

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TELECOMMUNICATIONS RELAY SERVICES)	
AND THE FUNDING PROCESS FOR THE)	ADMINISTRATIVE
TELECOMMUNICATIONS RELAY SERVICE)	CASE NO. 357
AND THE TELECOMMUNICATIONS DEVICES)	
FOR THE DEAF PROGRAMS)	

O R D E R

Telecommunications Relay Service ("TRS") was established for Kentucky in 1991 in Administrative Case No. 333.¹ AT&T Communications of the South Central States, Inc. ("AT&T") was awarded a contract which was due to expire April 16, 1996.

On October 30, 1995, the Commission established this proceeding to investigate alternatives to the current method of providing TRS for Kentucky. The Commission exercised its option pursuant to the terms of the contract to extend the contract with AT&T for 150 days to allow adequate time to issue a draft Request for Proposal ("RFP"), receive comments from the parties, issue a formal RFP, and select a vendor. Appendix A of the May 15, 1996 Order contained an RFP to bid a new contract to select a vendor to provide TRS. Proposals were received June 14, 1996.

In response to the RFP, the Commission received proposals from three vendors, AT&T, MCI Telecommunications Corporation, and Sprint Communications Company L.P. ("Sprint"). In addition, each of the potential vendors made oral presentations to the

¹ Administrative Case No. 333, Establishment of Telecommunications Relay Service for Individuals with Hearing and Speech Disabilities in Kentucky.

Commission to further explain their proposals and to answer questions posed by the Commission.

The RFP provided for evaluation of the proposals based on fulfilling mandatory requirements and technical requirements including corporate capabilities and experience, the project schedule, and the technical approach. Finally, cost per minute was a significant factor. In evaluating the proposals, the Commission has been mindful of its charge from the Kentucky General Assembly "to determine the most cost effective method of telecommunications relay services that will meet the requirements of the deaf, hard of hearing, and speech-impaired"² persons in Kentucky. Each proposal was evaluated in accordance with the above-stated criteria and in compliance with the statutory mandates.

Based upon its evaluation, the Commission has determined that AT&T shall continue to provide TRS for Kentucky. AT&T fulfilled the mandatory requirements of the RFP, demonstrated superiority in its technical abilities and corporate experience in the provision of this service, and proposed to provide TRS in a cost-effective method. Accordingly, the provision of TRS by AT&T is the most cost-effective method of providing TRS considering average call length. AT&T will best meet the requirements of the deaf and hard-of-hearing persons and persons with speech disabilities in this Commonwealth.

As specified in the RFP, the contract between the Commission and AT&T shall consist of the RFP, any amendments thereto, AT&T's offer submitted June 14, 1996 in response to the RFP, all incorporated by reference as if fully set forth herein, as well as

² KRS 278.548

Commission Orders in this proceeding. In the event of a conflict in language between the RFP and AT&T's offer, the provisions and requirements set forth in the RFP shall govern.³

On May 31 and June 6, 1996, the Executive Director issued two letters to the parties of record to clarify terms and conditions of the RFP that were raised by Sprint and AT&T. The Commission will incorporate the responses to the questions regarding the RFP and they shall be attached hereto and incorporated herein as Appendix A.

The RFP provides that the funding of TRS shall be accomplished through a specified surcharge per local access line to be collected by the local exchange companies ("LEC") and shown as a separate line item charge on each customer's monthly bill. The Commission set the rate at \$.09 per access line per month. Because AT&T will be providing TRS at a price substantially less than the rate contained in the previous contract, the Commission will decrease the amount collected by each local exchange carrier to \$.07 per access line per month. The amount collected for the TDD distribution program shall remain at \$.01. LECs shall file tariffs to make this change effective on all bills rendered on or after November 1, 1996. LECs shall continue to collect and deposit monies in the prescribed bank account as they have since the inception of TRS.

The TRS Advisory Committee shall continue to exist and provide information and feedback to the Commission and the vendor on the quality of TRS service. Beginning with the third quarter 1996 meeting of the Advisory Committee, the members may request payment for miles driven to attend the meetings. Also the Advisory Committee may hire up to three interpreters to facilitate the meetings.

