

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Implementation of) DOCKET NO. 910496-TP
Florida Telecommunications) ORDER NO. PSC-96-0830-FOF-TP
Access Systems Act of 1991) ISSUED: June 27, 1996
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
RELATING TO TELECOMMUNICATIONS RELAY SERVICE,
FTRI BUDGET, AND SURCHARGE

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

The Telecommunications Access System Act of 1991 (TASA) became effective May 24, 1991 and is found in Chapter 427, Part II of the Florida Statutes. TASA was developed in response to two needs. The first was the need for permanent funding of the distribution of specialized telecommunications equipment for people who are hearing and speech impaired (TDDs, volume control telephones, etc.). The second motivation for TASA was the need for a telecommunications relay system whereby the cost for access to basic telecommunications services for persons who have a hearing or speech impairment is no greater than the amount paid by other telecommunications customers.

The federal Americans with Disabilities Act (ADA) required telephone companies to develop a relay system for both interstate and intrastate calls by July 1993; however, TASA mandated that a statewide telecommunications relay service be provided earlier, beginning June 1, 1992. Florida's TASA required the development of a statewide relay service that would be capable of being certified

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FPSC-REGULATORY/REPORTING

by the FCC. TASA provides funding for the distribution of specialized telecommunications devices and intrastate relay service through the imposition of a surcharge of up to \$.25 per access line per month. (Accounts with over 25 lines are billed for only 25 lines).

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the thirteen local exchange telephone companies, was named by the Commission to serve as the TASA administrator. Currently, FTRI has over 93,000 Floridians in its client data base.

After issuing a Request for Proposals (RFP), the Commission selected MCI to provide the relay service and MCI began providing service June 1, 1992 out of its relay center in Miami. MCI's contract expires May 31, 1997.

Beginning July 1, 1991, the LECs began collecting the initial \$.05 per access line surcharge pursuant to Order No. 24581; the surcharge was increased to \$.10 per access line on July 1, 1992. The surcharge remained at \$.10 per access line through November 30, 1994. Effective December 1, 1994, the surcharge was increased to \$.12 per access line. Due to expense reductions proposed by FTRI and a cash balance in its surplus fund account, the surcharge was reduced from \$.12 to \$.10 for the fiscal year 1995-1996. Staff was aware that the cash balance would be reduced during the fiscal year and an increase in the surcharge would be inevitable for the 1996-97 fiscal year.

Florida Telecommunications Relay, Inc. proposed a budget for the fiscal year 1996-97, with an increase in the surcharge from the current \$.10 level to \$.13.

Florida Telecommunications Relay, Inc.'s proposed surcharge for fiscal year 1996-97 should be modified. Local exchange telephone companies and alternative local exchange companies should be ordered to increase the surcharge for relay services from the current \$.10 level to \$.12 effective July 1, 1996. The companies should also include a bill stuffer notifying customers of this increase in the first bill containing the increase.

As is the case today, the budget shall be grouped into five categories. FTRI may move amounts between these five categories not to exceed 10% of the category from which the funds are being moved; greater movement would require prior Commission authorization.

While we are approving a lower surcharge than proposed by FTRI, this does not mean that there should be any reduction in the programs FTRI plans to provide this fiscal year. The \$.12 surcharge should be sufficient to fund FTRI's planned programs. It should be noted that FTRI's budget has been recommended by the Advisory Committee.

It is estimated, based on information received on May 8, 1996, that the amount of cash surplus in FTRI's account will fall by \$1.85 million (from \$3.26 million on 6/30/95 to \$1.41 million on 6/30/96).

FTRI and our staff agree that an appropriate amount of surplus is equal to approximately one month's cash disbursements. However, based on FTRI's analysis a \$.13 surcharge will cause the surplus fund balance to increase to an estimated \$2.12 million by the end of the fiscal year, which greatly exceeds one month's cash disbursements. The surplus fund will increase an average of \$83,300 monthly at a \$.13 surcharge level.

