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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 20190057-TP

COMMISSION APPROVAL OF
FLORIDA TELECOMMUNICATIONS RELAY,
INC.'S FISCAL YEAR 2019/2020
PROPOSED BUDGET

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 1

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, June 11, 2019

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

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
the State of Florida at Large

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

2 CHAIRMAN GRAHAM: Okay. Let's swing back
3 around to the top of the agenda, Item No. 1.

4 I wonder which commissioner pulled this off
5 the agenda. Staff.

6 MR. WILLIAMS: Good morning, Commissioners.
7 Curtis Williams on behalf of staff. Item 1
8 addresses Florida Telecommunications Relay
9 Incorporated's 2019-2020 proposed budget. In Issue
10 1, staff recommends that the Commission reduce
11 FTRI's proposed budget expenses for equipment by
12 \$9,659. Staff also recommends that the Commission
13 allow FTRI to transfer \$285,714 from the reserve
14 account to offset a projected revenue shortfall.
15 Staff further recommends that the surcharge be
16 maintained at ten cents per access line. In Issue
17 2, staff recommends that the docket be closed.
18 Staff has a oral modification, which has been
19 placed in the docket file.

20 Staff is available for questions and FTRI is
21 also in attendance. Thank you.

22 CHAIRMAN GRAHAM: Thank you, staff. Mr.
23 Forstall, welcome back.

24 Commissioners. Commissioner Brown.

25 COMMISSIONER BROWN: Thank you. And, Mr.

1 Williams, what is the oral modification?

2 MR. WILLIAMS: It was just a scrivener's error
3 related to defining VRS in one of the equipment
4 areas that we're recommending the Commission
5 reduce, is the visual ring signal alert. It
6 actually, as presented in FTRI's budget, it's
7 the -- the acronym VRS is used twice and it was
8 just a little confusing on that issue. So we
9 wanted to be clear that in our recommendation we
10 are referring to visual ring signal alert.

11 COMMISSIONER BROWN: Okay. Thank you. I
12 appreciate that.

13 Just a couple of clarifications for you first.
14 On page four of the recommendation it actually says
15 that Sprint projections for fiscal year 2019 and
16 2020 for traditional minutes will increase -- but
17 everything -- by 1.6 percent, but everything else
18 in the staff recommendation indicates that
19 traditional relay services continue to decline.
20 Even CapTel is declining at a rate of 23 percent.
21 Can you -- is that correct?

22 MR. WILLIAMS: Yes, that's correct,
23 Commissioner Brown. Overall, in the
24 recommendation, we're referring to relay service,
25 which is on decline and has been declining. Relay

1 service has two components, traditional relay
2 service and the captioned or CapTel service. The
3 captioned telephone services is what we have seen a
4 significant decline in over the years. And with
5 the traditional relay service, the traditional
6 minutes, it's fluctuated some --

7 COMMISSIONER BROWN: Has it?

8 MR. WILLIAMS: Yes, it has. And it's
9 basically remained relatively flat. But overall,
10 when we look at relay service, with the two
11 components, the relay service has been declining.

12 COMMISSIONER BROWN: At a rate of 5.7 percent
13 annually?

14 MR. WILLIAMS: No, it's -- that's -- it's
15 actually more -- more than that.

16 COMMISSIONER BROWN: Okay. Thank you.
17 Another few questions. You talk about the health
18 insurance. There's several categories in the
19 general and admin expenses that continue to
20 increase, even though the staff recommendation is
21 very clear that FTRI should use its best efforts to
22 continue to position itself in a very changing
23 industry, and general and admin expenses is
24 something that FTRI can continue to control, but
25 there's several categories that still, nonetheless,

1 even from the approved budget last year, as well as
2 the staff estimated budgeted of this past year, it
3 has significant increases, notably, the employee
4 compensation. It's -- looking at the rest, the
5 staff estimated for 2018-2019 with the proposed,
6 you've got a significant increase of \$40,000 of
7 employee compensation.

8 Can you kind of walk us through why you think
9 that FTRI continues to -- it's justified to have
10 increases? There is a three-percent merit
11 increase, it looks like, in the staff
12 recommendation. Can you walk us through how that
13 complements what you're saying about FTRI
14 controlling its budget and controlling,
15 specifically, the general and admin expenses?

