

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Approval of Florida
Telecommunications Relay, Inc.'s Fiscal Year
2020/2021 Proposed Budget.

DOCKET NO. 20200073-TP
ORDER NO. PSC-2020-0220-PAA-TP
ISSUED: June 29, 2020

The following Commissioners participated in the disposition of this matter:

GARY F. CLARK, Chairman
ART GRAHAM
JULIE I. BROWN
DONALD J. POLMANN
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION ORDER
APPROVING FLORIDA TELECOMMUNICATIONS RELAY, INC.'S
BUDGET AS REDUCED BY COMMISSION

NOTICE is hereby given by the Florida Public Service Commission (Commission or FPSC) 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 a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

BY THE COMMISSION:

I. Background

The Telecommunications Access System Act of 1991 (TASA) established a statewide telecommunications relay system. Section 427.704(1), Florida Statutes (F.S.), provides that the Commission shall establish, implement, promote, and oversee the administration of the statewide telecommunications access system to provide access to telecommunications relay services by persons who are deaf, hard of hearing or speech impaired. The telecommunications access system is tasked with the purchase and distribution of specialized telecommunications devices as defined in Section 427.703(11), F.S. As defined by Section 427.703(16), F.S., this system provides telecommunications service for deaf or hard of hearing persons functionally equivalent to the service provided to hearing persons.

The telecommunications access system provides deaf or hard of hearing persons access to basic telecommunications services by using a specialized Communications Assistant that relays information between the deaf or hard of hearing person and the other party to the call. The primary function of the telecommunications access system is accomplished by the deaf or hard of hearing person using a Telecommunications Device for the Deaf (TDD). The person using the TDD types a message to a Communications Assistant who in turn voices the message to the

other party or types the message to a Captioned Telephone which displays real-time captions of the conversation.

Florida Telecommunications Relay, Inc. (FTRI), a non-profit corporation formed by the local exchange telephone companies, was selected by the Commission to serve as the TASA Administrator. FTRI is primarily responsible for the purchase and distribution of specialized telecommunications equipment. As part of this process, FTRI contracts with other organizations to distribute equipment and provide customer training on the proper use of the equipment and the relay service. FTRI also conducts marketing to raise awareness of available specialized equipment and related relay services. Relay services are paid for by FTRI as part of its responsibilities.

FTRI, as the TASA Administrator, is funded through the Telecommunications Relay Service (TRS) surcharge. This surcharge was capped by the Florida Legislature at a maximum of \$0.25 per landline access line per month. The Florida Legislature also limited collection of the surcharge to only the first 25 lines of each account. Only local exchange telecommunications companies are required to collect and remit this surcharge to FTRI. The initial TRS surcharge was set at \$0.05 per access line per month.¹ Since then, the FPSC has changed the surcharge to meet FTRI's budgetary needs. The monthly surcharge is currently \$0.10 per access line.

As part of its oversight responsibilities for the telecommunications access system, the Commission reviews and approves a budget submitted by FTRI on an annual basis. Attachment A is FTRI's proposed budget for Fiscal Year 2020/2021, which was approved by its Board of Directors. FTRI also compared its proposed budget to the Fiscal Year 2019/2020 Commission-approved budget and the estimated revenue and expenses, for Fiscal Year 2019/2020. FTRI's estimated revenue and expenses were based on actual data from the first two quarters and estimated data for the third and fourth quarter.

We sent data requests to FTRI on a number of issues included in its Fiscal Year 2019/2020 estimate of expenses and its proposed Fiscal Year 2020/2021 budget. FTRI's responses are included in the docket file. On April 28, 2020, FTRI filed third quarter financial information. With this updated information, we estimated expenses for Fiscal Year 2019/2020; these are reflected in Attachment B.

By this order we address FTRI's proposed budget and the TRS surcharge for Fiscal Year 2020/2021. We have jurisdiction in this matter pursuant to Chapter 427, F.S.

II. Review and Decision

A. Traditional Telecommunications Relay Service

The traditional TRS cost to FTRI as reflected in Sprint Communications Company, L.P.'s (Sprint) contract is currently \$1.35 per session minute. Sprint's projections indicate that

¹ Order No. 24581, issued May 24, 1991, Docket No. 910496-TP.

traditional minutes will decrease by 3.6 percent during Fiscal Year 2020/2021 from the current fiscal year. Traditional relay users are transitioning to the following services:

- Internet Protocol (IP) Relay²
- Video Relay Service (VRS)³
- Captioned Telephone (CapTel) Service⁴
- IP Captioned Telephone Service⁵
- Internet Protocol Speech-to-Speech (STS) Service⁶
- Wireless Service⁷

B. CapTel Service

The CapTel cost to FTRI as reflected in the Sprint contract is currently \$1.69 per session minute. CapTel service uses a specialized telephone that provides captioning of the incoming call for a deaf or hard of hearing person. Sprint's projections show that CapTel minutes of use will decline by 24 percent during Fiscal Year 2020/2021 from the current fiscal year. CapTel users are transitioning to Internet Protocol Captioned Telephone Service and wireless services.

