

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division
Telecommunications Branch

RESOLUTION
T-15828****
February 23, 1996

R E S O L U T I O N

RESOLUTION T-15828. TO ESTABLISH THE DEAF AND DISABLED TELECOMMUNICATIONS EQUIPMENT AND SERVICE PROGRAMS (PUBLIC UTILITIES CODE SECTION 2881, ET SEQ.) 1996 ANNUAL BUDGET PURSUANT TO DECISION NO. 89-05-060.

BY COMPLIANCE FILING MADE BY THE DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM ADMINISTRATIVE COMMITTEE ON OCTOBER 2, 1995.

SUMMARY

This Resolution adopts a 1996 annual budget of \$43,044,638 for the Deaf and Disabled Telecommunications Equipment and Service Programs, pursuant to Public Utilities Code Section 2881, et seq. This budget is \$2,425,228 or approximately 5.3% less than that proposed by the Deaf and Disabled Telecommunications Program Administrative Committee.

The 1996 annual budget is designed to reimburse (1) each participating utility for expenses it incurs in the Deaf and Disabled Telecommunications Programs required by Senate Bills 597, 244 and 60, and (2) the Deaf and Disabled Telecommunications Program Administrative Committee for its administrative expenses.

BACKGROUND

In compliance with state legislation, the Commission implemented three telecommunications programs for California residents who are deaf, hearing impaired, and disabled:

- o Telecommunications Devices for the Deaf (TDDs) distribution, per Senate Bill (SB) 597 (Chapter 1142, 1979);
- o Dual Party Relay System, using a third-party intervention, to connect persons who are deaf, severely hearing impaired, or speech impaired with hearing persons, per SB 244 (Chapter 741, 1983);

o Supplemental Telecommunications Equipment for persons who are disabled, per SB 60 (Chapter 585, 1985). These programs are all funded by the Deaf and Disabled Telecommunications Program (DDTP) Consolidated Budget (Program Budget).

Decision (D.) 89-05-060 (I.87-11-030) established that the annual Program Budget be submitted to the Executive Director and approved by a Commission resolution in accordance with the procedure discussed in the Decision.

On October 2, 1995 the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) filed the 1995 Program Budget which totaled \$45,469,863. A copy of DDTPAC's proposed budget is attached as Appendix A to this Resolution.

NOTICE/COMMENTS

On October 2, 1995, DDTPAC sent copies of the proposed 1995 Program Budget to all parties of record to I.87-11-030. The Division of Ratepayer Advocates (DRA) filed comments on DDTPAC's Proposed Budget on October 16, 1995. DDTPAC replied to DRA's comments on November 1, 1995.

DRA's Comments

DRA recommends three changes to the DDTP proposed budget: (1) GTEC's benefit and overhead loadings expenses should be reduced; (2) the CRS Specialist budget should not include pay raises for CRS Specialists and (3) the CRS Video Relay trial should not be funded. As a consequence of these recommended changes DRA proposes a \$45,259,817 budget which is \$210,046 less than that proposed by the DDTPAC.

DRA recommends that GTEC receive \$16,849 less for benefits and overheads than requested. DRA believes that GTEC should receive benefits and overheads based on the same loading factor used by Pacific Bell. DRA argues that Pacific Bell and GTEC perform the same function in providing SB597 and SB60 services for the program, so they should be compensated for overheads and benefits using the same factor. Pacific Bell used a benefits and overhead rate of 77.7% of labor expenses, while GTEC used a factor of 89.5%. DRA notes that GTEC originally submitted a budget using a 35.9% benefits and overheads factor, but increased this to 89.5% during the Budget Review Meetings.

DRA recommends that the CRS Specialist budget should not increase by 6.0%. DRA notes that actual payments to the seven Specialists in 1995 is 20% below the budgeted amount. DRA recommends that the CRS Video Relay program should not be funded. DRA believes that the trial is premature and imprudent. DRA contends that there are, "policy, potential conflict of interest and ethical, logistic, hardware, software, inventory and maintenance issues that need to be addressed before the proposal can go forward." (DRA at 5) In addition, DRA asserts

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that the CRS video is unnecessary so that \$7,709 for a CRS "How To" video need not be budgeted.

DDTPAC's Reply to DRA's Comments

DDTPAC contested all of the budget changes proposed by DRA.

