for --
3 as a model. What is happening across the nation is
4 more and more state programs are adding devices
5 that apply -- that will work in conjunction with
6 other technology, not just the landline, for
7 instance. They are allowed to distribute equipment
8 for internet protocol and cell phone, wireless
9 devices.

10 And unfortunately, Florida is not one, at this
11 time, able to do that. But more and more states
12 are moving toward that direction.

13 CHAIRMAN BROWN: Thank you. That was my
14 understanding. I'm curious why Florida -- could
15 you educate us on why we are not able to do that at
16 this time?

17 MR. FORSTALL: The statute doesn't allow for
18 FTRI to distribute equipment that is -- that works
19 with cell phones or wireless. The law, which was
20 written in 1991, has only described that services
21 be provided or equipment be provided for equipment
22 that works with a landline.

23 CHAIRMAN BROWN: Do you think it would be
24 helpful to look at maybe studying or modifying that
25 statute to comport with, really, the reality of

1 this marketplace?

2 MR. FORSTALL: Absolutely.

3 CHAIRMAN BROWN: I do, too. And I think the
4 work you do is excellent, I just want to note. And
5 I appreciate, again, the cutbacks.

6 Can you tell me -- one more thing. The -- the
7 outreach -- a substantial amount of -- of the
8 budget is -- is for outreach.

9 MR. FORSTALL: Uh-huh.

10 CHAIRMAN BROWN: Last year, we had a
11 discussion about that. And you came in -- the
12 board requested a big amount. I think we -- we
13 dropped it from a million to somewhere around 600
14 or 500.

15 Can you tell me the results or -- or the
16 analysis that you've found the outreach to be
17 successful with the traditional relay services?

18 MR. FORSTALL: Sure. Absolutely. We -- the
19 majority of the outreach that we had conducted last
20 year was the newspapers. And we did the newspaper
21 insert ads. And we did it did across the state.

22 And the result that we were able to obtain as
23 a result of people actually seeing the newspaper
24 and responding -- people who -- who responded to
25 the newspaper totaled -- 10,583 individuals saw the

1 newspaper and reached out to FTRI.

2 Of that number, over 5,772 received services,
3 which means that the other 10- -- the other number
4 either didn't qualify for the service or -- because
5 they didn't have a landline or they weren't
6 eligible to be a part of the program.

7 However, the ad does produce results. And the
8 average cost per service, based on the newspaper,
9 was \$73.92. And for the average cost for contact,
10 people contacting our office, regardless of whether
11 they received services or not, was \$40.31 per
12 contact.

13 CHAIRMAN BROWN: Yeah, the mediums are
14 switching now, even for advertising. And so,
15 outreach -- traditional newspaper ads may not be as
16 successful as other portals, like social media.
17 Again, it's going back with the traditional relay
18 services that -- that continues to decline. I
19 think you should look at those other mechanisms.

20 MR. FORSTALL: One of the things that we have
21 noticed in the past years that our contract with
22 the regional distribution centers -- we had 24
23 throughout the state. They would attend health
24 fairs, go through actual face-to-face presentation.

25 And we have seen a decline over the year with

1 people attending those just because, for some
2 reason, people may not go back every year for
3 whatever reason. So, we have seen a decline in the
4 numbers of people participating in the program
5 through those outreach methods.

6 Another method that we're exploring this year
7 is working more-closely with our certified service
8 providers who see customers face-to-face and may
9 make a referral to the FTRI program.

10 And we do have other service providers out
11 there, for instance, that provide captioned
12 telephone service. They do the same thing. They
13 work directly with service providers. However,
14 their resources are unlimited as to what they can
15 do --

16 CHAIRMAN BROWN: Right.

17 MR. FORSTALL: -- because they're a private
18 company. And unfortunately, we're limited. So, we
19 do the best we can with that situation.

20 And one of our focuses this year is going to
21 be working more-closely with service providers.
22 Now, we have -- we always have. However, the
23 message that we've received recently is that --
24 they make referrals to our program. The problem
25 that we're seeing is that these referrals don't

1 always translate into a service, for whatever
2 reason.

3 So, our approach will be to at least provide
4 us with more information about the individual who's
5 interested in the program so that we can follow up
6 with them.

7 CHAIRMAN BROWN: Okay. Thank you for that.

8 The legal fees -- do you -- you
9 have somebody -- a firm on retainer who is
10 available to assist you with legal matters? Or is
11 it an emp- -- it's not an employee. It's a
12 contract basis.