C. Florida Telecommunications Relay, Inc. Budget

Attachment A reflects FTRI's Fiscal Year 2020/2021 proposed budget, which was reviewed and adopted by FTRI's Board of Directors prior to filing with us. The FTRI proposed budget projects total operating revenue of \$4,906,838 and total expenses of \$5,387,127. Based on the projected revenue and expenses, FTRI asks for authority to transfer \$480,289 from the Reserve Account to offset the shortfall. FTRI also asks that the TRS surcharge be maintained at \$0.10 per access line for Fiscal Year 2020/2021.

FTRI's proposed budget represents a projected decrease in revenue of \$502,871 (9 percent) from the Fiscal Year 2019/2020 Commission-approved budget. This projected revenue decrease is attributed to an expected six percent decrease in access lines that are assessed the TRS surcharge.

² IP Relay allows people who have difficulty hearing or speaking to communicate using a computer and the Internet, rather than a Text Telephone (TTY) and a telephone line.

³ VRS enables persons with hearing disabilities who use American Sign Language to communicate with voice telephone users through video equipment, rather than through typed text. Video equipment links the VRS user with a TRS operator so that the VRS user and the operator can see and communicate with each other in signed conversation.

⁴ A CapTel telephone is a telephone that displays real-time captions of a conversation.

⁵ IP captioned telephone service allows the user to simultaneously listen to and read the text of what the other party in a telephone conversation has said, where the connection carrying the captions between the service and the user is via an IP addressed and routed link.

⁶ STS relay service utilizes a specially trained Communications Assistant who understands the speech patterns of persons with speech disabilities and can repeat the words spoken by such an individual to the other party to the call. IP STS uses the Internet, rather than the public switched telephone network, to connect the consumer to the relay provider.

⁷ Wireless services offer applications such as text, instant messaging, and Facetime.

FTRI's proposed budget also includes a decrease in expenses of \$308,296 (5.4 percent) from the Fiscal Year 2019/2020 Commission-approved budget. The most significant decline in FTRI's proposed budget expense (\$301,210) relates to an expected decline in minutes of use.

Sprint's estimated Fiscal Year 2020/2021 traditional TRS minutes of use are 1,105,917, at a rate of \$1.35 per minute, for a TRS-related expense of \$1,492,988. Sprint's estimated CapTel minutes of use are 450,871, at a rate of \$1.69 per minute for the CapTel-related expense of \$761,972. The Fiscal Year 2019/2020 Commission-approved budget reflected traditional TRS minutes of 1,147,727 and CapTel minutes of 595,703. The total expense for TRS and CapTel for Fiscal Year 2019/2020 was \$2,556,170.

A comparison of FTRI's Fiscal Year 2019/2020 Commission-approved budget, FTRI's Fiscal Year 2019/2020 estimated revenues and expenses, and FTRI's Fiscal Year 2020/2021 proposed budget as filed is shown in the table below.

FTRI Budget Comparison

	Commission Approved 2019/2020	FTRI Estimated 2019/2020	FTRI Proposed 2020/2021
Operating Revenue:			
Surcharges	\$5,315,788	\$5,098,137	\$4,792,249
Interest Income	93,921	111,674	114,589
Total Operating Revenue	\$5,409,709	\$5,209,811	\$4,906,838
Operating Expenses:			
Relay Provider Services	\$2,556,170	\$2,556,170	\$2,254,960
Equipment & Repairs	938,394	806,530	951,832
Equipment Distribution & Training	707,389	564,344	695,458
Outreach	535,650	535,650	535,650
General & Administrative	957,820	877,841	949,227
Total Expenses	\$5,695,423	\$5,340,535	\$5,387,127
Annual Surplus	(\$285,714)	(\$130,724)	(\$480,289)
Reserve Account	16,957,128	17,353,184	17,222,460
Total Reserve⁸	\$16,671,414	\$17,222,460	\$16,742,171

Based upon current industry trends, FTRI estimates that access lines will decrease at the rate of approximately six percent from the current fiscal year as more consumers transition from

⁸ The Federal Communication Commission (FCC) could mandate state funding of Video Relay Service, Internet Protocol Relay Service, and Internet Protocol Captioned Telephone Service. It is estimated that at a minimum \$32 million would be needed to adequately fund the state program. On June 8, 2018, in CG Docket No. 13-24 and CG Docket No. 03-123, the FCC released a Report and Order, Declaratory Ruling, Further Notice of Proposed Rulemaking, and Notice of Inquiry addressing, in part, whether state relay programs should be allowed or required to administer Internet Protocol Relay Service. If this FCC action occurs, a change in state law may be required for the FPSC to implement. <https://docs.fcc.gov/public/attachments/FCC-18-79A1.pdf>

landline phones. Holding the TRS surcharge constant, a decrease in access lines results in a decrease in revenues to support FTRI's activities. Thus, continued effort by FTRI to reduce expenses is important.

We have developed an estimate of FTRI's expenses for Fiscal Year 2019/2020. This data is presented in Attachment B. We used actual data from the first three quarters of the fiscal year, and took an average of those three quarters to estimate the fourth. Our estimates were then used as one element in evaluating FTRI's proposed budget. Attachment B also includes FTRI's budgeted information for comparison purposes. We reviewed our past approved FTRI budgets to identify and evaluate ongoing cost reduction measures. Our review of selected items from FTRI's proposed budget expense by category follows.

