

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.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 1

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

DATE: Tuesday, May 5, 2015

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 GRAHAM:** Okay, staff. Item No. 1.

3 **MR. WILLIAMS:** Curtis Williams, Pam Page, and
4 Bob Casey on behalf of staff.

5 Item 1 addresses Florida Telecommunications
6 Relay, Incorporated's 2015/2016 proposed budget.

7 Staff has presented four options for the
8 Commission to consider and recommends approval of Option
9 4, which reduces FTRI's proposed budget by \$851,774.
10 Staff also recommends that the Commission allow FTRI to
11 determine which individual accounts in Category 2, 3, 4,
12 and 5 expenses should be adjusted to equal the
13 Commission-approved decrease. Staff further recommends
14 that the relay surcharge be maintained at 11 cents per
15 month per access line.

16 James Forstall, Executive Director of FTRI,
17 and Doc Horton, legal counsel for FTRI, are here to
18 address the Commission. Thank you.

19 **CHAIRMAN GRAHAM:** Thank you, staff.

20 FTRI.

21 **MR. HORTON:** Yes. Thank you, Mr. Chairman.
22 Norman H. Horton, Jr., on behalf of Florida
23 Telecommunications Relay. And as staff pointed out,
24 Mr. Forstall is here to answer questions. Rob Telfer
25 from my office is also here. And we have some board

1 members: Harvey Spears, who is our current president is
2 here; Stan Greer, a board member is here; and Cecil
3 Bradley, a board member, was here earlier. He may have
4 left. But we appreciate the opportunity. We do have
5 some comments we'd like to make with respect to this
6 recommendation. You know, usually we're here to answer
7 questions, and it's been a while since we really
8 addressed a recommendation, so this is kind of an
9 unusual position for us as well, but I do have some
10 comments that we'd like to address to this
11 recommendation specifically, and some of the comments
12 may be of a more general ongoing nature as well.

13 You know, TASA is about 24 years old now, and
14 we've gotten where we are serving a lot of members of --
15 citizens of the State of Florida because of the actions
16 of the Commission, the administrator, the Advisory
17 Committee, and the relay service. So it's taken, I
18 think, a combination of all of us to make a successful
19 program. And the Commission certainly has a role in
20 Chapter 427 or TASA, and we recognize that, but we do
21 want to address a few things.

22 By way of a little bit of a background, staff
23 points out in their recommendation that the
24 administrator, FTRI, is a nonprofit. In fact, TASA --
25 Chapter 427 requires the administrator to be a

1 not-for-profit organized under Chapter 617, *Florida*
2 *Statutes*. That's the not-for-profit statute. And
3 they're organized specifically for the provision -- for
4 the purpose of administering TASA. We have no other
5 business. We are the administrator and have no other
6 business. There are other councils, commissions,
7 entities created in various sections of the statutes.
8 To my knowledge, FTRI is kind of unique in its -- in the
9 way it was organized as a not-for-profit.

10 The budget before you was prepared by FTRI
11 based on their experience and establishes the funding we
12 believe is needed to maintain the effectiveness and
13 quality of the system as intended by the Legislature
14 when they adopted TASA in 1991, and 427.702(3)(f)
15 identifies that information.

16 This is a shortfall budget, if you will. The
17 costs to fund the program exceed the projected revenues
18 by about \$850,000, due primarily to the reduced revenues
19 produced by declining access lines and the increase in
20 relay costs associated with the new relay contract,
21 neither of which we have any control over.

22 That shortfall can be covered by either
23 increasing the surcharge or transferring funds from what
24 we now call the surplus account. We've suggested the
25 latter. Either would be appropriate, and, in fact, both

1 have been used by the Commission in the past.

2 With respect to the surcharge, and I address
3 that first because it's the surcharge that the
4 Legislature identified in Chapter 427 as the mechanism
5 to implement TASA. 427.704, which is the -- outlines
6 the powers and duties of the Commission, directs the
7 Commission to establish a mechanism to recover costs.
8 Specifically, the Commission is required to determine
9 the amount of the surcharge based upon the amount of
10 funding necessary to accomplish the purposes of this act
11 and provide the services on an ongoing basis. The
12 surcharge may not exceed 25 cents, and it can only be
13 applied up to 25 access lines per customer.

