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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division **RESOLUTION T-16741**
Public Programs Branch **Date: June 19, 2003**

R E S O L U T I O N

RESOLUTION T-16741 ADOPTING A NEW STRUCTURE FOR THE PROVISION OF CALIFORNIA RELAY SERVICE (CRS) AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE COMMISSION TO ENTER INTO CONTRACTS ON BEHALF OF THE COMMISSION COVERING THE PROVISION OF CRS UNDER THE NEW STRUCTURE

SUMMARY

The California Relay Service (CRS) is a dual–party relay system, using third-party intervention, to connect individuals who are deaf or hearing-impaired with hearing persons. The service also includes Speech-to-Speech (STS) and Video Relay. The Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) has submitted, and recommends for approval, proposed contracts that are based on a new structure for the delivery of this service under CRS. DDTPAC proposed a three-component structure for CRS. The three components are Network Services (NS), Call Center Services (CCS), and Network Management Services (NMS). The maximum term of each of the six contracts is five and one-half years. The estimated cost for all six contracts over the full five and one-half years is approximately $133.1 million.

This resolution adopts the new structure the DDTPAC has proposed for the provision of CRS services. Further, this resolution grants authority to the Executive Director of the Commission to enter into the six contracts on behalf of the Commission for the provision of CRS service under the new structure. The proposed contracts require review and approval by the Department of General Services (DGS). The terms of the proposed contracts must be finalized prior to signing by the Commission Executive Director and the vendors.

BACKGROUND

Telecommunications Relay Service (TRS) is a national and international program that provides functional equivalency of access to public switched telecommunications network services by persons who are deaf, hard of hearing, or speech disabled. In the United States, the Federal Communications Commission (FCC) sets minimum required standards for TRS operations, and requires and certifies that each state meet these legal standards. The FCC mandated rules for TRS in response to Title IV of the Americans with Disabilities Act of 1990 (ADA) and its impact on Title 47, Code of Federal Regulations, Part 64. Each state is independently responsible for acquiring and administering its own TRS.

In California, the TRS Program is known as the California Relay Service (CRS). Presently, CRS is an out-source service, administered by the Deaf and Disabled Telecommunications Program (DDTP) that in turn is administered by the Deaf and Disabled Telecommunications Program Administrative Committee (DDTPAC) and supported by California Relay Service Advisory Committee (CRSAC), under the oversight of the Commission. The service applies to all local, intraLata toll and interLata toll calls that originate and terminate in California. CRS is funded by a surcharge applied to intrastate telephone charges and collected by certified wireline and wireless telecommunications carriers providing intrastate service in California. The surcharges are currently remitted to the Deaf Equipment Acquisition Fund (D.E.A.F.) Trust. DEAF Trust funds are used to reimburse the carriers for provision of the relay service.

Effective July 1, 2003, in response to Senate Bill 669 (1999) and California Assembly Bill (AB) 1734 (2002), these relationships will change. SB 669 and AB 1734 require the transfer of program funds from the DEAF Trust to the DDTPAC Fund in the State Treasury, and change the role of the DDTP Administrative Committee to a Commission Advisory Board, the Telecommunications Access for the Deaf and Disabled Advisory Committee (TADDAC). AB 1734, among other things, rescheduled the deadline for implementation of the DDTP related portion of SB 669 from October 1, 2001 to July 1, 2003 and authorized the Commission to enter into contracts to support CRS.

The Commission created CRS as a result of Investigation (I.) 87-11-031 and in response to SB 244 (Chapter 741, 1983). Added by statute in 1982, California Public Utilities Code (PU) Section 2881 (b) provides the regulatory foundation for the Commission's action. It states:

> The commission shall design and implement a program to provide a dual-party relay system, using third-party intervention to connect individuals who are deaf or hearing impaired and offices of organizations representing individuals who are deaf or hearing impaired, as determined and specified by the commission pursuant to subdivision (e), with persons of normal hearing by way of

> telecommunication devices for individuals who are deaf or hearing impaired. In order to make a dual-party system that will meet the requirements of individuals who are deaf or hearing impaired available at a reasonable cost, the commission shall initiate an investigation, conduct public hearings to determine the most cost-effective method of providing dual-party relay service to the deaf or hearing impaired when using a telecommunications device, and solicit the advice, counsel, and physical assistance of statewide nonprofit consumer organizations of the deaf, during the development and implementation of the system. The commission shall phase in this program, on a geographical basis, over a three-year period ending on January 1, 1987. The commission shall apply for certification of this program under rules adopted by the Federal Communications Commission pursuant to Section 401 of the federal American with Disabilities Act of 1990 (Public Law 101-336).

In 1987, AT&T Communications of California (AT&T) was selected as the first vendor to provide the state's relay service. On October 11, 1991, the Commission issued Resolution T-14638 affirming U.S. Sprint (Sprint) as the successor to AT&T, a contract Sprint held for five years. On April 23, 1996, the DDTPAC notified MCI WorldCom (MCI) it would succeed Sprint as the primary provider of dual-party relay and Video Relay Services, and also recommended that MCI provide Speech-to- Speech Service (STS). In October 1996, the Commission approved adding Speech-to-Speech to CRS in Resolution T-15971. The ensuing contract also provided that Sprint serve as a secondary provider for relay services. The contract was originally issued for three years and has been extended at the option of the DDTPAC to ensure continuation of CRS until new providers are in place and the transition from the current providers is completed.