³ RFP, Section 5.1, p. 10

In Section 2.1, General Requirements, the RFP states "The vendor shall receive vouchers for Advisory Committee member's mileage at state rates to attend quarterly meetings and a maximum of three (3) interpreters per meeting. Total annual expenses for Advisory Committee meetings shall not exceed \$4,000."⁴ The Commission has determined that the following procedure should occur for payment of expenses. Committee members shall send written requests to AT&T's office at 245 West Main St., Frankfort, KY. 40601 for the payment of miles driven to attend Advisory Committee meetings. The interpreters shall likewise submit a bill to AT&T for payment of services rendered at Advisory Committee meetings. AT&T shall pay these expenses for each quarterly meeting and then submit these expenses as part of a bill to the TRS Fund for reimbursement. It shall be the responsibility of AT&T to monitor expense requests and not pay any expenses in excess of \$4,000 on an annual basis. AT&T shall also provide the Commission with a quarterly report that shows the individuals to whom the expenses were paid and the amount.

IT IS THEREFORE ORDERED that:

1. AT&T is selected to provide intrastate TRS for the Commonwealth of Kentucky under the terms and conditions set forth in the contract from July 19, 1996 to September 19, 1998.

2. The monthly surcharge assessed by the LECs shall be reduced from \$.09 per month to \$.07 per month beginning November 1, 1996. The surcharge for the TDD distribution program shall remain at \$.01.

⁴ RFP, p. 3-4

3. A copy of this Order shall be served on all LECs. By October 1, 1996, each LEC shall file a TRS tariff reducing the surcharge to \$.07 effective November 1, 1996.

4. All monies shall continue to be deposited in the Kentucky TRS Fund by the LECs on a monthly basis as described herein.

5. The changes contained in the letters from the Executive Director attached hereto as Appendix A are incorporated in this Order.

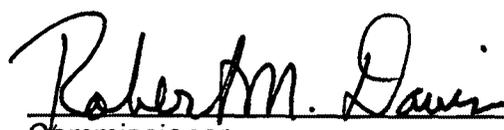
Done at Frankfort, Kentucky, this 19th day of July, 1996.

PUBLIC SERVICE COMMISSION

Chairman



Vice Chairman



Commissioner

ATTEST:



Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN ADMINISTRATIVE CASE NO. 357 DATED JULY 19, 1996.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 31, 1996

Edward H. Hancock
State Manager, AT&T
245 West Main Street
Frankfort, KY 40601

RE: Administrative Case No. 357

Dear Mr. Hancock:

The responses to your questions follow:

1. Section 2.2 - Would the Commission consider authorizing vendors to provide Directory Assistance if the vendor has the technical capability to do so. If the TRS cannot provide Directory Assistance, please clarify which toll free number the relay operators shall refer any requests for directory assistance to.
 - A. Directory Assistance has not been part of TRS. If the vendor has the technical capability to offer Directory Assistance, then it may do so. However, it must be rated the same as all other calls. If at all possible, Directory Assistance requests shall be referred to a toll free number. Vendors shall describe their proposed Directory Assistance arrangements.
2. Section 2.7.E - Please clarify the answer performance requirement. Specifically, "85 percent of all calls shall be answered by the relay center within ten (10) seconds ... The average answer time shall not exceed 3.3 seconds." A 3.3 second average answer is comparable to answering 93 percent of all calls within ten (10) seconds. This exceeds the FCC requirement of 85 percent of all calls within ten (10) seconds.
 - A. The Commission will accept that 85% of all calls be answered by the relay center within ten (10) seconds. The requirement that the average answer time shall not exceed 3.3 seconds is hereby deleted.

Edward H. Hancock
May 31, 1996
Page 2

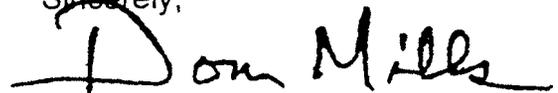
3. Section 2.7.J. - Please clarify what capability is being requested. Is this requesting that the vendor be capable of providing access to regionally restricted 800 numbers?
 - A. The vendor shall be capable of arranging access to state government restricted numbers.

4. Section 5.6.C. - Please specify the anticipated renewal term.
 - A. The Commission will determine a renewal period if any, within 120 days of the contract termination. The Commission will also consider a multiple vendor approach at the conclusion of this contract.

5. Section 6.1.C. - Please clarify how prices should be presented. For example, should the vendor propose one price for the 26 months of the contract? Please confirm that a "minute" for pricing purposes, begins as soon as a call is accepted by the TRS system, and ends when the call is disconnected from the same; therefore, all minutes needed to set-up and wrap-up, complete and incomplete calls, will be included for compensation.
 - A. Prices should be presented as one price per minute for the 26 month contract. The minute shall be based on conversation minutes defined to include the time when the relay operator accepts the call until the call is disconnected by the calling parties.