Using the most current data available, and applying FTRI's simplified cash flow model, with the surcharge at \$.12 per access line, the surplus balance will be approximately \$1.11 million at the end of the fiscal year. The current surplus fund balance would be reduced by approximately \$8,416 monthly. Although \$1.11 million slightly exceeds one month's cash disbursements, staff believes this is a reasonable amount. Unlike a for-profit organization which experiences fluctuating cash inflows due to consumer demand and risks associated with revenue collection, this organization has a stable revenue base with essentially no risk associated with revenue collection. Therefore, the surcharge should be increased from \$.10 to \$.12 effective July 1, 1996.

Therefore, based on the foregoing, it is

ORDERED by the Commission that the expense portion of the Administrator's budget is approved, but with a \$.12 surcharge effective July 1, 1996 (approved budget attached). It is further

ORDERED that local exchange and alternative local exchange companies should include a bill stuffer notifying customers of this increase; It is further

ORDERED that this docket should remain open.

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BY ORDER of the Florida Public Service Commission this 27th
day of June, 1996.

Blanca S. Bayó, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0870, by the close of business on July 18, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

	COMMISSION APPROVED BUDGET 1995 - 1996	FTRI BEST VIEW ACTUAL 1995 - 1996 (AS OF MARCH 1996)	FTRI PROPOSED BUDGET 1996 - 1997	PSC STAFF PROPOSED BUDGET 1996 - 1997
OPERATING REVENUE				
(1) SURCHARGES	\$10,370,448	\$10,414,588	\$14,053,445	\$12,972,441
(2) INTEREST INCOME	\$125,914	\$149,223	\$85,782	\$67,810
(3) SERVICE/OTHER	\$0.00	\$0.00	\$0.00	\$0.00
(4) SEE ATTACHMENT B				
TOTAL OPERATING REVENUE	\$10,496,362	\$10,663,811	\$14,139,227	\$13,040,251
OPERATING EXPENSES				
CATEGORY I - RELAY SERVICES				
(5) DPR PROVIDER	\$8,034,158	\$7,970,543	\$7,978,908	\$7,978,908
SUBTOTAL-CATEGORY I	\$8,034,158	\$7,970,543	\$7,978,910	\$7,978,910
CATEGORY II - EQUIPMENT & REPAIRS				
(6) TDD EQ	\$481,500	\$488,988	\$481,500	\$481,500
(7) LARGE PRINT TDD'S	\$5,690	\$8,535	\$5,690	\$5,690
(8) VOC/MCO-TDD	\$45,800	\$0.00	\$45,800	\$45,800
(9) VCO-TELEPHONE	\$28,000	\$13,400	\$67,000	\$67,000
(10) DUAL SENSORY EQ	\$6,575	\$0.00	\$0.00	\$0.00
(11) VCP HEARING IMP	\$2,152,200	\$2,365,045	\$2,490,840	\$2,490,840
(12) VCP SPEECH IMP	\$7,830	\$7,398	\$7,926	\$7,926
(13) ARS SIGNALING EQ	\$375,000	\$357,975	\$362,500	\$362,500