16 MR. WILLIAMS: Yes, Commissioner. On the
17 employee compensation, at the -- last year and the
18 year before, the Commission, in looking at how FTRI
19 can reduce its overall budget, we had some concerns
20 with employee compensation and wanted them to take
21 a closer look at it and requested that they have a
22 compensation analysis performed. And they had that
23 performed and presented us with the report. And
24 there were a lot of issues in that compensation
25 analysis, some that we agree with, some that we do

1 not agree with, and I think it was a good --

2 COMMISSIONER BROWN: Evergreen?

3 MR. WILLIAMS: Yes, Evergreen Solutions. And
4 it was a good report and a good analysis, but one
5 specific recommendation in that was that their
6 salary ranges, it's particularly for the lower-end
7 employees, there were four positions that were
8 below what Evergreen considered to be the minimum
9 for those salary ranges. And so that was the basis
10 for staff recommending --

11 COMMISSIONER BROWN: An increase?

12 MR. WILLIAMS: An increase, just for those
13 four positions.

14 COMMISSIONER BROWN: What about the
15 three percent raises? Is that merit-based?

16 MR. WILLIAMS: Yes. The three percent, we
17 want to get clarification on that and we
18 specifically asked FTRI. It's just a merit-based
19 increase. It's not automatic. It's -- it's based
20 on performance and it's based on their board's
21 approval, and we presented, you know, concerns
22 regarding their overall employee compensation. So
23 it's -- it's merit-based.

24 COMMISSIONER BROWN: And I remember when we
25 directed last year FTRI to look at employee

1 compensation, and so I'm happy that we have that
2 study to use as a barometer, but are nine
3 employees, do they continue to need the nine
4 employees? I mean, one of the positions wasn't
5 filled for half the year. Why is nine employees in
6 a shrinking environment justified?

7 MR. WILLIAMS: I would have to defer to FTRI
8 to, you know, elaborate more, but on that one
9 position I think -- we questioned that position and
10 FTRI responded by stating that that position is
11 really needed. I think it's the accounts
12 receivable position. And so --

13 COMMISSIONER BROWN: I'll jump to them in a
14 second. Regarding the health insurance, which
15 continues to increase -- and for clarification in
16 your recommendation, you talk about a \$39,000
17 reduction, but that's not from -- that's from 2017
18 for insurance. And it's a significant jump, even
19 from -- it's about 15,000 from actuals. Did you
20 explore the reasoning behind this, why they haven't
21 been able to secure -- I know that only the
22 employees only contribute five percent.

23 MR. WILLIAMS: Yes. We've recommended and the
24 Commission directed FTRI to have employees
25 contribute to the insurance. I think one factor

1 was the increase with the additional position.
2 It's what caused the increase. And also, based on
3 FTRI's quotes from their insurance provider, they
4 recognized a premium increase this year.

5 COMMISSIONER BROWN: I hate micromanaging,
6 but, you know, these are the public's dollars being
7 used for this and with the shrinking -- it's part
8 of our job responsibility, this oversight here.
9 So, hate to micromanage, but when you see a
10 category like this increase by almost \$55,000 when
11 it's something that the staff acknowledges FTRI has
12 the ability to control, I think it's warranted that
13 the commission scrutinize these costs with a little
14 more detail.

15 Mr. Forstall, would you like to chime in on
16 any of these questions or comments?

17 MR. FORSTALL: Yes, I can and good morning.

18 The position that's vacant right now had been
19 vacant for some time because we had actively been
20 recruiting, advertising for the position, but the
21 job market, being as tight as it is these days, we
22 have not found the appropriate person for that
23 position. We still feel and believe that there is
24 a need for that ninth position. So we will
25 continue, but we are monitoring all of our

1 activities in the office to ensure that we're doing
2 the best we can to maintain services that we
3 provide to the citizens of Florida.

4 COMMISSIONER BROWN: Thank you. I appreciate
5 that. Talking about the general admin expenses and
6 the increase in certain categories, could you
7 elaborate why there's a need for those increases,
8 like consultation, computer, office equipment
9 purchase, office expense? You have several
10 categories that are increasing continuously while
11 FTRI is has been directed to kind of strap down.

12 MR. FORSTALL: The computer consultation
13 includes the equipment, a new server for the
14 office. The server has aged and it has been told
15 by our IT consultant that it's time to replace it.
16 That is budgeted for the next fiscal year.
17 Actually, the -- we should have close to actuals in
18 some of the categories they've been reduced. So we
19 do the best we can to manage those costs.

