

ISSUE DATE: January 24, 1996

DOCKET NO. P-3008/CI-94-403

DOCKET NO. P-3008/CI-95-426

DOCKET NO. P-999/CI-95-615

ORDER ACCEPTING FINAL REPORT AND BUDGET REVISIONS, DEFERRING
ACTION ON REQUESTED CASH ADVANCE, CLOSING DOCKETS, AND REQUIRING
QUARTERLY REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs
Tom Burton
Marshall Johnson
Dee Knaak
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of the Fiscal Year 1995 Budget
Proposed by the Telecommunications Access
for Communication-Impaired Persons Board

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In the Matter of the Fiscal Year 1996 Budget
Proposed by the Telecommunications Access
for Communication-Impaired Persons Board

DOCKET NO. P-3008/CI-95-426

In the Matter of the Administration of
Programs for Communications Impaired
Persons by the Minnesota Department of
Public Service

DOCKET NO. P-999/CI-95-615

ORDER ACCEPTING FINAL REPORT
AND BUDGET REVISIONS, DEFERRING
ACTION ON REQUESTED CASH
ADVANCE, CLOSING DOCKETS, AND
REQUIRING QUARTERLY REPORTS

PROCEDURAL HISTORY

On June 7, 1994, the Commission issued an Order accepting a fiscal year (FY) 1994 quarterly report from the TACIP Board (Docket No. P-3008/CI-93-549) and approving the TACIP Board's FY 1995 budget in Docket No. P-3008/CI-94-403.

On April 12, 1995, the Telecommunications Access for Communications-Impaired Persons (TACIP) Board filed a report for the third quarter of Fiscal Year 1995 in Docket No. P-3008/CI-94-403.

On April 21, 1995 the TACIP Board filed its Fiscal Year (FY) 1996 Budget. The matter was assigned to Docket No. P-3008/CI-95-426.

On May 19, 1995, the Governor signed Minnesota Senate File #910 - Chapter 190, which eliminated the TACIP Board and generally transferred all its responsibilities to the Minnesota Department of Public Service (the Department) and the Department of Human Services, effective July 1, 1995.

On May 31, 1995, the TACIP Board filed revisions to its FY 1996 Budget: Docket No. P-3008/CI-95-426.

On June 19, 1995, the Commission issued its ORDER ACCEPTING QUARTERLY REPORT AND FY96 BUDGET in Docket Nos. P-3008/CI-94-403 and P-3008/CI-95-426 respectively. In this Order, the Commission:

- ◆ noted that its approval of the FY 1996 budget proposed by the TACIP Board was necessarily provisional in nature, due to the July 1, 1995 replacement of the TACIP Board with the Department ;
- ◆ directed the Department to include, as part of its first Quarterly Report, a proposed revised budget for FY 1996; and
- ◆ directed the Department to continue filing quarterly status reports regarding the billing system through FY 1996.

On June 29, 1995, the TACIP Board filed its final report, covering the 4th quarter of FY 1995, in Docket No. P-3008/CI-94-403.

On October 31, 1995, the Department filed its 1st Quarter Report for FY 1996, for the period ending September 30, 1995. The contents of this filing have been assigned as follows:

- ◆ The Department's proposed revisions to the FY 1996 budget (Attachment C of the October 31, 1995 filing) is viewed as a compliance filing, part of Docket No. P-3008/CI-95-426.
- ◆ In all other respects, the Department's October 31, 1995 filing (1st Quarter report for FY 1996) were assigned to Docket No. P-999/CI-95-615, which will handle the Department's administration of the TACIP program in FY 1996 pursuant to Laws of Minnesota 1995, Chapter 190.

On January 16, 1996 the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

This Order deals with three dockets. The issues raised and action taken in each docket will be set forth separately.

A. Docket No. P-3008/CI-94-403: TACIP Board's Final Quarterly Report

On June 29, 1995, the TACIP Board filed a report for the final quarter that it was

administering the TACIP program, the period ending June 30, 1995. The quarterly report summarized developments with regard to the Message Relay System (MRS) billing system and the implementation of Automatic Number Identification (ANI). In addition, the TACIP Board filed data and recommendations related to MRS staffing efficiency.