D. Category I – Relay Services

Category I represents expenses for traditional TRS and CapTel service currently provided by Sprint. The proposed budget recognizes a \$301,210 expense reduction from the Fiscal Year 2019/2020 Commission-approved budget, primarily due to declining minutes and service cost associated with CapTel service.

The relay service expenses are based on the minutes of use as projected by Sprint and relay service contract rates. Sprint's historical projections have proven to be reasonable and it has multi-state experience with such projections. We find that the estimates for Fiscal Year 2020/2021 are reasonable and shall be used for budgetary purposes.

E. Category II – Equipment & Repairs

Category II expenses reflect the purchase of equipment to be distributed to clients and the repairs that FTRI must make to keep the equipment in working order. FTRI used contract pricing for equipment multiplied by the number of units it plans to order over the course of the year. These contracts for equipment between FTRI and equipment vendors are separate from the contract for relay service approved by this Commission. FTRI's proposed budget represents a \$13,438 increase in expense when compared to the Fiscal Year 2019/2020 Commission-approved budget.

1. CapTel Phone Equipment

FTRI's Fiscal Year 2019/2020 CapTel Phone Equipment expense increased from the previous year by \$16,875 as a result of projected demand and expiration of a 2015 agreement FTRI had with Sprint to provide the CapTel 840 PLUS at no cost through Fiscal Year 2018/2019. FTRI's Fiscal Year 2020/2021 proposed budget reduces CapTel Equipment expense by \$16,875. FTRI currently has enough equipment on hand and is refurbishing returned units.

2. Text Telephone / Texting Device for the Deaf Equipment

Text Telephone (TTY) and Texting Device for the Deaf (TDD) are interchangeable terms that refer to text-based telecommunications equipment used by deaf or hard of hearing consumers. FTRI's proposed Fiscal Year 2020/2021 budget includes \$96,000 for advanced technologies under the TTY/ TDD equipment budget line item. In support of its budget filing, FTRI states:

Telecommunications Devices for the Deaf have traditionally been TTY (text telephones for the Deaf). Over the past decade or more, these units have become less preferred by Deaf consumers and replaced by newer technology. Smart Phones, Tablets, Captioning services are some of the new technology that may be piloted.

TASA currently provides funding for the distribution of specialized telecommunications devices for the deaf, hard of hearing or speech impaired and the provision of intrastate relay service. FTRI budgeted \$96,000 based on plans to "distribute 80 iPads priced at \$1,200 per unit configured with applications that enable Florida residents who are deaf or severely hard of hearing to access the telecommunications system."

We agree that traditional TTY/TDD equipment has become less preferred by consumers. This is evident by declines in equipment distributed by FTRI, and TRS and CapTel minutes of use. However, the Florida Legislature narrowly defined TDD as "a mechanism which is connected to a standard telephone line, operated by means of a keyboard, and used to transmit or receive signals through telephone lines." Section 427.703(14), F.S. Because iPads are not connected to a standard telephone line (i.e., landline) and do not transmit or receive signals through telephone lines, we find that they are not TDDs.

Moreover, by Section 427.703(11), F.S., the Florida Legislature defined "specialized telecommunications devices" as "TDD, a volume control handset, a ring signaling device, or any other customer premises telecommunications equipment specifically designed or used to provide basic access to telecommunications service for a hearing impaired, speech impaired, or dual sensory impaired person." In contrast, iPads are, in basic terms, tablet computers. Consumers can use an iPad for browsing the web, reading and sending email, enjoying photos, watching videos, listening to music, playing games, and reading e-books. Software can be purchased for other productivity functions, such as drafting documents, creating spreadsheets, developing presentations, and editing photographs. While additional applications may be available that provide assistance to the deaf and hard of hearing community, we find that the iPad is not a specialized telecommunications device specifically designed or used to provide basic access to telecommunications service for a hearing impaired, speech impaired, or dual sensory impaired person.

Because an iPad is neither a TDD nor a specialized telecommunications device, we find that distribution of iPads by FTRI is not authorized by applicable law. Thus, FTRI's budget shall be reduced by \$96,000 for TTY/TDD equipment.

3. VCP Hearing Impaired Equipment

FTRI's Fiscal Year 2019/2020 estimated expense for VCP Hearing Impaired Equipment is \$646,535. FTRI's proposed budget is \$635,800 for Fiscal Year 2020/2021. However, we estimate Fiscal Year 2019/2020 expense to be \$577,203. Our estimated expense for 2019/2020 includes three quarters of actual data, while FTRI's includes only two quarters of historical data. Over the past several years, there has been a steady decline in expense related to this category of equipment. FTRI has not presented any information that would suggest a change in this trend. For these reasons and based upon our estimate for the current year, we shall reduce FTRI's budget by \$58,597.

4. VCP Speech Impaired Equipment

FTRI has also proposed \$24,000 for VCP Speech Impaired equipment for Fiscal Year 2020/2021. FTRI states that the request is to pilot newer technology equipment using documented pilot program parameters for the program. FTRI explains that over the past decade or more, new technology such as smartphones and tablets have become available to assist speech impaired persons connect with the communications systems. FTRI's budget for this category of equipment was based on plans to distribute 20 iPads with the intent that the iPads would be configured with applications that enable speech impaired Florida residents to access the telecommunications system.