DDTPAC argues that DRA's recommendation concerning GTEC's benefit and overhead loadings should not be considered because it is factually incorrect and fails to adhere to the legislative mandate to reimburse telephone companies for expenses. DDTPAC contends that Pacific Bell used an overhead loading factor of 82.7%, not the 77.7% DRA asserts. More importantly the DDTPAC asserts that the Public Utilities Code mandates that telephone companies, such as GTEC, should be reimbursed for their actual DDTP related costs. DDTPAC argues that GTEC may well have higher overheads than Pacific Bell since it is a smaller company.

DDTPAC contends that DRA's recommendation concerning the CRS Specialist budget is based on an erroneous comparison. According to the DDTPAC, DRA has compared 6 months of 1994 spending and 6 months of 1995 spending to the 1995 annual budget and found the program not spending its existing budget. DDTPAC contends that the CRS Specialist program is actually overbudget when actual expenses for the first six months of 1995 are compared to budgeted expenses for the first six months of 1995. The DDTPAC argues that the 6% increase is necessary as a cost of living increase.

The DDTPAC argues that the CRS Video Relay Trial should be funded. The DDTPAC points out that DRA has provided no support for its contention that there are "policy, potential conflict of interest and ethical, logistic, hardware, software, inventory and maintenance issues that need to be addressed before the proposal can go forward." The DDTPAC counters that the trial is necessary to measure potential demand, estimate costs, assess the viability of public sites and gauge sign language interpreter issues. The DDTPAC contends that this information is necessary to assess the possibility of offering video relay service in California. The DDTPAC adds that this service is potentially important because it will allow deaf people to communicate in their primary language, American Sign Language, rather than their secondary language, written English.

In conclusion, the DDTPAC notes that the CRS "How To" videos are not related to the CRS Video Relay Trial. The videos are a separate item intended to instruct consumers on how to use standard relay services.

DISCUSSION

DDTPAC proposes a total of \$45,469,863 for its 1996 Program Budget. This amount represents a consolidated budget for the participating utilities' expenses for each program and DDTPAC's administrative expenses. DDTPAC proposes a 1996 budget which is a 7.2% increase from the 1995 budget. DRA recommends a 1996 budget of \$45,259,817, a 0.46% decrease from DDTPAC's. A comparison of DDTPAC's and DRA's 1996 Program Budget is shown in the following table.

1996 Proposed DDTP Budget

	DDTPAC	DRA	DDTPAC exceeds DRA
SB244	\$24,417,690	\$24,319,972	\$ 97,718
SB60	14,817,554	14,722,075	95,479
SB597	4,840,012	4,823,163	16,849
Admin	1,394,607*	1,394,607	
TOTAL	\$45,469,863	\$45,259,817	\$ 210,046

* Includes \$658,000 for a Special Project to implement a centralized warehouse and database.

o SB 244, California Relay Service (CRS)

CRS and OSD are the components of the SB 244 budget. The CRS budget consists of operating costs and desirable costs. Operating costs are the costs for providing relay service under the CRS contract. These costs are non-discretionary as relay service is mandated by State and Federal law. The CRS operating cost budget for 1996 is \$22,922,940. This increase of \$1,961,015 between 1995 authorized budget and the 1996 proposed budget represents 64% of the total DDTP budget increase.

The proposed desirable cost budget for 1996 is \$586,346. The desirable cost budget consists of expenditures for the CRS Specialist program and the CRS Video Relay Trial. Both of these programs have large discretionary components. While the CRS Specialist program is part of the current CRS contract with Sprint, this contract, together with the existing CRS Specialist arrangement, expires in October 1996. The trial is an optional experiment in a new form of relay communication between the hearing and the deaf. DRA recommended reductions in both programs.

The CRS Specialist program includes two optional elements: (1) a six percent pay raise for CRS Specialists and (2) continuation beyond the expiration of the current CRS contract. DRA recommends eliminating the CRS Specialist pay increase. We will

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budget for a three percent pay raise to account for the increase in the cost of living. (Appendix B shows a comparison between the proposed and adopted budget.)