20 COMMISSIONER BROWN: The outreach expense,
21 which has been a big discussion for us over the
22 years. Can you talk about -- I think it looks like
23 you're retaining a new group, BH Marketing. Can
24 you talk about what is different that you plan on
25 doing?

1 MR. FORSTALL: Okay. BH Marketing is a
2 advertising firm in Bradenton, Florida. They do
3 social media, Facebook, digital banner advertising
4 and we have been working with them for the past
5 year and we continue to do so because we felt like
6 the recommendation worked to move towards digital,
7 and that's what we've been doing over the past year
8 and this will be our second year working with them.
9 We have seen some good responses to the digital
10 advertising -- advertisement.

11 We are in the process of trying real hard to
12 convert those views into actual clients, but we
13 have some challenges, especially with the online
14 system that we are implementing, for people to go
15 to our website, upload documents so they can submit
16 to us so we can process. We have some challenges
17 in that area that we're working on this year to
18 clear up.

19 COMMISSIONER BROWN: And -- thank you. And
20 just a general question. Again, I don't want to
21 micromanage the work that you are doing, the good
22 work you're doing, but I do want to know how FTRI's
23 expense reductions are going to continue to be made
24 in the future, not just this fiscal year, given the
25 changing environment that we're in.

1 MR. FORSTALL: Well, although, as was said
2 earlier, some of the services, the decline in the
3 relay, although equipment distribution is declining
4 but this is due primarily to the equipment being
5 offered and made available to the consumers and I
6 think we had the discussion in the past that FTRI
7 is limited in the types of equipment it can
8 distribute, although we are open to the idea of
9 expanding the equipment offering to include other
10 devices for people with hearing loss so they can
11 communicate on the telephone system.

12 We do our best every year when we look at the
13 budget, we stay as close to actual. We see a
14 decline, we will decrease the budget toward those
15 percentage of decline. We will continue to do that
16 and monitor it very closely going forward. Should
17 we see the need that we no longer need the ninth or
18 eighth position, we will modify that, as well.

19 COMMISSIONER BROWN: That's great. Thank you.
20 And just one last comment. On the outreach
21 expense, and the outreach efforts, since you're
22 taking a digital strategy, I'd love to hear the
23 results how that correlates with sales during next
24 year's budget review.

25 MR. FORSTALL: Sure. Absolutely.

1 COMMISSIONER BROWN: Thank you. That's all,
2 Mr. Chairman.

3 CHAIRMAN BROWN: Okay. Commissioner Fay.

4 COMMISSIONER FAY: Thank you, Mr. Chairman.
5 And I just have one comment. I went back a few
6 years to watch when these budgets were presented to
7 the Commission and I've seen significant
8 improvement over the years as far as accountability
9 and efforts to reduce those expenses. I recognize
10 that's in large part due to Commissioner Brown and
11 her review of the information that's provided. So
12 I appreciate her doing that, because I think as
13 this Commission has responsibility to review the
14 budget and, like she said, not micromanage, but to
15 make sure there's accountability when applied.

16 So I just want to make it clear it's not
17 all -- not all frustration or not all bad from our
18 perspective in that that accountability measure is
19 what we use to look at this, but you're also doing
20 some good things to reduce costs, so we appreciate
21 that. And hopefully every year we'll continue to
22 see more and more of those efforts. Thank you.

23 CHAIRMAN GRAHAM: Commissioners, any further
24 questions?

25 (No comments made.)

1 CHAIRMAN GRAHAM: I'll entertain a motion.

2 COMMISSIONER FAY: Mr. Chairman, I will move
3 all issues on Item 1, please.

4 CHAIRMAN GRAHAM: It's been moved and
5 seconded. Staff recommendation on all issues on
6 Item No. 1. Any -- with the oral modification, is
7 that correct?

8 COMMISSIONER FAY: Correct. Thank you.

9 CHAIRMAN GRAHAM: Okay. Any further
10 discussion?

11 (No comments made.)

12 CHAIRMAN GRAHAM: Seeing none, all in favor
13 say, aye.

14 (Chorus of ayes.)

15 CHAIRMAN GRAHAM: Any opposed?

16 (No comments made.)

17 CHAIRMAN GRAHAM: By your action you've
18 approved the staff rec with the oral modification
19 for Item No. 1. Thanks.

20 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said 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 20th day of June, 2019.



DANA W. REEVES
NOTARY PUBLIC
COMMISSION #FF968527
EXPIRES MARCH 22, 2020