We understand that a growing number of consumers prefer to use newer devices that offer varied services and applications and we appreciate FTRI's challenge to provide attractive technology under Chapter 427, F.S. However, we find that iPads do not meet the statutory definition of a "specialized telecommunications device." Moreover, given FTRI's budgetary constraints based on declining access line revenue, we do not approve the proposed funding. FTRI's request for \$24,000 shall be denied.

5. VRS Signaling Equipment

FTRI's proposed Fiscal Year 2020/2021 budget is \$16,400 for VRS Signaling Equipment. FTRI's Fiscal Year 2019/2020 Commission-approved budget is \$7,733. This year's budget request includes increasing the number of Bellman-Symdon devices distributed. These more advanced devices were piloted last year and allow users to control the unit plugged directly into the phone or by a transmitter alerting the user of a ring if the unit is in another room. We denied FTRI's Fiscal Year 2019/2020 proposed funding level for the Bellman-Symdon device. FTRI was directed to provide information regarding consumer demand and product quality of the Bellman-Symdon device for the following year. Based on results from its pilot, ninety-five percent of FTRI's participating clients benefitted from the device and all twenty units piloted during Fiscal Year 2019/2020 remain in use by the original recipients. Based on these results, FTRI's Fiscal Year 2020/2021 proposed \$16,400 expense shall be approved.

F. Category III – Equipment Distribution & Training

Category III reflects the cost of distributing equipment throughout the state and the training of consumers in the use of that equipment. FTRI's proposed budget reflects a slight decrease in expense of \$11,931 from the Fiscal Year 2019/2020 Commission-approved budget. This decrease is the result of decreased freight costs.

Expenses related to Regional Distribution Centers (RDCs) are the largest component of Category III expenses. FTRI's proposed budget for RDCs is unchanged from the Fiscal Year 2019/2020 Commission-approved budget of \$664,128. FTRI's proposed budget exceeds its Fiscal Year 2019/2020 estimated expenditures by \$128,481. FTRI intends to "expand the quantity of Regional Distribution Centers (RDCs) while working with the existing RDCs to evaluate and implement a business model that enables them to provide FTRI services at break-even."

By comparison, we estimate that RDC expense for Fiscal Year 2019/2020 to be \$483,984. This amount is 27 percent less than this year's Commission-approved budget. While we do not approve FTRI's proposed Fiscal Year 2020/2021 expense of \$664,128, we are hesitant to approve our current estimate because it is based primarily on historical data. Given that FTRI intends to increase the number of RDCs, and recognizing the importance of adequately funding equipment distribution channels, we shall continue funding at FTRI's estimated 2019/2020 expense level of \$535,647.

In support of its budget request, FTRI represents that the current fee per service structure is not financially performing at a break-even point for the RDCs. FTRI contracts with the non-profit RDCs to perform equipment distribution and training throughout Florida. Currently there are 27 RDCs. The amount of funds for FTRI's contracts with RDCs varies based on the number of clients they assist. More funds are provided for connecting a new client, while fewer funds are provided to assist existing clients in the system. FTRI did not present sufficient detail regarding the compensation to RDCs and their associated costs. Additional information is needed to confirm the appropriate reimbursement rate FTRI pays RDCs. Thus, FTRI shall conduct a financial break-even analysis of the RDC fee structure and present the results to this Commission with FTRI's Fiscal Year 2021/2022 budget filing.

G. Category IV – Outreach

Outreach efforts are designed to promote FTRI's equipment distribution services and to raise awareness about Florida relay service. FTRI's proposed Fiscal Year 2020/2021 outreach budget remains unchanged from the Commission-approved outreach budget for Fiscal Year 2019/2020. Recent budgets have seen a slight decline in the outreach expense from year to year.

FTRI employs various forms of communication in its outreach strategy. FTRI plans to continue advertising in newspapers using free-standing insert ads (flyers) in markets where such ads continue to be effective. However, FTRI acknowledges that it has witnessed rapid changes in the newspaper industry. In response, FTRI will use other print tools such as direct mail post

cards and coupon book advertisements. FTRI also plans to continue expanding its digital marketing campaign, including increased use of banner ads on websites, targeted email campaigns, and social media campaigns.

Previously, we have encouraged FTRI to research and consider more technologically advanced and cost-effective forms of outreach in addition to traditional newspapers. We acknowledge FTRI's efforts to make its outreach strategy more cost-effective and to put more focus on digital marketing strategies. Upon review, we find FTRI's proposed budget for Category IV expense to be reasonable.

H. Category V – General & Administrative

Category V reflects the expenses associated with FTRI's operations, such as office and furnishings, employee compensation, contracted services (auditors, attorney, and computer consultants), computers and other operating expenses. FTRI is proposing an overall \$8,593 decrease in Category V expense for Fiscal Year 2020/2021.