The DDTPAC is currently preparing a Request for Proposal for a new CRS Specialist program to replace the existing program when the current CRS contract with Sprint expires in October 1996. The new CRS Specialist program will be independent of any CRS provider. The purpose of the CRS Specialist program is to perform outreach. The role of the CRS Specialist program in a multi provider environment is somewhat unclear. In November the DDTP issued an Invitation for Bid to provide relay service which will allow more than one provider to offer CRS. One of the perceived benefits of this program is that providers will have an incentive to actively seek relay customers. This effort to seek customers will cause the providers to perform outreach. In addition, there appear to be synergies between outreach to the deaf and hard of hearing communities for equipment provision services and CRS. For these reasons, prior to proceeding further with the new CRS Specialist program, we will require the DDTPAC to clarify what role it expects the CRS Specialist program to play in the new multi provider environment. The DDTPAC should explain why the CRS Specialist program needs to be distinct from other program outreach efforts, how the new CRS Specialist program will reach those that have not used CRS in the past, the mission of the new CRS Specialist program, and the anticipated scale of the new program. The DDTPAC must submit this explanation of the new program to the Commission's Executive Director by April 2, 1996. The CRS Specialist program will continue to be funded through 1996.

The three percent pay increase reduces the budget by \$10,004.

Prior to acting on the DDTPAC's request for a budget for a Video Relay Trial, the Commission needs more information on how the trial will function. Video relay is a potentially important service to give deaf people with limited English ability access to the telephone network. We have three concerns about the test (1) details of the test are unclear, (2) a similar test is being conducted in Texas and (3) DRA's objections. For example, the division of responsibilities between the DDTP and the agencies where public access points will be located is unclear. Will the DDTP or agencies pay for video and computer equipment? We are not certain that program funding for this type of equipment is appropriate for the trial or for the program if the trial is successful. Prior to proceeding with the test we will require the DDTPAC to submit a more concrete plan.

We understand that the Texas Public Utilities Commission and Sprint have completed a limited video relay trial and are considering a more extensive trial in the Spring of 1996. We will require the DDTPAC to explain how the California trial will add to the information being developed by Texas. We also understand that one of the principal complications of this test

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has been limited access to "proprietary" data. We also note that Texas does not fund equipment distribution, so many of the questions concerning the cost of equitable access to video relay do not affect Texas. The Texas relay service will not fund end user equipment for the trial, only the relay portion of the trial. Necessary equipment is arranged for separately. Prior to proceeding with the test we would want assurance from the DDTPAC that all of the relevant results from this ratepayer funded experiment are available to the DDTPAC and the Commission.

In addition, DRA made a series of allegations about the trial, namely that it raises unspecified, "policy, potential conflict of interest and ethical, logistic, hardware, software, inventory and maintenance issues that need to be addressed before the proposal can go forward." We invite DRA to explain these issues in greater detail and allow the DDTPAC to respond.

Prior to proceeding with the test, the DDTPAC must submit a more comprehensive plan. This plan will then be considered by the Commission to determine whether to fund the Video Relay Trial. This plan should include:

1. An explanation of the information which the DDTPAC hopes to gain from the test.
2. An explanation of how the information in the test will augment the upcoming Texas Video Relay Trial results.
3. Assurances from the DDTPAC that it will receive all of the relevant cost and operational information it needs from the test. This may include confirmation that Sprint is willing to make results from this publicly funded experiment available.
4. A concrete proposal for implementing the trial, especially in regard to end user equipment funding.
5. A response to DRA's criticisms, if DRA chooses to elaborate on them.

The DDTPAC is to submit this more detailed plan to the Executive Director by April 15, 1996.

AT&T's OSD budget increases over 55% from \$585,000 in 1995 to \$908,000 in 1996. The reason for this dramatic increase is two fold: (1) improved direct measurement techniques showed that operators were spending more time on these calls than previously estimated and (2) the rate per second is increased by 34%. The DDTPAC does not have a contract for OSD. There also appears to be some uncertainty about the appropriate basis upon which calls are billed for these services, whether for the duration of the connection or the duration of the call. For this reason, the DDTPAC will be required to negotiate a contract for OSD services by May 1, 1996. If more than one provider is available, competitive bidding for the contract would be desirable. Until a new OSD contract is adopted, we authorize only part of the requested increase so that AT&T will be compensated at \$0.02004

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per second. This reduction in the rate per work second reduces the OSD budget to \$811,972.

For the SB 244 budget, we approve a total of \$24,171,352.