Any questions regarding this response should be forwarded to Amy Dougherty, staff attorney, at (502) 564-3940.

Sincerely,

A handwritten signature in black ink that reads "Don Mills". The signature is written in a cursive style with a large, prominent "D" at the beginning.

Don Mills
Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 31, 1996

Regina Woelfle
Contact Administrator
SPRINT
13221 Woodland Park Road
Herndon, VA 22071

RE: Administrative Case No. 357

Dear Ms. Woelfle:

The responses to your questions follow:

1. What is the historical and current reimbursement rate? Is the rate based on conversation or session minutes? Please provide a definition of which reimbursement method is used.
 - A. The reimbursement rate has been granted confidential treatment by this Commission pursuant to KRS 61.878 and 807 KAR 5:001, Section 7. The rate is based on conversation minutes. The definition of a conversation minute shall include the time when the relay operator accepts the call until the call is disconnected by the calling parties.
2. Section 1.4 states "Responses to RFP constitutes agreement with RFP Conditions." Does this preclude a vendor from proposing additional contract language?
 - A. A vendor may propose additional contract language for the Commission's consideration. The order awarding the contract to a vendor will accept, reject, or modify vendor's proposed additional contract language.
3. Section 2.7 E. - Please clarify the answer time requirement. The provision requiring "85% of all calls shall be answered by the relay center within ten (10) seconds during all times of the day" equates to a higher requirement than the additional provision that "the average time shall not exceed 3.3 seconds."

- A. The Commission will accept that 85% of all calls be answered by the relay center within ten (10) seconds. The requirement that the average answer time shall not exceed 3.3 seconds is hereby deleted.
4. Section 5.7 A. - Please clarify what the state means by "a reasonable period of time to cure the default." Would the state consider changing this language to a sixty (60) day period to cure the default?
 - A. The Commission will not accept a specific period to cure default. For some default situations a sixty (60) day period to cure would be unreasonable. The Commission will assess each default situation on a case by case basis.
5. Section S.19 - Would the state consider a bilateral Hold Harmless clause? Would the state consider deleting "third party" throughout the clause? If not, can the state please define the third parties they are referring to?
 - A. The state will not consider a bilateral "Hold Harmless" clause. The language regarding "third party" is clear as drafted.
6. Would the state consider adding a limitation of liability clause?
 - A. Vendors may propose a limitation of liability clause for Commission consideration as the bids are reviewed.
7. Section 5.6 - Please clarify the terms of the contract.
 - A. The term of the contract will be July 19, 1996 to September 19, 1998.
8. Section 5.10 - Please clarify the state's ability to terminate vendor employees or subcontractor employees.
 - A. The Commission may require that employees found to be not qualified or otherwise unacceptable be removed from providing TRS service for Kentucky.
9. Section 5.28 C. - Clarify what is meant by "at the vendor's location in Kentucky."
 - A. TRS records may be kept in a location outside of Kentucky if the Commission knows the location and if the records will be provided to the

Commission within five (5) business days and at no cost to the Commission.

10. Section 6.1 - What weights will be applied to each of the evaluation criteria?
 - A. Specific percentages have not been assigned to the evaluation criteria.

11. Section 1.7 states "the vendor's proposal shall follow requirements set forth in Section 2 an 3." Please clarify if the state only wishes to receive responses to these sections of the RFP.
 - A. Vendors shall confirm intended compliance with each section of the RFP.

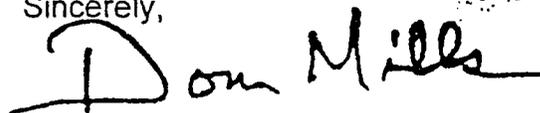
12. Section 2.9 - Please clarify that the state is to receive a 1-2 page invoice with supporting document which will detail the Average Speed of Answer and that no other documentation is required.
 - A. The monthly report shall include percentage of calls originated by TDD/TTY users versus hearing and voice customers, and percentage of calls answered within ten seconds. The invoice shall include the number of calls received by the TRS center, the number of minutes associated with those calls, and the amount billed by the TRS center. Attached are sample formats.

13. Section 5.28 C states "access to information shall be provided at the vendor's office in Kentucky at all reasonable times." Does the state allow information to be shipped when requested or does the state expect the information to be in Kentucky at all times?
 - A. See answer to Question 9 above.

Regina Woelfle
May 31, 1996
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Any questions regarding this response should be forwarded to Amy Dougherty,
staff attorney, at (502) 564-3940, extension 257.