1. Legal Services

For the 2017/2018 fiscal year, we reduced legal expense from \$72,000 to \$36,000 reasoning that paying an attorney an hourly rate may be more cost-effective than paying a retainer. Subsequent to the Commission's 2017 order, FTRI signed a legal services agreement with an attorney guaranteeing a monthly flat fee of \$3,000 per month (12 hours at \$250 per hour), with additional hours billed for specified services as needed at \$225 per hour. This agreement was for a minimum of \$36,000, and resulted in a subsequent proposed Fiscal Year 2018/2019 budget of \$55,823. We rejected that amount and again approved a budget of \$36,000. For the current 2019/2020 fiscal year we approved a budget of \$33,500, as requested by FTRI.

For Fiscal Year 2020/2021, FTRI has proposed a budget of \$28,776 for legal expenses. Based on our prior decisions we find FTRI's proposed budget of \$28,776 for Fiscal Year 2020/2021 to be reasonable.

2. Leasehold Improvements

FTRI included a new line item in its proposed Fiscal Year 2020/2021 budget for Leasehold Improvements. FTRI is requesting approval of the first year of amortized expense of \$6,000 for replacing the flooring in its office, which was originally installed in 2001. FTRI's total cost for replacement would be \$30,000 amortized over 5 years. Leasehold improvements are negotiable between landlords and tenants. Landlords may offer payment or a discount on rent for tenants that make necessary or desired improvements themselves.

FTRI renewed its lease in 2017 at the same rate as the previous lease. FTRI's rate has remained steady for the past five years and FTRI states that it is not expected to change. The Fiscal Year 2020/2021 proposed rent expense is \$91,715.

In general, building maintenance is the responsibility of the landlord. Upon review, we do not approve this expense at this time. It is not clear why FTRI would seek to pay for replacing the carpet as opposed to asking the landlord to do so, or at least negotiating the need for improvements with the landlord. To the extent that FTRI's landlord is unwilling to make necessary improvements to the facility, FTRI should begin reviewing other lease options and related relocation expenses.

3. Retirement

In recent years, we have required FTRI to conduct in-house analyses for retirement and to include quotes from other retirement plans offered by comparably sized nonprofit and for-profit entities. In response, FTRI filed reports performed by Regions Institutional Services (Regions) on the plan design, investment returns, and administrative structure of FTRI's pension plan. FTRI's current plan through NTCA boasts roughly \$2 billion in assets with over 17,000 participants. The cooperative nature of the plan allows the assets to be pooled for investment purposes and the large asset base attracts outside managers not generally available to smaller defined benefit plans.

Regions concluded that there are no glaring issues with FTRI's plan design or operation. However, Regions did recommend that FTRI continue to review investment returns, fees, and plan design to ensure that NTCA's plan remains cost-effective. We ordered FTRI to continue to conduct in-house analyses for retirement expenses and submit its findings every three years, with the next due on January 31, 2022. Retirement expense is based on salary and related pension costs. For Fiscal Year 2020/2021, FTRI has proposed retirement expense of \$77,030. This represents a 4.7 percent decrease from the Fiscal Year 2019/2020 Commission-approved budget. FTRI's proposed budget is based on staffing eight full-time positions. We find FTRI's proposed retirement budget to be reasonable.

4. Insurance

In FTRI's proposed Fiscal Year 2018/2019 budget, it initially requested \$192,496 for insurance expense, which represented an increase of 5.12 percent from 2017/2018 estimated expenditures. However, FTRI's insurance budget was based on an estimate from its previous insurance provider. FTRI provided a revised insurance estimate of \$153,027 from another insurance provider. FTRI's Fiscal Year 2018/2019 budget line item for insurance was reduced to reflect the updated estimate. We required FTRI to continue conducting in-house analyses for insurance expense and to submit its findings to this Commission every three years. Last year's Commission-approved budget for insurance increased to \$165,266. FTRI's proposed Fiscal Year 2020/2021 budget for insurance expense is \$181,893. FTRI indicated that this amount includes a ten percent premium increase based on quotes from its insurance provider reflecting increasing healthcare costs. Upon review, we approve FTRI's proposed budget for insurance. We note that FTRI is required to present this Commission with an in-house analysis for insurance expense on January 31, 2021.

5. Employee Compensation

FTRI's proposed Fiscal Year 2020/2021 employee compensation budget represents a \$25,451 decrease compared to the Fiscal Year 2019/2020 Commission-approved budget. A data entry position experienced turnover in February 2019, reducing the number of employees from nine to eight. Eight positions are budgeted for Fiscal Year 2020/2021 with a three percent merit increase pool based on current employee salaries. We find that it is important for an organization like FTRI to attract and retain skilled employees in order to maintain organizational effectiveness from year to year. As such, we find FTRI's proposed budget for employee compensation, including the three percent merit-based salary increase pool, to be reasonable.

6. Travel and Business Expense

FTRI proposes a budget of \$8,111 for Fiscal Year 2020/2021. This represents an increase of \$4,056 from last year's Commission-approved budget. The requested travel is based on six trips for FTRI staff to meet with RDCs and/or vendors and one trip to the Telecommunications Equipment Distribution Program Association annual conference. By comparison, last year's budget included a total of five trips. We find the increased number of trips and related expense to be reasonable given FTRI's interest in developing additional RDC locations. Additional RDC locations may improve equipment distribution and relay service promotion. FTRI should, however, consider having more virtual meetings and conference calls as cost-cutting measures.