- o SB 60, Supplemental Equipment for the Disabled and SB 597, Supplemental Equipment for the Deaf

The 1996 annual budget for the equipment program will depart from the budget proposed by the DDTPAC and the modifications recommended by DRA. Pacific's budget will be based on the recommendation of the DDTPAC. GTEC's budget will be based on actual spending in 1995 adjusted for inflation. We are taking this step for two reasons (1) the Commission's ongoing investigation of GTEC's Special Needs Center and (2) a wide disparity between the amount budgeted and the amount spent in 1995. We believe that the problems which have come to light recently reveal more than the difficulties with a single utility, but also fundamental flaws in the way the program is governed and overseen by the Commission.

- o GTEC Special Needs Center Investigation

The Commission Advisory and Compliance Division (CACD) is currently investigating GTEC Special Needs Center expenditures from 1989 through 1994. This investigation may impact DDTP finances in two ways. First, GTEC may be required to reimburse the DDTP for inappropriate past expenditures which will increase the funds' income. Second, the investigation may suggest ways to better control program costs. This investigation is expected to be completed in early 1996. If the investigation reveals that certain practices which have lead to overpayment in the past are continuing, we will adjust the 1996 budget to reflect these modifications if necessary.

In March 1995 GTEC informed the Commission that its internal auditors and investigators found that the Special Needs Center had sought and received reimbursement in excess of appropriate program costs. GTEC invited CACD to review these findings. CACD's investigation is reviewing payments to contract employees, charges for equipment, lease costs for items such as computers, furniture and vehicles and warehousing and distribution expenses. GTEC has agreed to reimburse the DDTP for the excessive payments its investigators had revealed. Commission staff is now determining the total amount of funds at issue.

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o GTEC's SB 60 and SB 597 Budgets

GTEC's 1996 SB 60 and SB 597 Budgets will be based on 1995 actual spending rather than the budget proposed by the DDTPAC. (See Appendix C.) GTEC and the DDTPAC have proposed a budget that is 45% higher than the amount spent in 1995 for SB 60 program and 121% higher than the amount spent in 1995 for the SB 597 program. The 1996 DDTPAC budget indicates no event or trend in equipment demand that would warrant this type of increase. There are three exceptions to the rule of budgeting based on the previous year's expense: (1) equipment purchases, (2) warehouse expense and (3) computer rental expense. If the DDTPAC believes that this amount is insufficient, we invite the DDTPAC to submit a supplemental request showing why additional funds for GTEC's warehouse and distribution are necessary.

Spending for equipment purchases will be budgeted based on GTEC and DDTPAC recommendations. The reason for this exception is the need to ensure that there is a sufficient stock of equipment available for GTEC's deaf, hearing impaired and disabled customers. GTEC requested \$1,358,929 for SB 60 equipment and \$571,519 for SB 597 equipment purchases.¹ This estimate applies a 5.38% growth factor to the price of equipment. While such a growth factor is appropriately applied to the quantity of equipment purchased, it is inappropriate for price. For this reason we are reducing the equipment purchase budget by 5.38%. The total equipment purchase budget for GTEC will be \$1,283,829 for SB 60 equipment purchases and \$540,085 for SB 597 equipment purchases. The funds allocated for equipment purchases should be used only for equipment purchases, not for other program expenses, such as labor, overheads or warehousing.

The amount GTEC has billed and continues to bill the program for warehouse and distribution expense is a serious concern. GTEC included \$601,157 in its 1996 budget for warehouse and distribution expense. Pacific Bell's 1996 budget submittal includes \$476,663 for the same item. Given that Pacific Bell anticipates distributing four times the equipment GTEC plans to distribute over the same period, the fact that GTEC's warehousing expenses exceed Pacific Bell's raises serious concern. We recognize that there may be economies of scale, but believe that GTEC's total warehouse costs should not exceed Pacific Bell's. One likely reason for these high costs is a failure to put this function out for competitive bid contrary to GTEC, DDTPAC and Commission policies. For this reason, we will only authorize GTEC to spend in 1996 the amount it actually

¹ These revised equipment purchase estimates were submitted to Commission Advisory and Compliance Division (CACD) and are lower than those included in the DDTPAC's recommended budget.

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spent in 1995 or \$463,000. This represents a reduction of \$138,157.