14 The Commission is also required to review the
15 amount of the surcharge at least annually and order
16 changes in that amount to assure available funds for the
17 access system, and that's in 704(4)(e) of the statutes.
18 Under that section, the Commission has the authority to
19 suspend the surcharge for a period of time if you deem
20 appropriate, and I'm going to come back to that in a
21 minute.

22 We believe that the Legislature contemplated
23 and intended that the surcharge, clearly intended the
24 surcharge could be set anywhere from zero to 25 cents,
25 but still they expressed very plainly it should be at

1 least sufficient to maintain the quality of the program.

2 Now, the administrator, which is FTRI, is
3 responsible for, for lack of a better term, day-to-day
4 operations. We're required to purchase and distribute
5 the equipment, to establish the criteria for the
6 equipment, training, outreach, advertising,
7 establishing -- of course, the statute specifies who
8 can, who can certify the eligibility of citizens, but
9 we're, we're responsible for that. So basically the
10 day-to-day operations, among which is administering and
11 controlling the award of all money to all parties
12 incurring costs for the relay equipment and technical
13 support.

14 We are specifically permitted to apply for an
15 adjustment in the amount of the surcharge, which we have
16 done in years past. In fact, over the years we have
17 recommended increases, we've recommended decreases,
18 we've recommended that they stay the same. Sometimes
19 the Commission has agreed. There are -- have been
20 instances where we recommended decreases, the Commission
21 established an increase, and vice versa. So the
22 surcharge has kind of, kind of floated until later
23 years, these more recent years.

24 We believe the Legislature intended the
25 program be funded at the level necessary to maintain the

1 quality of the program and provided the Commission and
2 the administrator with the flexibility to properly fund
3 the program by allowing that, that change in the, in the
4 surcharge amount.

5 There is an aspect of the recommendation that
6 does concern us, not just for this year, but it's, it's
7 on a going-forward basis, and that is the view that
8 seems to be taken that the surcharge be frozen, if you
9 will, and that the amount of the surcharge, and that's
10 these 11 cents, because that's what it is now, that the
11 11 cents be frozen and only -- the program only be
12 funded by the revenues produced by that frozen
13 surcharge. That is of particular concern. I've already
14 addressed some of the bases we believe the Commission
15 has the flexibility to adjust the surcharge. But
16 freezing the, freezing the surcharge and, and tying it
17 to the access lines, which we all agree are declining,
18 we, we would suggest is contrary to and in conflict with
19 the intent that I've already discussed that the program
20 be properly funded.

21 For several years we've raised a concern
22 regarding the declining access lines, and, as I said, I
23 don't think anybody will disagree with that trend that
24 we see. We expect that trend will probably continue.
25 So what we're looking at, if we continue with a frozen

1 level, is a continuing decline in revenue available to
2 properly fund this program, which we believe again would
3 be contrary to what the Legislature intended.

4 Had the Legislature intended that the program
5 live within the funding at a fixed level, they would not
6 have given the flexibility to set the surcharge from
7 zero to 25 cents. Unlike the 911 surcharge fee that's
8 set, this, this establishes a range for the Commission
9 to look at. To set a definite rate and say live within
10 it would require cuts in the program and an eventual
11 decline in the quality contrary to the desire of the
12 Legislature.

13 Now prior to TASA, our predecessor was the
14 Florida Council for Hearing Impaired. That was a
15 council that was -- the members were appointed by
16 various parties. I don't remember specifically,
17 possibly the House, the Senate, the Governor, but they
18 were appointed, and they had, they had a set amount of
19 funds to fund the program. When the funds ran out, the
20 program stopped. There was no more equipment, no more
21 training, no more repairs.

22 With 427, with TASA, in 1991, the Legislature
23 fixed this by providing for a third-party administrator
24 rather than an appointed council or an agency in
25 establishing the funding flexibility to ensure the

1 quality of the program is maintained.