7. Employee Training

FTRI requests a budget of \$4,145 for Fiscal Year 2020/2021. This represents an increase of \$3,195 from last year's Commission-approved budget. FTRI budgeted for two staff retreats that may be held off-site. FTRI also included other training and professional development through the LinkedIn program. In light of budget constraints, we shall reduce the proposed increase by \$2,000. FTRI should consider having more in-house training as a cost-cutting measure.

I. Surcharge

FTRI recommends that we order all local exchange companies to continue billing the \$0.10 monthly surcharge for Fiscal Year 2020/2021. The approved budget includes a shortfall of \$165,211. FTRI proposed drawing from the Reserve Account to cover the shortfall in its proposed budget. We note that a \$0.01 increase in the surcharge would produce approximately \$479,225 in additional revenue. Rather than increasing the surcharge, we find it appropriate to transfer the funds from the Reserve Account to cover the budgeted shortfall for Fiscal Year 2020/2021. In the future we may need to consider implementing a temporary increase in the surcharge to cover budgetary needs and to replenish the Reserve Account.

J. Commission Adjustments to FTRI's Proposed Budget

Based on the foregoing, we approve the adjustments set forth in the table below.

Proposed Expense Category Reductions

Expense Category	FTRI Proposed 2020/2021	FPSC Approved 2020/2021	FPSC Approved Reduction
TTY/TDD Equipment	\$96,000	\$0	\$96,000
VCP Hearing Impaired Equipment	635,800	577,203	58,597
VCP Speech Impaired Equipment	24,000	0	24,000
Regional Distribution Centers	664,128	535,647	128,481
Leasehold Improvements	6,000	0	6,000
Employee Training/Development	4,145	2,145	2,000

K. Conclusion

We find that FTRI's expense reductions continue to better position FTRI to meet its obligations under Chapter 427, F.S., in a changing industry with declining revenues. However, a sustained effort is necessary. By this Order, we reduce FTRI's proposed budget expenses for Fiscal Year 2020/2021 by \$96,000 for TTY/TDD Equipment, \$58,597 for VCP Hearing Impaired Equipment, \$24,000 for VCP Speech Impaired Equipment, \$128,481 for Regional Distribution Centers, \$6,000 for Leasehold Improvements, and \$2,000 for Employee Training. We allow FTRI to transfer \$165,211 from the Reserve Account to offset a projected revenue shortfall. We order all local exchange companies to continue billing the \$0.10 TRS surcharge for Fiscal Year 2020/2021. Finally, we require FTRI to conduct a financial break-even analysis of the RDC fee structure and present the results to this Commission with its Fiscal Year 2021/2022 budget filing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Telecommunications Relay, Inc.'s proposed budget is approved subject to the following expense reductions for Fiscal Year 2020/2021: \$96,000 for TTY/TDD Equipment, \$58,597 for VCP Hearing Impaired Equipment, \$24,000 for VCP Speech Impaired Equipment, \$128,481 for Regional Distribution Centers, \$6,000 for Leasehold Improvements, and \$2,000 for Employee Training. It is further

ORDERED that Florida Telecommunications Relay, Inc. is permitted to transfer \$165,211 from the Reserve Account to offset a projected revenue shortfall. It is further

ORDERED that all local exchange companies shall continue billing the \$0.10 TRS surcharge for Fiscal Year 2020/2021. It is further

ORDERED that the Florida Telecommunications Relay, Inc shall conduct a financial break-even analysis of the RDC fee structure and present the results to this Commission with its Fiscal Year 2021/2022 budget filing. It is further

ORDER NO. PSC-2020-0220-PAA-TP
DOCKET NO. 20200073-TP
PAGE 13

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 29th day of June, 2020.



ADAM J. TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

CWM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 20, 2020.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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



March 2, 2020

Mr. Curtis Williams, Regulatory Analyst IV
Office of Industry Development & Market Analysis
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Approved FTRI FY 2021 Budget

Mr. Williams:

Pursuant to FS 427.704(4)(e), the FTRI FY 2021 budget as approved by the Board of Directors on February 24, 2020 is hereby provided in support of the Commission's annual review of the TASA surcharge. The approved budget:

- Maintains the \$0.10 /line/month TASA surcharge
- Reflects a 5.4% reduction in year-over-year budgeted operating expenses
- Utilizes \$480,289 of the \$17.2M reserve fund to offset surcharge revenue shortfall

As the administrator of the telecommunications access system which consists of the Florida Relay Service and the specialized equipment distribution program, FTRI continues to effectively manage reasonable administrative costs in the fulfillment of the duties defined in FS 427.705.

FTRI looks forward to working with the Commission, the TASA Advisory Committee, and interested community groups to modernize FS 427 for the purposes of:

- Aligning with the ADA, CVAA of 2010, and Federal Title 47, CFR 64.604
- Providing services and equipment to >2.5M unserved qualifying Florida residents
- Developing a sustainable funding model that evolves with technology advancements

Thanks to the Commission, TASA Advisory Committee members, Regional Distribution Centers, and certifiers across the state for supporting this critical Title XXX Social Welfare service.