The approved budget also makes adjustments for GTEC's computer expenses. In the 1995 annual budget resolution we directed GTEC and the DDTPAC to explain why these costs were appropriate. The 1996 annual budget request contains no such explanation.

o Pacific Bell's SB 60 and SB 597 Budgets

As we discussed above, we will approve the DDTPAC's recommended budget for Pacific Bell's SB 60 and SB 597 equipment budgets. Pacific Bell's budget includes a large increase for outreach spending. We would like to address this issue as well as quality of service issues.

The 1996 Annual Budget includes a large increase in outreach expenses for Pacific Bell from a budgeted \$192,692 in 1995 to \$504,500 in 1996. While outreach efforts will be fully funded for 1996, next year's budget should indicate which types of outreach have proven the most effective. Also, since these outreach efforts are funded by ratepayers at large, we require the DDTPAC to engage in outreach which emphasizes the Program's services rather than a particular provider. In addition, outreach should encompass all program services including equipment distribution and CRS. As indicated in the discussion of the CRS Specialist program, outreach for CRS and the equipment necessary to use CRS are directed toward the same consumers, so they should be coordinated. The DDTPAC should also coordinate outreach between providers and services as much as possible. We understand that outreach is proposed to be coordinated to a greater extent than in the past and support this new direction.

In addition to educating consumers about program services, it is also important to allow consumers to educate the DDTPAC about the quality of service of the utilities that provide them. For this reason, we encourage the Program to actively solicit consumer input on program service quality. It is important for the DDTPAC and the Commission to know what the program is doing well and how it can improve. For this reason the DDTPAC should develop a plan for monitoring and establishing minimum acceptable standards for service quality.

On January 1, 1996 with the implementation of local competition additional CPUC certificated telecommunications carriers are now offering services to the deaf, hearing impaired and disabled through the DDTPAC's programs. With this expansion and the likely continued expansion of the number of certificated carriers providing these services, we believe that the time has arrived for the development of service quality standards for the provision of services to the deaf, hearing impaired and disabled. We believe that such standards are necessary to

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ensure that the provision of these services is at an appropriate level with out regard to which certificated carriers is responsible for serving the customer. We will therefore require the DDTPAC to develop and file with the Executive Director, as well as interested parties, a set of recommended service quality standards that the DDTPAC believes are appropriate for the provision of these services.

We also believe that a survey of the customers who are provided with the services furnished through the DDTPAC is necessary for us to have an assessment of the quality of services being provided to these customers. We will therefore require the DDTPAC to prepare and file a feasibility study for conducting a survey of the customers to whom these services are provided.

o Administrative Expenses

DDTPAC proposes \$1,394,607 for its administrative expenses which includes \$658,000 for centralization of program activities.

The 1996 annual budget will not include any funding for the centralization project. Last year's annual budget allocated \$530,000 for the centralization project which went largely unspent. If the DDTPAC needs to fund the centralization project, it can request funding for this purpose. The DDTPAC should demonstrate that centralization is the most efficient way to distribute supplementary equipment to eligible deaf, hard of hearing and disabled Californians in a multi-provider local exchange market.

The DDTPAC proposes an interpreting budget which includes two interpreters for the public at six out of twelve meetings. We will augment this budget by \$3,000 to account for two interpreters for the public at all DDTPAC meetings. We are increasing the budget in this manner to ensure full, open access to all DDTPAC meetings.

Conclusion: Adopted DDTP Budget and Management Review

Based on the above discussion, we will adopt a total budget of \$43,044,638 for 1996 Program Budget. This budget is a spending cap and not an invitation to spend at that level. A comparison of the Commission's approved budget and DDTPAC's proposed budget is shown on the table below:

1996 DDTP Budget

	DDTPAC Proposed	Commission Approved	Difference
SB 244	\$24,417,690	\$24,241,254	(\$177,036)
SB 60	14,817,554	13,683,861	(1,133,694)
SB 597	4,840,012	4,380,517	(459,497)
Admin	1,394,607	739,607	(655,000)
TOTAL	\$45,469,863	\$43,044,638	(\$2,425,228)

While we approve the 1996 budget, we realize that the DDTPAC and the Commission must take greater care to ensure that ratepayer funds are used in the most efficient way to provide quality services to the deaf, hard of hearing and disabled Californians. Decision (D.) 89-05-060 which established the current program administrative structure anticipated that the problem now faced by the DDTP: the program is designed to ensure that services are delivered, but is not well suited to ensure that services are delivered in the most effective and efficient manner. (p. 29) D.89-05-060 identified the need for a periodic, critical review to assure the public that their monies are being spent properly. Now that the DDTP has matured, we would like to recommence the effort which was ordered by D.89-05-060. Therefore, we will require the DDTPAC to commission an independent management audit of the DDTP's structure, practices and operations. We task CACD with preparing the audit scope, screening and selecting the auditor firm, and overseeing the conduct of the audit.