The Commission will accept the final report of the TACIP Board with appreciation for its work in this regard. The Commission notes that the Office of the Legislative Auditor conducted a financial audit of the TACIP Board for the three years ended June 30, 1995 and found that the TACIP Board properly concluded its financial activities and transfer of responsibilities to the Department. In addition, since there is no further business to transact in this regard, the Commission will close the docket.

B. Docket No. P-3008/CI-95-426: Budget Revisions

As stated in the June 19, 1995 Order, approval of the FY 1996 budget proposed by the TACIP Board was provisional. The Commission directed the Department, as the new administrator of the TACIP program, to file revisions to the FY 1996 budget as part of its first quarterly report. The Department did so as part of its October 31, 1995 1st Quarterly Report. The four major revisions included in the Department's report are as follows:

1. TACIP Administration: Expense Reduction of \$73,292

This expense reduction resulted from the elimination of salaries of TACIP Board employees amounting to \$ 84,373, increased state assessment for indirect costs of \$23,301, and reduction in other recurring expenses of about \$12,000. These are anticipated savings and would not disrupt the continuous operation of the MRS.

2. Advanced Funding to DEAF: MRS Expense Increase of \$31,000

The organization contracted with to provide the MRS, the Deafness Education and Advocacy Foundation (DEAF), has requested an increase in its advance operating funds, thereby increasing the total amount of funds advanced to DEAF to \$175,000. DEAF is a non-profit local consumer group which depends on the cash advance to operate the MRS. DEAF stated that it needed the additional cash advance for additional staff and pay increases for the MRS staff. According to the Department, it has asked DEAF for supporting papers to justify the increase in cash advance but has received no response to date.

3. Department's Decision to Forgo ANI At This Time: Expense Reduction of \$180,000

The installation of Automatic Number Identification (ANI) has long been discussed by TACIP as a solution to the billing problems and the desire for functionally equivalent service by MRS users. ANI allows the Communication Assistants to capture the telephone numbers of the callers without having to manually or orally get the information from the persons placing the call. The Department estimates that toll fraud and entry errors approximate \$25,000 annually.

The Department has decided not to set up ANI at this time, and in the process reduces 1996

expenses for *Telephone Service* by \$130,000 and for *Consultant/Software Development* by \$50,000. The Department's decision to forgo ANI at this time was based on:

- ◆ doubts that the existing MRS facility will be technically compatible with ANI within a reasonable time frame,
- ◆ planned replacement of MRS equipment by July 1, 1996,
- ◆ disruption in service resulting from number changes due to ANI use, and then again with the newer system in July 1996.

4. Increase in Revenues: \$1.069 million

The budget revisions submitted by the Department show revenues that are \$1.069 million higher than the estimated revenues submitted earlier by the TACIP Board. Staff learned that the increase of \$661,033 in Balance forwarded from previous years reflects the balance reported by the legislative auditor. The Department is still looking into the possible reasons for the increase. The increase of \$408,000 in Estimated Surcharge Revenues results from the collection of surcharge from cellular providers, as allowed by the legislative change in 1995.

The Commission finds that the Department's proposed budget revisions are, on the whole, reasonable. Except for the increase in cash advance to DEAF, the budget revisions reflect the anticipated budget savings resulting from the transfer of TACIP responsibilities to the Department and the reasonable deferment of critical expenditures related to planned MRS changes.¹

With regard to the cash advance, the Commission is not convinced, base on the record to date, that this would be reasonable, especially in light of DEAF's receipt of previous advances and accumulation of significant cash reserves.

In addition, there are still some staffing efficiency concerns that have not been addressed, and the Commission will direct the Department to report on appropriate staffing levels and employee efficiency.

¹ For example, deferring the installation of ANI appears reasonable, considering the Department's proposed changes to fully replace the MRS equipment and software, and related changes on the manner of provision of the relay service.

5. Commission Action Re: FY 1996 Budget

Regarding the Department's proposed revisions for the FY 1996 budget, the Commission finds that, except for the cash advance item, they are reasonable and the Commission will accept them. In light of the concerns noted above about the requested cash advance, however, the Commission will defer action on that item pending receipt of the Department's recommendation in that regard.