Regards,

A handwritten signature in blue ink, appearing to read "Sean Bankston".

Sean Bankston
FTRI Executive Director

Enclosures

Florida Telecommunications Relay, Inc.
 Fiscal Year 2020/2021 Budget @ .10 cents surcharge

	2019/2020 APPROVED BUDGET	2019/2020 ESTIMATED REV & EXPEND	2020/2021 APPROVED BUDGET	Estimated to Budget VARIANCE 2019/2020 2020/2021	Budget to Budget VARIANCE 2019/2020 2020/2021
OPERATING REVENUE					
1 Surcharges	5,315,788	5,098,137	4,792,249	(305,888)	(523,539)
2 Interest Income	93,921	111,674	114,589	2,915	20,668
TOTAL OPERATING REV	5,409,709	5,209,811	4,906,838	(302,973)	(502,871)
OTHER REVENUE/FUNDS					
3 Surplus Account	16,957,128	17,353,184	17,222,460	(130,724)	265,332
TOTAL REVENUE	22,366,837	22,562,995	22,129,298	(433,697)	(237,539)
OPERATING EXPENSES					
CATEGORY I - RELAY SERVICES					
4 DPR Provider	2,556,170	2,556,170	2,254,960	(301,210)	(301,210)
SUBTOTAL-CATEGORY I	2,556,170	2,556,170	2,254,960	(301,210)	(301,210)
CATEGORY II - EQUIPMENT & REPAIRS					
5 TTY/TDD	0	0	96,000	96,000	96,000
6 CapTel Phone Equipment	16,875	0	0	0	(16,875)
7 VCP Hearing Impaired	813,659	646,535	635,800	(10,735)	(177,859)
8 VCP Speech Impaired	0	0	24,000	24,000	24,000
9 TeliTalk Speech Aid	15,480	31,215	32,760	1,545	17,280
10 In-Line Amplifier	0	28,625	34,950	6,325	34,950
11 ARS Signaling Equip	0	1,520	2,592	1,072	2,592
12 VRS Signaling Equip	7,733	7,246	16,400	9,154	8,667
13 Accessories & Supplies	1,499	150	518	368	(981)
14 Telecomm Equip Repair	83,148	91,239	108,812	17,573	25,664
SUBTOTAL-CATEGORY II	938,394	806,530	951,832	145,302	13,438
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING					
15 Freight-Telecomm Equip	42,793	28,229	30,862	2,633	(11,931)
16 Regional Distr Centers	664,128	535,647	664,128	128,481	0
17 Training Expense	468	468	468	0	0
SUBTOTAL-CATEGORY III	707,389	564,344	695,458	131,114	(11,931)

Florida Telecommunications Relay, Inc.
 Fiscal Year 2020/2021 Budget @ .10 cents surcharge

	2019/2020 APPROVED BUDGET	2019/2020 ESTIMATED REV & EXPEND	2020/2021 APPROVED BUDGET	Estimated to Budget VARIANCE 2019/2020 2020/2021	Budget to Budget VARIANCE 2019/2020 2020/2021
CATEGORY IV - OUTREACH					
18 Outreach Expense	535,650	535,650	535,650	0	0
SUBTOTAL-CATEGORY IV	535,650	535,650	535,650	0	0
CATEGORY V - GENERAL & ADMINISTRATIVE					
19 Advertising	1,247	0	0	0	(1,247)
20 Accounting/Auditing	21,221	20,768	20,823	55	(398)
21 Legal	33,500	28,776	28,776	0	(4,724)
22 Computer Consultation	6,710	5,037	5,020	(17)	(1,690)
23 Dues & Subscriptions	2,307	2,482	2,482	0	175
24 Office Equipment Purchase	9,131	8,551	7,131	(1,420)	(2,000)
25 Office Equipment Lease	1,751	1,751	1,751	0	0
26 Leasehold Improvements			6,000	6,000	6,000
27 Insurance-Hlth/Life/Dsbly	165,266	153,475	181,893	28,418	16,627
28 Insurance-Other	9,609	9,717	9,741	24	132
29 Office Expense	11,914	12,235	12,248	13	334
30 Postage	4,527	4,139	4,139	0	(388)
31 Printing	1,216	1,323	1,323	0	107
32 Rent	91,317	91,611	91,715	104	398
33 Utilities	5,250	5,408	5,408	0	158
34 Retirement	80,909	75,436	77,030	1,594	(3,879)
35 Employee Compensation	456,961	404,000	431,510	27,510	(25,451)
36 Taxes - Payroll	33,478	31,741	31,979	238	(1,499)
37 Taxes - Unemplmt Comp	63	63	56	(7)	(7)
38 Taxes - Licenses	61	61	61	0	0
39 Telephone	15,615	15,329	17,030	1,701	1,415
40 Travel & Business	4,055	4,859	8,111	3,252	4,056
41 Equipment Maint.	762	854	855	1	93
42 Employee Training/Dev	950	225	4,145	3,920	3,195
SUBTOTAL-CATEGORY V	957,820	877,841	949,227	71,386	(8,593)
TOTAL EXPENSES	5,695,423	5,340,535	5,387,127	46,592	(308,296)
REVENUE LESS EXPENSES	16,671,414	17,222,460	16,742,171	(480,289)	70,757