One goal of the audit will be to determine whether adequate procedures are in place to ensure that the DDTPAC and Commission can fulfill their oversight responsibilities, including the ability to verify that charges to the DEAF Trust comply with Commission orders. Another goal will be to ascertain if services are being provided in the most efficient manner. The audit will also review the program's operating structure, e.g. committee composition, and operational processes, e.g. DDTP and Commission oversight. The audit will make recommendations that are compatible with the emerging multiple provider local exchange network. The audit will be contracted for and paid for by the DDTP and completed by October 1, 1996. At the conclusion of the management audit, the audit report will be distributed to all parties to I.87-11-031. CACD will thereafter conduct workshops to discuss implementation measures, and the audit consultant will remain available to explain, and if necessary testify on, the recommendations of the report. The 1996 DDTP budget shall be augmented by the cost of the independent management audit.

FINDINGS

1. DDTPAC proposes a total of \$45,469,863 for the 1996 Program Budget.
2. DRA proposes a reduction of \$210,046 or a total of \$45,259,817 in the 1996 Program Budget.
3. The \$22,922,940 budget for CRS Operating Costs should be approved.
4. The \$505,741 for CRS Desirable Costs should be approved.
5. A budget of \$811,972 budget for OSD should be approved, based on a rate of \$0.02004 per work second. This represents a \$96,432 decrease from the amount requested by DDTPAC.
6. It is appropriate for the DDTPAC to enter into a contract for OSD services.
7. The \$70,000 for a trial of Video Relay Service should not be authorized until the Commission has an opportunity to consider additional information to be provided by the DDTPAC as discussed in this resolution.
8. The CRS Specialist budget should accommodate a three percent pay increase for the CRS Specialists.
9. The \$13,683,861 and \$4,380,517 budgets for the SB 60 and SB 597 programs, respectively, should be approved.
10. GTEC's budget for DDTPAC SB 60 and SB 597 equipment purchases should be based on the amount of equipment distributed in the prior year.
11. GTEC's 1996 budget for DDTPAC SB 60 and SB 597 tariffed services, equipment expenses, labor expenses and operating expenses should be based on the amount actually spent in 1995 with an adjustment for inflation. If the DDTPAC finds that these funds are insufficient for GTEC to provide program services, it can request that the budget be augmented.
12. The proposed DDTPAC SB 60 and SB 597 budgets for GTEC's Special Needs Center warehousing and distribution should be no higher than the amount actually spent in 1995 for this item. This reduces the budgets for these items by \$96,432 and \$41,447 respectively.
12. The proposed DDTPAC SB 60 and SB 597 budgets should be reduced respectively to account for unexplained computer costs by GTEC.

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13. The DDTPAC needs reliable, independent information on how customers view the quality of service they receive from the DDTP through the utilities that provide them.

14. CACD is currently conducting an investigation of GTEC's Special Needs Center expenditures from 1989 through 1994. The results of this investigation may require that the 1996 budget be modified.

15. The \$658,000 budget for centralization should not be approved. Funding for the centralization project should occur as needed.

16. The DDTP Administrative budget should be augmented to add \$3,000 for interpreters for the public at all DDTPAC meetings.

17. The DDTPAC should commission an independent management audit of the DDTP's structure, practices and operations. CACD should prepare the scope of the audit, screen and select the auditor firm, and oversee the conduct of the audit. The 1996 DDTP budget should be augmented by the cost of the independent management audit.