In conjunction with its recommendations on the TACIP budget for FY 1997, the Department will be advising the Commission whether, among other things, the budget reflects appropriate staffing levels and employee efficiency and whether each new staff position or pay increase requested is justified. At that time, the Department should separately advise the Commission with respect to this final item from the FY 1996 budget: the cash advance request. Specifically, for example, the Department should apprise the Commission whether DEAF has appropriately accounted for previous advances and liquidated its cash reserves to a reasonable level.

Finally, Docket No. P-3008/CI-95-426, the docket opened to consider the TACIP Board's FY 1996 TACIP budget, can and will be closed. Final action regarding the FY 1996 budget will be taken in Docket No. P-999/CI-95-615, the docket opened to consider the Department's administration of the TACIP program for FY 1996.

C. Docket No. P-999/CI-95-615: Quarterly Reports and Proposed Budget From the Department as Administrator of the TACIP Program

1. Quarterly Reports in General

On-going quarterly reports on the TACIP program will be useful in determining the reasonableness of budget proposals. Accordingly, the Commission will continue to require the new program administrator, the Department, to submit quarterly reports until further order of the Commission. The Commission has opened Docket No. P-999/CI-95-615 specifically to receive these quarterly reports from the Department and to consider any other matter related to the Department's administration of that program during FY 1996.

2. The Department's First Quarterly Report

The Commission finds that three items contained in the Department's first quarterly report (for the period ending September 30, 1995) merit mention in this Order.

First: the Department summarized customer complaint activity related to the MRS Billing System and indicated that it did not anticipate any substantial changes in projected revenues and expenses for long distance service.

Second: regarding MRS staffing efficiencies, the Department did not report any significant departure from the numbers reported earlier by the TACIP Board. The Department further reports that the Work Force Scheduling software purchased by DEAF (the MRS contractor) in February 1995 to increase staffing efficiencies has not been fully operational.

Third: as noted above in the discussion of Docket No. P-3008/CI-95-426², the Department's report included proposed budget revisions for the TACIP FY 1996 budget. For reasons discussed more fully above in that discussion, the Commission will accept most of the Department's proposed revisions but, in effect, refer the requested cash advance for DEAF back to the Department for further development. The Department will 1) consider whether it believes DEAF has justified the requested advance (Minn. Stat. § 237.52, subd. 5) based on its review of information provided by DEAF in response to Department information requests³ and 2) make a recommendation to the Commission regarding this final aspect of the FY 1996 budget⁴, most likely at the same time it files its proposed FY 1997 TACIP budget.

D. Summary of Upcoming Department TACIP-Related Filings

1. Annual Report Due January 31, 1996

Minn. Stat. § 237.52, subd. 2 as amended by Minn. Laws of 1995, Chapter 190 requires the Department to file an annual report with the Commission by January 31 of each year.

This report will:

- ◆ review the accessibility of the telephone system to communication-impaired persons,
- ◆ review the ability of non-communications impaired persons to communicate with communication-impaired persons via the telephone system,
- ◆ describe the services provided,
- ◆ account for money received and disbursed annually for each aspect of

² See **Section C**, above in this Order at pages 3 - 5.

³ DEAF is encouraged to respond appropriately to requests for information from the Department. The burden is upon DEAF to demonstrate to the Department the reasonableness of the requested cash advance. See Minn. Stat. §237.52, subd. 5 (1994) as amended by Minnesota Laws 1995, Chapter 190, Section 7. Ultimately, of course, the Commission's oversight role under Minn. Stat. § 237.52, subd. 2 (1994) to approve or modify the TACIP budget gives the Commission the responsibility to approve or reject all parts of the budget, including the cash advance element.

⁴ It may be helpful to clarify the handling of the next proposed TACIP budget in relationship to the 2nd quarter report for FY 1996, since both filings are scheduled for the same date, January 31, 1996. The Department's second quarterly report (and all subsequent quarterly reports in FY 1996) will be filed in Docket No. P-999/CI-95-615. The Department's proposed budget for TACIP FY 1997 will be filed in a new docket opened for that purpose, Docket No. P-999/CI-96-68.

the program to date, and

- ◆ include predicted future operation.