2 Let me address the surplus account for just a
3 moment. And I'm almost finished; thank you for sticking
4 with me here. But in the recommendation, the staff says
5 the surplus account was created to offset the possible
6 shift of relay cost to the states. While it's true that
7 the Commission has viewed the surplus account as -- or
8 the reserve account as it began as a, as a source for
9 that, for that funding in recent years, the surplus
10 account actually began as a reserve account with the
11 intent of establishing a two-month cash reserve for
12 expenses on hand. As the reserve continued to grow,
13 there were efforts to reduce it. One year the surcharge
14 was cut so as to reduce the surcharge from 10 million to
15 4 million, and as recently as the 2005/2006 budget year
16 there was an effort to reduce the reserve.

17 In 2006, the Commission recognized the
18 potential cost for the transfer of the IP relay and VRS
19 from the federal to the state, and I know you've heard a
20 lot about that, and they viewed the reserve as a source
21 of some funding for that possibility. That year, in
22 fact, the Commission kept the surcharge at 15 cents in
23 order to create a surplus. In subsequent years,
24 transfers from the surplus were permitted most recently
25 in order to maintain the surcharge at the 11-cent level.

1 I suggested earlier that the Legislature
2 contemplated the surcharge as a source of funding for
3 the, for the, for the program, but the ability to -- we
4 believe you have the ability to use those surplus funds
5 if you so desire. That would be within the flexibility
6 the Legislature has given you to establish at zero to 25
7 cents. You know, some other jurisdictions have, have
8 temporarily suspended the collection of surcharge when
9 they've had necessary, they've had the necessary funds
10 to continue funding the program.

11 But let me conclude by saying we believe that
12 the budget should be approved as submitted, the \$850,000
13 shortfall through transfer from the surplus, if
14 necessary, or by increasing the surcharge.

15 The only basis given for requiring the budget
16 be reduced is to keep it within the revenue produced by
17 a fixed surcharge, and we've noticed, as we've pointed
18 out, as I've pointed out, we don't believe that's in
19 keeping with the Legislature's intent that the programs
20 be adequately funded. There are reductions reflected in
21 this budget, several of the line items, but we believe
22 that, based upon our experience and day-to-day
23 operations, that it properly funds the programs on a
24 going-forward basis as we're required to do. And we
25 would urge that you approve the budget as we have

1 submitted, and thank you.

2 **CHAIRMAN GRAHAM:** Commissioners?

3 Commissioner Brown.

4 **COMMISSIONER BROWN:** Well, I'll open it up.

5 Mr. Horton, thank you for the presentation. It was nice
6 to hear from you today with the background. And you
7 raised some interesting points, too, with the declining
8 lines. You proffered that the surcharge lines need not
9 be frozen, and that's an interesting point that I
10 haven't really considered before. But I would like to
11 ask a question of Mr. Casey in response to some of your
12 dialogue here.

13 Mr. Casey or Curtis -- pardon me --

14 Mr. Williams, if the 11-cent surcharge remains frozen,
15 does that mean FTRI will eventually not be able to
16 provide and service the community as intended with the
17 decline in the landlines and the decline in minutes for
18 the traditional relay services? Mr. Horton proffered
19 that if we keep the 11-cent surcharge as is, they're no
20 longer going to be able to service the State of Florida
21 and the community it serves.

22 **MR. CASEY:** We don't, we don't believe that's
23 exactly true. What we did when we did all four options,
24 we kind of sat back and said, okay, what's the future of
25 the relay program in Florida? Well, first of all, FTRI

1 doesn't serve all 3 million deaf and hard of hearing
2 consumers in the State of Florida. We can only serve
3 those that have residential landlines.

4 The trend right now is for the deaf and hard
5 of hearing to go to wireless and IP. And I did two
6 analysis -- one on a national basis, one on a
7 Florida-specific basis -- to find out, well, how many
8 deaf and hard of hearing folks would use landline access
9 lines, and somewhere between 10 and 20 percent. So of
10 the 3 million in Florida, somewhere between 300,000 and
11 600,000 would be able to be served by FTRI.

12 Now, this is going to continue to decline year
13 after year. Supposedly by 2020 the ILECs, the incumbent
14 local exchange companies, will have all IP networks. At
15 that time we won't have any jurisdiction over these
16 phones unless the Legislature changes the law. But
17 right now, it's on kind of a phase down, and staff
18 doesn't believe this is the time to give them an
19 increase. They should be kind of phasing down as the
20 landlines phase down.