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THEREFORE, IT IS ORDERED that:

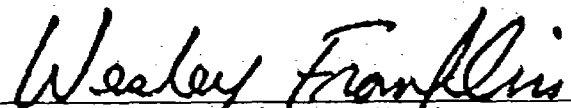
1. The 1996 approved annual budget for the Deaf and Disabled Telecommunications Program shall be \$43,044,638.
2. A total of \$24,240,653 for Senate Bill (SB) 244 is adopted.
3. The CRS Specialist program will continue to be funded in 1996. The DDTPAC will submit an explanation of how the CRS Specialist program will function after the current CRS Specialist arrangement expires as discussed in this resolution. This explanation must be submitted to the Executive Director by April 2, 1996.
4. The \$70,000 for a trial of Video Relay Service is not authorized in this budget. However, the Commission will consider augmenting the budget if the DDTPAC provides the information discussed in this resolution to the Executive Director by April 15, 1996.
5. The DDTPAC shall file a contract for OSD services by May 1, 1996. The OSD contract shall be put out for competitive bid unless there is only one provider of this service.
6. A total of \$13,683,861 and \$4,380,517 for Senate Bill 60 and Senate Bill 597 program budgets, respectively, are adopted.
7. The DDTPAC shall submit a set of recommended standards for measuring and monitoring the quality of services provided by the program. The DDTPAC shall prepare a feasibility study for conducting a survey of customers to ascertain the quality of services received by them through the DDTP. These standards and monitoring plans shall be submitted to the Executive Director by June 3, 1996.
8. The SB 60 and SB 597 budgets will be modified if the ongoing investigation of GTEC's Special Needs Center reveals that practices that have led to overpayment in the past continue and are imbedded in the 1996 budget.
9. The DDTPAC may request an augmentation of the 1996 budget if it finds that the amount allocated for GTEC is insufficient to provide mandated program services. If the DDTPAC requests such an augmentation, it must demonstrate the need for additional funds.
10. The amount of \$658,000 for centralization of warehousing and databases is not included in the budget. The DDTPAC must request funding for the centralization project as need arises.
11. The amount of \$3,000 for additional interpreters for the public at DDTPAC meetings is added to the Program Budget.

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12. The DDTPAC shall commission an independent management audit of the DDTP's structure, practices and operations. CACD shall prepare the audit scope, screen and select the auditor firm and oversee the conduct of the audit. This audit is to be completed by October 1, 1996. At the conclusion of the audit, the audit report will be served on all parties to I.87-11-031. The auditor will remain available to explain, and if necessary testify on, the recommendations in the report. The 1996 budget shall be augmented by the cost of the independent management audit.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 23, 1996. The following Commissioners approved it:



WESLEY FRANKLIN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEPPER
Commissioners

1996

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM

	(A) ACTUAL JUN94-MAY95	(B) 1995 BUDGET	(C) 1995 OUTLOOK	(D) 1996 BUDGET	(E) % DIFF (Col D/Col C)
UNENCUMBERED FUNDS - BEGIN	17,776,808	17,580,911	16,345,000	12,821,659	-22%
RECEIPTS					
Surcharges	32,449,252	34,407,024	34,180,994	43,666,250	28%
Toll Revenues	329,692	315,000	340,761	327,000	-4%
Interest	855,659	800,000	847,568	783,149	-8%
Proceeds Sales/Maturities	0	0	0	0	0%
Asset Income	49,286	0	49,286	0	-100%
Miscellaneous	184	0	0	0	0%
TOTAL RECEIPTS	33,634,603	35,522,024	35,369,323	44,776,399	27%
TOTAL FUNDS AVAILABLE	51,411,411	53,102,935	51,714,323	57,598,058	11%
TELCO EXPENSE					
SB 597	4,112,071	5,241,485	4,627,439	4,840,012	5%
SB 244	19,468,010	22,079,922	20,758,145	24,417,690	18%
SB 60	11,099,605	13,851,439	12,542,992	14,817,554	18%
TOTAL TELCO EXPENSE	34,679,686	41,172,846	37,928,576	44,075,256	16%
ADMINISTRATIVE EXPENSE					
Trustee	30,784	32,000	31,252	29,647	-5%
Legal	0	3,000	1,500	3,000	100%
Audit	65,952	70,000	56,954	75,000	32%
Investment Advisor	21,000	37,200	26,100	18,000	-31%
DOTP - Office/Staff	367,793	393,300	401,196	416,750	4%
DOTPA	19,986	30,602	28,073	27,325	-3%
CRSAC	35,473	27,536	30,216	38,738	28%
EPAC	17,034	26,322	22,555	31,972	42%
Consultants	4,082	36,500	28,560	36,125	26%
Interpreter Services	49,639	38,900	46,002	55,600	21%
Electronic Mail	4,084	5,700	4,559	4,450	-2%
TOTAL ADMIN EXPENSE	615,828	701,060	676,967	736,607	9%
SPECIAL PROJECTS	55,370	530,000	287,121	658,000	129%
TOTAL EXPENSE	35,350,884	42,403,906	38,892,664	45,469,863	17%
UNENCUMBERED FUNDS - END	16,060,527	10,699,029	12,821,659	12,128,195	-5%