13 MR. FORSTALL: That's correct. It's contract.

14 CHAIRMAN BROWN: Do you use that -- the full
15 budget annually?

16 MR. FORSTALL: Yes, we do.

17 CHAIRMAN BROWN: On what?

18 MR. FORSTALL: Of -- of all services that is
19 provided, reviewing contracts, attending meetings,
20 board meeting, reviewing RFP, request for proposal,
21 making sure that everything is appropriate.

22 CHAIRMAN BROWN: Okay. That's good. Thank
23 you. Thank you. I appreciate it, again.

24 Staff, with regard to the audit under --
25 pardon me -- the analysis under Option 1, how do

1 you envision that analysis occurring, and what
2 by-product will be produced by FTRI? What do --
3 what would you like to be looking at so that the
4 company entity knows what it is you're
5 recommending?

6 MR. WILLIAMS: Yes, Chairman Brown. We feel
7 we need more information, more detail. So,
8 basically, we're looking at -- we're looking to --
9 to receive two pieces of information from the
10 company.

11 One would be a -- kind of a price quotes --
12 specific price quotes and benefits -- benefit
13 proposals for multiple insurance and retirement
14 plans. So, we would like to see from various plan
15 providers those price quotes and -- and -- and
16 proposals.

17 In addition, we would like to see research
18 data on insurance and retirement benefit packages
19 in general to include costs and require employee
20 contributions for those plans from comparably-sized
21 non-profit and for-profit companies.

22 So, you know, we we're doing some work in-
23 house also, but we would like to have FTRI also
24 provide information. And we look forward to
25 working with them.

1 In the recommendation, we actually requested
2 that they provide the information to us by
3 January 31st, 2018. And hopefully we can receive
4 that information, review it, analyze it, and be
5 better prepared next year to address those expense
6 items.

7 CHAIRMAN BROWN: Excellent.

8 Mr. Forstall, do you have any questions
9 regarding that request and the recommendation?

10 MR. FORSTALL: No. I just had one comment to
11 add. Our average employee's salary is 29,000 per
12 employee.

13 CHAIRMAN BROWN: I looked -- I looked at the
14 salaries. I did. And there's a gap between two of
15 the employees and the rest. And they are on the
16 low end. I absolutely acknowledge that.

17 One thing, I did realize, though, was there
18 could be some consolidation potentially in some of
19 the employees' positions. It looked like there --
20 there -- there could be maybe two or three
21 positions that could be consolidated, but that was
22 just my own opinion. I don't really have a problem
23 with it as is, overall.

24 But Commissioners, any questions or comments
25 on this? If not, we -- oh, sorry, sir.

1 MR. McCABE: Commissioners, my name is Tom
2 McCabe. I've been on the board for probably 20
3 years, now. And I just want to comment with regard
4 to salary increases.

5 Typically what we do is we base it on the
6 market value. I mean, I work for TDS Telecom.
7 What I will do is I will talk with my HR folks who
8 go out into the market to try and look at what --
9 what salary increases are going on during the year.
10 And we all kind of use that as references.

11 Then there's -- you know, there's five, six
12 other people on the -- on the board from other
13 telephone companies. They check with their HR
14 folks. We come up with a number. Usually we've
15 got the 3 percent into the budget, but that does
16 not necessarily mean that that's what we recommend.

17 If the results are the market is a 1.6-percent
18 increase, that's what we would go ahead and
19 approve. So, that's the process that we've been
20 using for a long time.

21 CHAIRMAN BROWN: Do you -- as a board member,
22 do you see any other areas where there could be
23 some reductions, given the marketplace and the
24 existing climate?

25 MR. McCABE: You know, I -- I think that, from

1 the board -- you know, we've been doing this for a
2 long time. And we believe that the leadership at
3 the FTRI has been very strong. They've been
4 providing us everything that we need. The
5 employees, the same way.

6 And we look at that budget carefully. And you
7 know, based on the recommendations, that's how we
8 end up evaluating -- you know, we don't just
9 rubber-stamp it. I mean, some of the budgets --

10 CHAIRMAN BROWN: Like us, we don't either.

11 MR. McCABE: I understand that. I mean, some
12 of the budgets that -- you know, the outreach
13 stuff -- we've reduced that. You know, and -- and
14 I understand, you know, their passion to try to get
15 as much opportunity to be out there in the
16 marketplace.