21 **COMMISSIONER BROWN:** Well, I appreciate that.
22 And we've had discussions about this, and we've had
23 discussions with FTRI over the years, and we've reminded
24 them to be prudent in their budget making, planning as
25 access lines continue to decline, minutes continue to

1 decline with regard to traditional relay services.
2 Although I am sensitive to the situation FTRI is in, I
3 am a big believer that the company, the nonprofit
4 company should live within its budget, but also I'm
5 sensitive to the fact that there have been changes with
6 regard to the Sprint and AT&T contract.

7 I feel Option 3 kind of sends a message to
8 FTRI to live within its budget. And the 481,000 tapping
9 into the surplus funds would be -- correct me if I'm
10 wrong, Mr. Casey -- would be the amount of the
11 difference between the AT&T and Sprint contract.

12 **MR. CASEY:** Yes.

13 **MR. WILLIAMS:** That's correct.

14 **COMMISSIONER BROWN:** Okay. Thank you. I
15 think that's a fair assumption. I think to give FTRI --
16 I mean, if we wanted to micromanage the budget, I can --
17 we can go into questions because there are definitely
18 some areas like the regional distribution centers, and I
19 know that FTRI intends to increase those, but they
20 only -- they have decreased the number of employees, so
21 those expenses have decreased, and outreach expenses
22 have decreased, which I think FTRI should be really
23 focusing on their outreach efforts around the state, but
24 I don't want to micromanage the budget by any means. So
25 I think the happy medium is the Option 3, which sends a

1 message to FTRI to look at your budget, revisit it, and
2 see those areas that you can cut. And that's just my
3 opinion here. I don't agree with the staff
4 recommendation to completely deny the, the deficit
5 there, but I also don't think that we should agree with
6 FTRI's proposal. That's where I stand.

7 **CHAIRMAN GRAHAM:** Commissioner Brisé.

8 **COMMISSIONER BRISÉ:** Thank you, Mr. Chairman.

9 For staff, how many access lines are currently
10 being used? And if you can give me a history of how
11 many were last year that creates that gap in terms of
12 the number of people who are actually using landlines
13 for this service and what the decline is and what the
14 percentage of that decline is, which then impacts the
15 question of the 11 cents, being able to fund that,
16 versus maybe needing an increase in that amount to
17 continue to fund that population, and if you can give me
18 a descriptor of that population as, you know, who are
19 using those landlines.

20 **MR. WILLIAMS:** In FTRI's filing, they actually
21 stated that since 2008 the access lines have decreased
22 from an average of 9,194,091 for that period to
23 6,284,851. So that's a loss of 2 million -- almost
24 3 million access lines for this year.

25 **COMMISSIONER BRISÉ:** Okay. So if we were to

1 look at the value of 11 cents and the decrease in that
2 number, if we were to plug that hole, if we were to try
3 to plug that hole financially, would a 13 -- moving up
4 to 13 cents plug that hole?

5 **MR. WILLIAMS:** Yes, Commissioner Brisé.

6 That -- the 2-cent increase in the access per charge,
7 per access line, it would recover the deficit.

8 **COMMISSIONER BRISÉ:** Okay. Now, so this
9 question is for FTRI. Would you describe to me the
10 population, and maybe you all have done some analysis as
11 to at what point do your customers or those you service
12 move from the, the landline to the -- either voice over
13 IP service or to the wireless service? And what are
14 some of the challenges that exist with both of those
15 technologies that may, may keep some people on the
16 landlines?

17 **MR. FORSTALL:** Good morning. With regard to
18 the transitioning from landlines to wireless or voice
19 over IP, it's happening every day. The number of -- the
20 percentage, the percentage, it varies. However, the
21 number of users at the landline who support the program
22 is dwindling. And I don't know exactly what to tell you
23 percentage-wise, but it is pretty high. I would say
24 most of the people who are deaf, totally deaf that use
25 the relay service are already transitioning. I would

1 say probably close to 80 percent. Meanwhile, you have
2 the hard of hearing population who is using the regular
3 landline to access the telephone system. It's pretty
4 stable, but it is declining.