Sincerely,

A handwritten signature in black ink that reads "Don Mills". The signature is written in a cursive style with a large, prominent initial "D".

Don Mills
Executive Director

Attachments

KENTUCKY TELEPHONE RELAY SERVICE

MONTHLY SERVICE REPORT

(DATE)

ADMINISTRATIVE CASE NO. 357

Total number of intrastate calls received	_____	Calls
Number/percent of voice calls	_____	Percent
Number/percent of TDD calls	_____	Percent
Percent of calls served within 10 seconds	_____	Percent



Judy L. Powers
Authorized Signature
Judy L. Powers

Account Number	Bill Close Date	Payment Due Date
[REDACTED]	05/01/96	05/31/96

Special Billing Charges
FOR BILLING INQUIRIES 1-703-691-5546

Total Current Charges		Account Status	
MONTHLY CHARGES		PREVIOUS BALANCE	
OTHER CHARGES AND CREDITS	0.00	PAYMENTS	
SURCHARGES	0.00	ADJUSTMENTS	
GROSS RECEIPTS	0.00	CURRENT CHARGES	
FEDERAL TAX	0.00		
STATE TAX	0.00		
COUNTY TAX	0.00		
CITY TAX	0.00		
DETAIL OF TAX	0.00		
TOTAL CURRENT CHARGES		TOTAL AMOUNT DUE	[REDACTED]
THANK YOU FOR CHOOSING AT&T. WE APPRECIATE YOUR BUSINESS.			

Detail of Charges, Credits, Payments and Adjustments

MONTHLY CHARGES

DATE(S)	QTY	ITEM	DETAIL	AMOUNT
1 03/01/96-03/31/96	1	HKYDPRIACG	KY RELAY CENTER CHARGE TOT INTRA CALL VOL NO. OF INTRASTATE MINUTES AT	
			TOTAL	

(Tear Here)

Account Number	Bill Close Date	Payment Due Date	Total Amount Due	Amount Enclosed
	05/01/96	05/31/96		

3033 CHAIN BRIDGE RD A361
DAKTON VA 22185

Please return this portion with your
Payment. Make checks payable to AT&T.
Please include Account Number on Payment.

RECEIVED

MAY 13 1996
PUBLIC SERVICE
COMMISSION

CITIZENS FIDELITY BANK
& TRUST COMPANY
PAT MCFADDEN, CORP TRUST
500 JEFFERSON STREET
LOUISVILLE KY 40296

AT&T
P.O. BOX 93483
CHICAGO, ILL 60673

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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 6, 1996

TO: ADMINISTRATIVE CASE NO. 357
SERVICE LIST*

RE: Clarification of May 31, 1996 Letters

Ladies and Gentlemen:

Pursuant to Paragraph 1.6 of the Commission's May 15, 1996 Request For Proposal ("RFP"), my office responded to questions from Sprint and AT&T on May 31, 1996.

AT&T's question no. 5 asked for confirmation that a "minute" for pricing purposes, begins as soon as a call is accepted by the TRS system, and ends when the call is disconnected from the same; therefore, all minutes needed to set-up and wrap-up, complete and incomplete calls, will be included for compensation. Similarly, Sprint's question no. 1 asked whether the rate was to be based on conversation or session minutes and to define the reimbursement method.

The Commission staff responded that the minute shall be based on conversation minutes defined to include the time when the relay operator accepts the call until the call is disconnected by the calling parties. We further stated that the rate is based on conversation minutes.

We regret any confusion the response may have caused. Our intentions were clear in the statement that the minutes includes "the time when the relay operator accepts the call until the call is disconnected." Apparently the correct term is session minutes, rather than conversation minutes. Please note the following clarification:

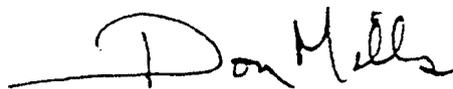
* The service list is identical to the one attached to the May 31, 1996 letter and, therefore, is not attached.

Administrative Case No. 357
Service List
June 6, 1996
Page 2

A minute for reporting and billing purposes begins when a call is answered by the relay center and ends when the call is disconnected from the same. The definition includes all call processing efforts such as set-up, conversation, and wrap-up for complete calls and all time associated with incomplete call attempts such as abandons, busy, and don't answer.

Questions or comments should be forwarded to Amy Dougherty, staff attorney, at (502) 564-3940, extension 257.

Sincerely,

A handwritten signature in cursive script that reads "Don Mills". The signature is written in black ink and is positioned above the typed name and title.

Don Mills
Executive Director