(14) VRS SIGNALING EQ	\$101,916	\$78,076	\$78,225	\$78,225
(15) TRS SIGNALING EQ	\$750	\$500	\$750	\$750
(16) TELECOMM EQ REPAIR	\$65,000	\$111,239	\$164,575	\$164,575
SUBTOTAL-CATEGORY II	\$3,270,261	\$3,481,158	\$3,704,806	\$3,704,806
CATEGORY III - EQUIPMENT DISTRIBUTION AND TRAINING				
(17) FRGHT/TELECOMM EQ	\$23,990	\$23,140	\$27,642	\$27,642
(18) REGIONAL DIST CTRS	\$710,124	\$682,812	\$710,124	\$710,124
(19) WORKSHOP EXPENSE	\$9,675	\$0.00	\$10,750	\$10,750
(20) TRAINING EXPENSE	\$19,392	\$27,032	\$30,000	\$30,000
SUBTOTAL-CATEGORY III	\$763,181	\$732,964	\$778,516	\$778,516
CATEGORY IV - OUTREACH				
(21) OUTREACH EXPENSE	\$250,000	\$50,000	\$64,885	\$64,885
SUBTOTAL-CATEGORY IV	\$250,000	\$50,000	\$64,885	\$64,885
CATEGORY V - GENERAL & ADMINISTRATION				
(22) ADVERTISING	\$900	\$8,700	\$2,100	\$2,100
(23) ACCOUNTING/AUDITING	\$12,750	\$12,425	\$12,000	\$12,000
(24) LEGAL	\$58,600	\$69,496	\$54,000	\$54,000
(25) CONSULTATION	\$7,500	\$6,685	\$6,500	\$6,500
(26) AUTO LEASE EXPENSE	\$4,800	\$4,473	\$4,800	\$4,800
(27) BANK CHARGES	\$0.00	\$0.00	\$0.00	\$0.00
(28) DUES/SUBSCRIPTIONS	\$1,250	\$1,004	\$1,250	\$1,250
(29) OFFICE FURNITURE PURCHASE	\$1,000	\$0.00	\$1,000	\$1,000
(29A) LESS: CAPITALIZED POR	\$0.00	\$0.00	\$0.00	\$0.00
(30) OFFICE EQUIPMENT PURCHASE	\$2,000	\$1,301	\$2,500	\$2,500
(30A) LESS: CAPITALIZED POR	\$0.00	\$0.00	\$0.00	\$0.00
(31) DEPRECIATION	\$0.00	\$0.00	\$0.00	\$0.00
(32) OFFICE EQUIPMENT LEASE	\$2,052	\$2,540	\$3,160	\$3,160
(33) INSURANCE-HEALTH/LIFE/DISABILITY	\$81,296	\$50,404	\$70,280	\$70,280
(34) INSURANCE-OTHER	\$2,500	\$2,912	\$3,250	\$3,250
(35) OFFICE EXPENSE	\$5,000	\$4,671	\$5,250	\$5,250
(36) POSTAGE	\$16,500	\$13,002	\$16,500	\$16,500
(37) RENT	\$44,340	\$44,316	\$45,875	\$45,875
(38) PRINTING	\$20,000	\$25,282	\$35,000	\$35,000
(39) RETIREMENT	\$30,966	\$21,606	\$28,713	\$28,713
(40) EMPLOYEE COMPENSATION	\$269,231	\$181,836	\$249,296	\$249,296
(41) EMPORARY EMPLOYMENT	\$2,500	\$5,152	\$2,500	\$2,500
(42) TAXES-PAYROLL	\$20,963	\$13,911	\$19,483	\$19,483
(43) TAXES-UNEMP COMP.	\$206	\$108	\$220	\$220
(44) TAXES-LICENSES	\$75	\$61	\$75	\$75
(45) TELEPHONE	\$25,000	\$23,247	\$25,000	\$25,000
(46) TRAVEL AND BUS EXPENSE	\$10,000	\$8,136	\$15,000	\$15,000
(47) EQUIPMENT MAINTENANCE	\$5,000	\$2,212	\$5,000	\$5,000
(48) EMPLOYEE TRNG/DVLP	\$1,000	\$500	\$3,000	\$3,000
(49) MEETING EXPENSE	\$1,000	\$3,104	\$2,300	\$2,300
(50) MISCELLANEOUS EXP.	\$1,000	\$0.00	\$500	\$500
SUBTOTAL-CATEGORY V	\$607,429	\$507,064	\$614,552	\$614,552
TOTAL EXPENSES	\$12,925,027	\$12,721,747	\$13,141,667	\$13,141,667
REVENUE LESS EXPENSES	(\$2,428,665)	(\$2,157,936)	\$997,560	(\$101,416)