5 **COMMISSIONER BRISÉ:** So, in other words, there
6 will always be a percentage of the population that will
7 continue the usage of the landline and every -- of the
8 landline. So every year that we come back in,
9 ultimately that, that expense is going to end up being
10 higher and higher because of the fact that the
11 population is dropping.

12 **MR. FORSTALL:** That is correct.

13 **COMMISSIONER BRISÉ:** Okay. Thank you.

14 **CHAIRMAN GRAHAM:** Other Commissioners?

15 All right. Commissioner Brown.

16 **COMMISSIONER BROWN:** I kind of see the
17 direction that Commissioner Brisé is going and it makes
18 sense.

19 Could we go back to staff and ask what was the
20 history for the Commission -- since I've been here,
21 we've held the line on the 11-cents surcharge. We've
22 also not tapped into the surplus over the past four
23 years, and the FTRI has still operated very successfully
24 trying to hold down costs as landline access continues
25 to decrease.

1 Can you go through the history from your
2 perspective of why the Commission determined to hold the
3 surcharge to the 11 cents?

4 **MR. WILLIAMS:** The, the surcharge, if you look
5 at the history of the surcharge over the, since the
6 2000/2001 time period, it's fluctuated mainly between 9
7 cents and as high as 15 cents and the current 11, 11
8 cents. The 15-cents amount for the surcharge was
9 adopted by the Commission to address concerns regarding
10 an FCC possible decision to transfer Internet protocol
11 relay service cost to the states. So the Commission
12 does have flexibility in adjusting the surcharge amount
13 and has adjusted, as Mr. Horton mentioned, has adjusted
14 the surcharge amount for various reasons over the
15 history of the program.

16 The current 11 cents, which has been in place
17 since 2007, I think it's been, it's been maintained and
18 the Commission has expressed its position that overall,
19 based on the concerns regarding the possible transfer of
20 costs, relay provider costs, internet relay provider
21 costs at the -- from the FCC, that there would be a
22 combination of, of issues that would need to be
23 addressed to address that cost.

24 Staff has done an analysis based on data that
25 we had access to in 2009, and we've determined that at a

1 minimum \$32 million would need to be covered. That
2 amount is probably higher now, and the Commission has
3 the flexibility to do several things. I mean, one, to
4 address that cost would be to make adjustments within
5 the surcharge. Also, we have the reserve account, which
6 could also be used. And then we would look at the -- as
7 staff has presented in this recommendation, we would
8 continue to look at the expenses for FTRI as another
9 element to address that particular increase in, in
10 possible costs.

11 **COMMISSIONER BROWN:** Thank you for that. And
12 I've noticed in the budget equipment continues to go up.
13 So with the demand going down, the equipment prices
14 have, in fact, gone up as reflected in the FTRI budget,
15 and they probably will continue to for traditional relay
16 services; is that accurate?

17 **MR. CASEY:** I believe FTRI should answer that
18 one. They would, they would know better.

19 **COMMISSIONER BROWN:** Mr. Forstall?

20 **MR. FORSTALL:** I'm sorry. Could you repeat
21 the question, please?

22 **COMMISSIONER BROWN:** Certainly. Equipment, it
23 appears from the budget, continues to go up for
24 traditional relay services. Is that a result from any
25 particular reason, the decline in use, or what would you

1 attribute that to?

2 **MR. FORSTALL:** The -- I would say about 90
3 percent of the customers that we serve with the
4 equipment are individuals with hearing loss who are hard
5 of hearing and rely on the access lines and not
6 necessarily the relay servers. Some of them do use the
7 relay servers. But the majority of the equipment that
8 we distribute are amplified telephones for people who
9 are hard of hearing.

10 **COMMISSIONER BROWN:** Okay. And since -- I'd
11 like to go into the budget -- because I hear
12 Commissioner Brisé's concerns or thoughts, I'd like to
13 go into the budget with regard to your decision to
14 increase regional distribution centers. Is that
15 correct?