2. Annual Budget and Surcharge Proposals Due in Conjunction With the Filing of the Annual Report, January 31, 1996

Minn. Stat. § 237.52, subd. 2 as amended by Minn. Laws 1995, Chapter 190, Section 5 requires the Department to recommend to the Commission annually an adequate and appropriate surcharge and budget to implement the TACIP program. Since the program budget and surcharge are integral parts of the "future operation" of the program it is appropriate that these items be received in conjunction with the receipt of the annual report, January 31 of each year.

3. 2nd Quarterly Report for FY 1996 Due January 31, 1996

As noted previously, the Commission's June 19, 1995 Order in Docket No. P-3008/CI-95-426 prescribed quarterly reports on the operation of the TACIP program as an assist to the Commission's statutory oversight of that program. The second quarter of FY 1996 ended December 31, 1995 and the quarterly report is due, as customary, 30 days thereafter, January 31, 1996. That report will include items noted in the June 19, 1995 Order:

- ◆ a status report regarding the billing system and
- ◆ data and recommendations in response to the staffing and efficiency measurements outlined on page 5 of the June 19, 1995 Order:
 1. on an average hourly basis over the course of each quarter, the average number of communications assistants (CAs) on duty during each hour of the day;
 2. the average number of minutes of incoming calls and the average number of minutes of outgoing calls for each hour of the day;
 3. the average number of minutes that are used each hour of the day for call set-up, connection, and wrap-up;
 4. if it is not technically possible to measure minutes of use for incoming and outgoing calls, calculations of the average length of incoming and outgoing relayed calls, including call set-up connection, and wrap-up time may be of use;
 5. calculation of the average number of minutes during each hour of the day the "average CA" is actually relaying calls or involved in call set-up, connection, and wrap up; and
 6. work papers and calculations of the above data.

In addition, to the extent that they are not addressed in the annual report and the budget/surcharge filing, the 2nd quarterly report should discuss and make recommendations regarding the three items identified above regarding Docket No. P-3008/CI-95-426:

1) appropriate staffing levels and employee efficiency, 2) appropriate accounting for previous advances and liquidation of cash reserves, and 3) justification for each new staff position or pay increase requested.

ORDER

1. The final report submitted by the TACIP Board in Docket No. P-3008/CI-94-403 is accepted. The docket is, therefore, closed.
2. The FY 1996 TACIP budget revisions proposed by the Department in Docket No. P-3008/CI-95-426, except for the item regarding DEAF's requested cash advance, are accepted.
3. Commission action on DEAF's requested cash advance is deferred until the Commission receives the Department's recommendation on that subject. The Commission will consider the Department's recommendation on this item (the last remaining item related approval of the TACIP FY 1996 budget) in Docket No. P-999/CI-95-615.
4. Docket No. P-3008/CI-95-426 is, therefore, closed.
5. On January 31, 1996, the Department shall
 - a) file its annual report pursuant to Minn. Stat. § 237.54, subd. 2 in Docket No. P-999/CI-95-615 and
 - b) file its recommended budget and surcharge recommendations for TACIP FY 1997 pursuant to Minn. Stat. § 237.52, subd. 2 in a new docket, Docket No. P-999/CI-96-68.
6. As directed previously in the Commission's June 19, 1995 Order, the Department shall continue to submit quarterly reports on the TACIP program until further Order of the Commission including
 - a) a status report regarding the billing system through FY 1996 and
 - b) data and recommendations in response to the staffing efficiency measurements listed above on pages 7-8 of this Order as set forth on page 5 of the June 19, 1995 Order and incorporated into this Ordering Paragraph by reference.

The Department shall file its quarterly reports regarding TACIP FY 1996 under Docket No. P-999/CI-95-615.

7. The 2nd Quarter Report for TACIP FY 1996 (covering the three month period ending December 31, 1995) is due January 31, 1996.
8. In addition to the two elements required of all quarterly reports set forth above in Ordering Paragraph 6, the Department shall include as part of its FY 1996 2nd Quarter Report (to the extent that they have not been addressed in its annual report and budget/surcharge recommendations) its recommendations on
 - a) appropriate staffing levels and employee efficiency;
 - b) appropriate accounting for previous advances and liquidation of cash reserves; and
 - c) justification for each new staff position or pay increase requested.
9. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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