

DOCKET NO. P-999/CI-96-68

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

ORDER ACCEPTING REPORTS AND APPROVING PROPOSED BUDGET AND  
SURCHARGE RECOMMENDATION

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 1997 Budget  
Proposed by the Department of Public  
Service/TACIP

ISSUE DATE: July 10, 1996

DOCKET NO. P-999/CI-96-68

In the Matter of the Administration of  
Programs for Communication Impaired  
Persons by the Department of Public  
Service/TACIP

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APPROVING PROPOSED BUDGET AND  
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**PROCEDURAL HISTORY**

Prior to July 1, 1995, a 12-person board administered the Telecommunications Access for Communication-Impaired Persons (TACIP) program to distribute communication devices to eligible communication-impaired persons and to maintain a telecommunication relay service in Minnesota.

On July 1, 1995, Minn. Stat. § 237.51 went into effect. That law abolished the TACIP board and gave the following TACIP functions to the Department of Public Service (the Department):

1. To administer through interagency agreement with the Department of Human Services a program to distribute communications devices to communication-impaired persons; and
2. To contract with a local consumer group that serves communication-impaired persons to create and maintain a telecommunication relay service.

Minn. Stat. § 237.55 requires the Department to present a TACIP report to the Commission each January 31. The report must review accessibility of the telephone system to communication-impaired persons, describe services provided, account for money received and disbursed for each aspect of the program to date, and predict future operation of the program. On January 24, 1996, the Commission issued its ORDER ACCEPTING FINAL REPORT

AND BUDGET REVISIONS, DEFERRING ACTION ON REQUESTED CASH ADVANCE, CLOSING DOCKETS, AND REQUIRING QUARTERLY REPORTS in Docket Nos. P-3008/CI-94-403; P-3008/CI-95-426; P-999/CI-95-615. In that decision the Commission ordered the Department to file its annual TACIP report pursuant to Minn. Stat. § 237.54, subd. 2, and its recommended budget and surcharge recommendations for Fiscal Year 1997 (FY 97) pursuant to Minn. Stat. § 237.52, subd. 2. The Commission also directed the Department to continue to submit quarterly reports on the TACIP program. Finally, the Commission ordered the Department to make a recommendation on the disposition of the cash advance for \$31,000 requested by D.E.A.F., the provider of the telecommunication relay system under the TACIP board.

After receiving several time extensions, the Department filed the FY 96 2nd Quarter TACIP report on February 2, 1996, the Calendar Year 1995 (CY 95) annual report on April 9, 1996, the FY 97 proposed budget on May 15, 1996, and revisions to the proposed FY 97 budget on May 21, 1996.

On June 11, 1996, the matter came before the Commission for consideration.

### **FINDINGS AND CONCLUSIONS**

This Order deals with two dockets. The issues raised and actions taken in each docket will be discussed in turn.

#### **I. DOCKET NO. P-999/CI-95-615: QUARTERLY AND ANNUAL REPORTS**

##### **A. FY 96 2nd Quarter Report**

In this report the Department discussed the release of requests for proposals (RFPs) for the operation and maintenance of the message relay service (MRS) by a local consumer organization serving communication-impaired persons. RFPs were also released for the provision of MRS facilities and state-of-the-art relay equipment.

The Department also reported on the MRS billing system update, including the number and types of complaints received and a summary of calls placed; data to measure the staffing efficiency of the MRS; and increases in the assessment of indirect costs due to charges for telecommunications services from the Department of Administration.

Finally, the Department asked the Commission to discontinue the requirement of filing quarterly reports, which the Department considered burdensome and unnecessary.

##### **B. 1995 Annual Report**

This report included statistical information regarding the MRS and the Equipment Distribution Program (EDP). The report included the following major items: the contract with D.E.A.F. for

the operation and maintenance of the MRS would expire on June 30, 1996; legislative changes had taken place, including the expansion of the surcharge to cover cellular phone subscribers; the Department would replace existing MRS equipment totally, and send out RFPs for the provision of a dual vendor system.

The 1995 annual report noted revenues of \$6.2 million, expenses of \$4.7 million, and a fund balance of \$1.5 million.

### **C. Remaining Issue from the FY 1996 Budget**

In its January 24, 1996 Order, the Commission accepted the Department's revised FY 96 budget, with one exception: the additional cash advance requested by D.E.A.F., the current MRS provider, for new staff and pay increases. The Commission reserved action on this matter, pending a further Department recommendation.

Prior to the June 11, 1996 meeting, D.E.A.F. informed the Department that it was withdrawing its request for a cash advance. This issue is therefore no longer before the Commission.

## **II. DOCKET NO. P-999/CI-95-615: THE DEPARTMENT'S PROPOSED BUDGET AND SURCHARGE RECOMMENDATION FOR FY 97**

The Department's proposed budget reflected the Department's selection of a dual vendor MRS program: Sprint Communications Company will provide the MRS facilities and equipment, and Communication Service for the Deaf will provide the operation and maintenance of the relay system in Minnesota beginning July 1, 1996.

Based upon the projected revenues and expenses, the Department did not recommend an increase in the TACIP surcharge at this time.

The Department's proposed budget also included an increase of \$68,800 for administration expenses; a \$1 million increase in MRS expenses due to the one-time overhaul of the MRS system; a \$22,000 reduction in the EDP expense; and projected revenue increases of approximately \$2 million due to the additional contributions from cellular telephone customers, lower than anticipated expenditures for current contracts, interest from fund balance, and the expected return of the D.E.A.F. cash advance.

## **III. COMMISSION ACTION**

The Commission finds that the quarterly and annual reports submitted by the Department are thorough, informative, and complete. The Commission will accept the quarterly and annual reports filed.

The Commission believes that the quarterly reports have been useful in the review of the TACIP program, particularly during the transition period as control changed from the TACIP board to the Department. At the June 11 meeting, the representative of the Department agreed that quarterly reports are not unduly burdensome and should be beneficial to the Commission at this time. The Commission will review the need for quarterly reports when it considers the

Department's next annual report; at this time, the quarterly filing requirement will continue.

The Commission has carefully considered the Department's proposed budget and finds it acceptable. As the Department noted, the \$1 million dollar increase in MRS expense was mainly due to the change from state-owned MRS equipment to a dual vendor MRS system. This major overhaul is appropriately reflected in budget figures.

The Commission also approves the Department's proposed retention of the TACIP surcharge level at 17 cents per line. The Department has stated that this level is supported by current budget and revenue projections.

### **ORDER**

1. The Commission accepts the FY 96 2nd Quarter and CY 95 reports submitted by the Department in Docket No. P-999/CI-95-615. The Department shall continue to file quarterly TACIP reports under this docket.
2. The Commission approves the Department's proposed budget and surcharge recommendation for FY 97 in Docket No. P-999/CI-96-68.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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