16 **MR. FORSTALL:** We have in the past. We're up
17 to 30. However, these are centers that we contract
18 with, they are not employees of FTRI, and we reimburse
19 them for services provided. So we have 30 throughout
20 the state to get more people out to reach out to the
21 communities to provide the service. If they do not
22 provide a service, they do not get paid.

23 **COMMISSIONER BROWN:** Why are the outreach
24 expenses going down then? I think outreach is a
25 critical component of FTRI's role.

1 **MR. FORSTALL:** Yes, it is important, and we
2 have pretty much maintained the same level of outreach
3 we have performed last year. Some of the reductions are
4 in areas that we no longer have decided to use, but the
5 majority of the outreach, which is media, which is
6 newspaper, and contracts with the regional distribution
7 centers to do community outreach in their area, have
8 remained the same.

9 **COMMISSIONER BROWN:** The workshop expense
10 under the regional distribute -- associated with the
11 regional distribution centers that we did not approve
12 last budget go-round, why did you include it this time
13 around? What is the value there?

14 **MR. FORSTALL:** Okay. We, we -- the workshop
15 is to bring all the regional distribution centers
16 together to provide training, training the trainers.
17 It's also to provide updates to procedures and policies
18 that are happening with the program.

19 The last time we had a conference was, I
20 believe, four years ago. And it is also helpful to at
21 least put -- sometimes to have that individual
22 face-to-face interaction with the centers as well as
23 other centers because we do bounce ideas or networking,
24 networking and best practices, sharing with other
25 centers, and we have found that to be very, very

1 beneficial.

2 **COMMISSIONER BROWN:** Mr. Forstall, do you see
3 areas of your budget as proposed that you could cut?
4 Staff sent you a request, and my understanding is that
5 you are unable to respond to it, if there are areas of
6 the budget, the proposed budget that you would cut. Do
7 you feel that there are areas here?

8 **MR. FORSTALL:** As far as FTRI's staff is
9 concerned?

10 **COMMISSIONER BROWN:** Yes. Please take your
11 time.

12 **MR. FORSTALL:** That's a good question. We
13 would probably have three different -- or all four
14 categories. The outreach does impact how services are
15 provided. And just to give you an example, a newspaper,
16 newspapers in the last three years have drawn in 15.5
17 percent of new clients to the program. So if we were to
18 cut back a little bit on the newspaper, then it would
19 impact the RDC amount as well as impacting the amount of
20 equipment purchased.

21 **COMMISSIONER BROWN:** Okay.

22 **CHAIRMAN GRAHAM:** Okay. I'll entertain a
23 motion.

24 **COMMISSIONER BRISÉ:** Well, before we move to
25 the motion, I'm just going to say I am partial to Option

1 2 for the simple purposes of recognizing that the
2 decline in access to the landlines is creating pressure,
3 upward pressure on the rate ultimately. And, you know,
4 there's, there's a good reason to build up a surplus,
5 and if we can keep that surplus there while at the same
6 time keeping that certain level of stability with
7 respect to the income coming in for, for the, for the
8 access lines and so forth, it may put us in a good
9 position for that transition that we expect to happen
10 fully in 2020. And so those are my thoughts for
11 supporting Option 2. It's not a motion yet.

12 **CHAIRMAN GRAHAM:** So I can't say second yet.

13 **COMMISSIONER BRISÉ:** No.

14 **CHAIRMAN GRAHAM:** Commissioner Brown.

15 **COMMISSIONER BROWN:** Now, could there be an
16 Option 5?

17 (Laughter.)

18 **MR. CASEY:** Of course.

19 **MR. WILLIAMS:** Yes. Yes, Commissioner, and
20 actually that was something that I was going to mention
21 at the appropriate time. And you could use a -- there
22 could be a hybrid between Options 2 and Options 3 where
23 to address the relay provider cost you could increase
24 the surcharge amount by a smaller amount. We would have
25 to do an exact calculation, but maybe a penny, and then

1 do the offset accordingly and then keep the reserve
2 account as is. So that, that's an option.