17 There's a lot of people that aren't receiving
18 these services. And that's where they're trying to
19 reach; yet, at the same time, as a member of the
20 board, we've been careful to make sure that
21 we've -- we've looked at that carefully,
22 recognizing the fact that we've got customers --
23 you know, utility ratepayers that are contributing
24 to this fund. And ultimately, that's where we come
25 down in terms of making our recommendations, in

1 terms of approving that, which, then, comes to you.

2 CHAIRMAN BROWN: Thanks. I appreciate that --

3 MR. McCABE: You're welcome.

4 CHAIRMAN BROWN: -- that additional input,
5 too. I don't have a problem with the increase of
6 employees, the 3 percent or so. I just think that
7 the company can look at maybe consolidating some of
8 the positions, maybe bolstering the salaries of
9 those existing. They are on the low end. It's
10 just an idea.

11 Commissioner Brisé.

12 COMMISSIONER BRISÉ: Thank you, Madam Chair.

13 Just -- just a question. So, you mentioned
14 that the comparables for salaries -- you all are
15 looking at small telecom companies or telecom
16 companies overall.

17 How do you get that comparable for the
18 salaries?

19 MR. McCABE: This was just regarding the --
20 any recommendations in terms of pay increases, not
21 on the salary level.

22 COMMISSIONER BRISÉ: Okay. Just the increased
23 level based upon the current --

24 MR. McCABE: Yes.

25 COMMISSIONER BRISÉ: -- marketplace.

1 MR. McCABE: And -- and what -- what companies
2 do is they go out into the market --

3 COMMISSIONER BRISÉ: Sure.

4 MR. McCABE: Not just limit it to telephone
5 companies and things of that nature.

6 I will say, with regard to the salary
7 structures -- and perhaps it's time to relook at
8 that. It may have been ten years ago that we
9 brought in an outside consultant to establish our
10 salary pay ranges. You know, it was a situation in
11 which we didn't have any experience in.

12 So, we brought somebody in that was a -- and
13 provided us a report. And it may be time to -- to
14 look at that. And you know, we'll take into
15 other -- some of the considerations that you've
16 had.

17 COMMISSIONER BRISÉ: Okay. So, just so -- so
18 that I'm clear, the -- the wage increases in terms
19 of rate -- the market analysis -- the only thing
20 that's looked at is the market analysis that's
21 provided by the telecom companies.

22 Basically, you reach out to -- to HR
23 departments who do market analysis, and then you
24 plug in that number, whatever that percentage is
25 to -- to represent what an appropriate level, based

1 upon the current marketplace, for annual salary
2 increases; is that accurate?

3 MR. McCABE: Correct.

4 COMMISSIONER BRISÉ: Okay.

5 MR. McCABE: And then what we would do is
6 offer that -- you know, share that with the
7 executive director.

8 COMMISSIONER BRISÉ: Sure.

9 MR. McCABE: And then he would determine,
10 based on evaluations, whether somebody would get a
11 full 2 percent or 3 percent --

12 COMMISSIONER BRISÉ: Sure.

13 MR. McCABE: -- what have you. It would be
14 based on the evaluations of that employee.

15 COMMISSIONER BRISÉ: Okay. Thank you.

16 CHAIRMAN BROWN: Commissioners, any other
17 comments or questions? If not, ready for a motion.

18 COMMISSIONER GRAHAM: Move staff.

19 CHAIRMAN BROWN: Is that with regard to
20 Option 1?

21 COMMISSIONER GRAHAM: One.

22 CHAIRMAN BROWN: Yes. We have a motion to
23 approve staff recommendation on Option 1.

24 Is there a second?

25 COMMISSIONER BRISÉ: Second.

1 CHAIRMAN BROWN: And also approve all the
2 other recommendations on the issues.

3 COMMISSIONER GRAHAM: Yes, Madam Chair.

4 CHAIRMAN BROWN: Okay. Second -- is it
5 properly made, the second?

6 COMMISSIONER BRISÉ: (Nodding head
7 affirmatively.)

8 CHAIRMAN BROWN: Okay. Any further
9 discussion? Nope.

10 All those in favor, say aye.

11 (Chorus of ayes.)

12 CHAIRMAN BROWN: Motion passes with regard to
13 Option 1.

14 Thank you. Thank you for your work on this.
15 Looking forward to seeing you next year.

16 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages, numbered 1 through 19, are a true and correct record of the aforesaid proceedings.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 24th day of July, 2017.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021