NOTES and ASSUMPTIONS:

1) Surcharge estimate based on .4% surcharge
 2) 12 Months Actual Data from 6/1/94-5/31/95

DDTP Budget

	Actual	1995 Budget	% Different	DDTPAC Proposed	1996 Adopted	Difference Prop. - Adop.
SB 597 (Deaf and Hearing Impaired)	3,710,350	5,268,066	-29.6%	4,840,014	4,380,517	459,497
SB 60 (Disabilities)	11,992,611	13,851,441	-13.4%	14,817,555	13,683,861	1,133,694
SB 244 (CRS)						
Operational Costs	19,223,365	20,961,926	-8.3%	22,922,940	22,922,940	-
Desireable Costs	449,834	579,145	-22.3%	586,346	505,741	80,605
OSD	604,046	573,876	5.3%	908,404	811,972	96,432
Total	20,277,246	22,114,947	-8.3%	24,417,690	24,240,653	177,036
Administration	642,707	701,060	-8.3%	736,607	739,607	(3,000)
Centralization	22,121	530,000	NA	658,000	-	658,000
Total	36,645,034	42,465,513	-13.7%	45,469,866	43,044,638	2,425,228

GTEC SB 597 Budget

	Actual	1995 Budget	% Differen	DDTPAC Proposed	1996 Adopted	% Different DDTPAC
Equipment Purchase SB 597	219,080	449,084	-51.2%	805,076	540,085	-32.9%
Tariffed Services Tariffed Services	-	22,788	-100.0%	37,896		-100.0%
Equipment Expense						
Warehousing & Distribution	115,609	150,830	-23.4%	90,174	69,423	-23.0%
Maintenance and Repair	49,466	52,972	-6.6%	26,161	25,951	-0.8%
Total Equipment Expense	165,075	203,802	-19.0%	116,335	95,374	-18.0%
Labor Expense						
Total Labor Expense	162,098	269,159	-39.8%	272,963	166,799	-38.9%
Operating Expense						
Outreach Expenses	15,760	12,956	21.6%	15,536	16,217	4.4%
Program Operating Expenses	29,958	26,208	14.3%	49,768	30,827	-38.1%
Non-Recurring Expenses	-	-	-	11,250	-	-100.0%
Total Operating Expense	45,718	39,164	16.7%	76,554	47,044	-38.5%
Subtotal Expenses	591,971	983,998	-39.8%	1,308,824	849,302	-35.1%
Adjustments						
Total Expenses	591,971	983,998	-39.8%	1,308,824	849,302	-35.1%

GTEC SB 60 Budget

	Actual	1995 Budget	% Different	DDTPAC Proposed	1996 Adopted	% Different DDTPAC
Equipment Purchase SB 60	1,190,834	1,214,550	-2.0%	1,361,779	1,286,881	-5.5%
Tariffed Services Tariffed Services	199,340	223,916	-11.0%	214,741	205,121	-4.5%
Equipment Expense						
Warehousing & Distribution	347,208	428,138	-18.9%	510,983	393,395	-23.0%
Maintenance and Repair	118,668	102,625	15.6%	148,248	122,109	-17.6%
Total Equipment Expense	465,876	530,763	-12.2%	659,231	515,504	-21.8%
Labor Expense Total Labor Expense	785,827	1,060,220	-25.9%	1,546,798	808,615	-47.7%
Operating Expense						
Outreach Expenses	89,306	73,668	21.2%	88,035	91,896	4.4%
Program Operating Expenses	169,717	148,476	14.3%	282,016	174,639	-38.1%
Non-Recurring Expenses	-	-	-	63,750	-	NA
Total Operating Expense	259,023	222,144	16.6%	433,801	266,535	-38.6%
Subtotal Expenses	2,900,899	3,251,594	-10.8%	4,216,350	3,082,656	-26.9%
Adjustments						
Total Expenses	2,900,899	3,251,594	-10.8%	4,216,350	3,082,656	-26.9%