3 **COMMISSIONER BROWN:** I appreciate that. You
4 know, the only reason, Commissioner Brisé, I'm not
5 completely convinced on Issue (sic) 2 is I think there's
6 no incentive to create a balanced budget if we agree to
7 give FTRI exactly what they proposed. Over the past
8 four years they have made changes and modifications and
9 they have downsized as landlines have decreased, as
10 access and as minutes have decreased. So they -- and
11 they're smaller; they have 11 employees. They are just
12 getting smaller, so the budget should be reflected
13 accordingly. And, and maybe there is a happy medium
14 somewhere keeping that into consideration.

15 **COMMISSIONER BRISÉ:** Mr. Chair?

16 **CHAIRMAN GRAHAM:** Yes.

17 **COMMISSIONER BRISÉ:** Yeah. I'm open to that.
18 I think I agree that if we could find the right level in
19 terms of the increase, whether it's a penny, a penny and
20 a half, or whatever it would have to be to ensure that
21 we address that pressure. I mean, that's my biggest
22 concern is that aspect of it. With respect to the other
23 side of the budget, I'm there with you.

24 **MR. CASEY:** Commissioners, if I may, I'd just
25 like to mention one thing. As Mr. Horton mentioned

1 earlier, we have to review this at least annually. If
2 they get down the road in six months and determine that
3 they can't make their budget and they need an additional
4 penny or something, they can always come back in and we
5 can address it then.

6 **CHAIRMAN GRAHAM:** Commissioner Brown.

7 **COMMISSIONER BROWN:** All right. So let's get,
8 let's get -- let's capture this hybrid. Okay. The
9 costs that FTRI cannot control is the difference between
10 the Sprint and the AT&T, and it's of no fault to FTRI.

11 **MR. WILLIAMS:** Correct. That's a fixed
12 expense that they have no control over.

13 **COMMISSIONER BROWN:** So that difference is
14 481,960. Could you quantify that in terms of a penny or
15 a -- on a surcharge?

16 **MR. CASEY:** One penny would produce \$687,490.

17 **COMMISSIONER BROWN:** So that would also cover
18 some of their deficit in the budget.

19 **MR. CASEY:** Correct.

20 **COMMISSIONER BROWN:** And still send a signal
21 to FTRI to keep costs down.

22 **MR. CASEY:** Yes, Commissioner.

23 **COMMISSIONER BRISÉ:** Okay. Sounds like a
24 motion.

25 **CHAIRMAN GRAHAM:** Would you like to state

1 your -- restate your motion?

2 **COMMISSIONER BROWN:** Let me think about it,
3 okay, how to formulate it for a second.

4 Commissioner Edgar is always so good at this.

5 **COMMISSIONER EDGAR:** Well, let's try it along
6 these lines. I move for consideration that we approve
7 an increase in the monthly relay surcharge of one penny
8 to be used to offset the \$481,960 amount and the
9 additional funds to go towards the budget deficit.

10 **COMMISSIONER BROWN:** Second.

11 **CHAIRMAN GRAHAM:** Is that sufficient for
12 staff?

13 **MR. CASEY:** Yes, sir.

14 **CHAIRMAN GRAHAM:** Mary Anne?

15 **MS. HELTON:** Yes, sir.

16 **COMMISSIONER EDGAR:** Mr. Chairman, you have
17 doubts?

18 **CHAIRMAN GRAHAM:** Madam President, I would
19 never doubt you, at least not publicly.

20 (Laughter.)

21 We have a motion that's been seconded. Any
22 further discussion?

23 Seeing none, all in favor, say aye.

24 (Vote taken.)

25 Any opposed? By your action, you've approved

1 the motion which handles -- I guess we need to do Issue
2 No. 2, so --

3 **COMMISSIONER EDGAR:** And that once the
4 procedural steps have been taken, that the docket be
5 closed.

6 **CHAIRMAN GRAHAM:** Is that a motion?

7 **COMMISSIONER EDGAR:** It is.

8 **CHAIRMAN GRAHAM:** And it's been seconded.

9 All in favor, say aye.

10 (Vote taken.)

11 By your action, you've approved all of Item
12 No. 1. Thank you very much.

13 **MR. HORTON:** Thank you, Commissioners.

14 (Agenda item concluded.)
15
16
17
18
19
20
21
22
23
24
25

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

3
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
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes 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 May, 2015.

19
20
21
22
23
24
25


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