	BUDGET COMPARISON				
	2019/2020 APPROVED BUDGET	2019/2020 FTRI ESTIMATED	2019/2020 FPSC ESTIMATED	2020/2021 FTRI PROPOSED BUDGET	2020/2021 FPSC APPROVED BUDGET
REVENUE					
Surcharge	5,315,788	5,098,137	5,098,137	4,792,249	4,792,249
Interest	93,921	111,674	111,674	114,589	114,589
TOTAL OPERATING REVENUE	5,409,709	5,209,811	5,209,811	4,906,838	4,906,838
Surplus Account	16,957,128	17,353,184	17,353,184	17,222,460	17,222,460
TOTAL REVENUE	22,366,837	22,562,995	22,562,995	22,129,298	22,129,298
OPERATING EXPENSES					
CATEGORY I - RELAY SERVICES					
DPR Provider	2,556,170	2,556,170	2,556,170	2,254,960	2,254,960
SUBTOTAL CATEGORY I	2,556,170	2,556,170	2,556,170	2,254,960	2,254,960
CATEGORY II - EQUIPMENT & REPAIRS					
TDD Equipment	-	-	-	96,000	-
Large Print TDD	-	-	-	-	-
VCO/HCO-TDD	-	-	-	-	-
VCO-Telephone	-	-	-	-	-
Dual Sensory Equipment	-	-	-	-	-
CapTel Phone Equipment	16,875	-	-	-	-
VCP Hearing Impaired	813,659	646,535	577,203	635,800	577,203
VCP Speech Impaired	-	-	-	24,000	-
TeliTalk Speech Aid	15,480	31,215	36,980	32,760	32,760
Jupiter Speaker Phone	-	-	-	-	-
In Line Amplifier	-	28,625	20,847	34,950	34,950
ARS-Signaling Equipment	-	1,520	1,631	2,592	2,592
VRS-Signaling Equipment	7,733	7,246	5,288	16,400	16,400
Equipment Accessories/Supplies	1,499	150	393	518	518
Telecom Equipment Repair	83,148	91,239	60,861	108,812	108,812
SUBTOTAL CAT II	938,394	806,530	703,203	951,832	773,235
CATEGORY III - EQUIPMENT DISTRIBUTION & TRAINING					
Freight - Telecomm Equipment	42,793	28,229	23,968	30,862	30,862
Regional Distribution Centers	664,128	535,647	483,984	664,128	535,647
Workshop Expense	-	-	-	-	-
Training Expense for RDCs	468	468	624	468	468
SUBTOTAL CAT III	707,389	564,344	508,576	695,458	566,977

	BUDGET COMPARISON				
	2019/2020 APPROVED BUDGET	2019/2020 FTRI ESTIMATED	2019/2020 FPSC ESTIMATED	2020/2021 FTRI PROPOSED BUDGET	2020/2021 FPSC APPROVED BUDGET
Outreach Expense	535,650	535,650	470,008	535,650	535,650
SUBTOTAL CAT IV	535,650	535,650	470,008	535,650	535,650
CATEGORY V - GENERAL AND ADMINISTRATIVE					
Advertising	1,247	-	-	-	-
Accounting/Audit	21,221	20,768	26,428	20,823	20,823
Legal	33,500	28,776	25,069	28,776	28,776
Consultation-Computer	6,710	5,037	5,571	5,020	5,020
Dues/Subscriptions	2,307	2,482	3,181	2,482	2,482
Office Furniture	-	-	-	-	-
Office Equipment Purchase	9,131	8,551	4,024	7,131	7,131
Office Equipment Lease	1,751	1,751	1,781	1,751	1,751
Leasehold Improvements	-	-	-	6,000	-
Insurance -Health/Life/Disability	165,266	153,475	150,849	181,893	181,893
Insurance-Other	9,609	9,717	9,165	9,741	9,741
Office Expense	11,914	12,235	11,961	12,248	12,248
Postage	4,527	4,139	2,161	4,139	4,139
Printing	1,216	1,323	1,296	1,323	1,323
Rent	91,317	91,611	91,451	91,715	91,715
Utilities	5,250	5,408	5,360	5,408	5,408
Retirement	80,909	75,436	72,043	77,030	77,030
Employee Compensation	456,961	404,000	398,935	431,510	431,510
Temporary Employment	-	-	-	-	-
Taxes - Payroll	33,478	31,741	32,004	31,979	31,979
Taxes - Unemployment Comp	63	63	84	56	56
Taxes - Licenses	61	61	81	61	61
Telephone	15,615	15,329	17,664	17,030	17,030
Travel & Business Expense	4,055	4,859	3,431	8,111	8,111
Equipment Maintenance	762	854	880	855	855
Employee Training	950	225	1,247	4,145	2,145
Meeting Expense	-	-	-	-	-
Miscellaneous	-	-	-	-	-
SUBTOTAL CAT V	957,820	877,841	864,667	949,227	941,227
TOTAL EXPENSES	5,695,423	5,340,535	5,102,623	5,387,127	5,072,049