By letter dated January 8, 2003 to the Commission's Executive Director, the DDTPAC submitted six contracts covering the provision of CRS under a new structure. The DDTPAC recommends that the Commission adopt the six contracts.

The Commission's adoption of this Resolution and the new CRS structure will ensure the continued provision of CRS Service, and is consistent with the Commission's authority pursuant to AB 1734 to enter into contracts for provision of the CRS.

NOTICE/PROTESTS

Public notice of the January 8, 2003 letter to the Commission's Executive Director, from the Deaf and Disabled Telecommunications Program (DDTP) Administrative Committee, recommending DDTPAC's California Relay Service contract awards pursuant to a Request for Proposal issued August 17,2001 through December 23, 2002, appeared on the Commission's Daily Calendar on March 11, 2003.

No comments on the DDTPAC letter were received.

DISCUSSION

Overview

The service that CRS provides is required by federal and state statute. SB 244 (1983) created the state's legislative mandate and PU Code Section 2881 (b) laid the regulatory foundation for the fiduciary, operational and programmatic requirements for CRS. On January 1, 1987, the initial relay service commenced with service provided by AT&T. Commission Resolution T-14232, dated December 19, 1990, authorized the DDTPAC to contract for CRS. In October 1991, Resolution T-14638 affirmed Sprint as the successor provider to AT&T. Prior to the expiration of the Sprint contract in October of 1996, the DDTPAC issued an Invitation for Bid (IFB) to solicit bids to replace Sprint at the expiration of its contract. On July 3, 1996, the Commission approved Resolution T-15933 naming MCI as the primary CRS provider beginning October 1996. Resolution T-15971 added both Speech-to-Speech Service to MCI's contractual scope of work and Sprint as the secondary CRS provider.

Beginning with the first CRS Resolution, dated December 1990, which permitted the DDTPAC to outsource relay services, the CRS contracts were bid as a single bundled work element that included "Network Services" for inbound/outbound calls and "Call Center Services" encompassing each type of relay service. Under this scheme, relay services were composed of two different functions. The network portion consists of an 800 number inbound long distance service that carries the calls to the relay call center and the outbound long distance service that connects the relay call center to the called party, as well as, the actual call center which uses trained agents to relay typed messages from the deaf and hard of hearing persons to hearing persons by speaking the contents of the typed message, and visa-versa. The most common type of call is between a TTY user and a voice user. In addition, the call center agent is trained to provide Speech-to-Speech (STS) services for persons with speech disabilities. Separate 800 numbers are provided for each type of service. Current "inbound" traffic is reflected in the following table:

INBOUND TRAFFIC TABLE

	Inbound
TTY	72.9%
VOICE	25.7%

ASCII	0.7%
SPANISH	0.3%
STS	0.5%
TOTAL	**100%**

Traditionally, of relay service providers were long distance common carriers because of the distances from the consumer to the relay call center and to the called party. However, only a few of these carriers, such as AT&T, MCI, and Sprint historically have bid on the relay service in California. When it became apparent that revenue opportunities for the call center portion could be considerable, some common carriers developed, or subcontracted, the necessary call center expertise. Consumers have expressed an ongoing concern about the poor quality of relay service provided by a limited number of carriers. The poor service appears to be the result of an apparent lack of incentive to spend the time and money required to undertake major improvements in relay service quality.

Changes in federal and state telecommunications regulation have produced pro-competitive policies, which in turn have resulted in a marketplace in which relay service providers no longer need be common carriers. State relay programs are now free to permit common carriers to compete for the provision of network services, and call center providers can compete to be among the providers of relay services.

These industry changes are reflected in the proposed restructuring of CRS. The DDTPAC has adopted, and recommends, that the Commission adopt an approach to migrate from a bundled service provided by a single vendor, or a primary and secondary vendor, to an unbundled multi-provider concept using three distinct but highly integrated components. The DDTPAC-recommended contracts reflect this restructuring by placing the operational elements of CRS with the most qualified vendor in each operational component. This provides consumers with more choice of relay providers, and encourages improved quality of service, technological innovations, and consumer outreach through ongoing competition.

Components of the Re-structured CRS

Network Services:
Toll-free Inbound and Outbound Network Transport and Consumer Billing

Many TTY users in California program their equipment with the DDTP's existing CRS TTY 800 numbers. Under the new proposed structure all of these numbers, and each relay Call Center vendor's own 800 numbers for CRS, will also be assigned to the

Network Services (NS) provider. In addition, all 7-1-1[1] CRS calls will be assigned to the NS provider. The NS provider will route 800 and 7-1-1 traffic to the CRS call centers over the NS provider's network. In addition, all outbound CRS telephone traffic, not local to the call center, may be carried over the NS network unless the caller has requested that a different interexchange carrier (IEC) be used and that the call center placing the outbound call has relay-enabled interconnection agreements with the requested IEC. A caller's request for an IEC may be recorded in a Call Center Services (CCS) provider's database.

The NS provider is required to be a common carrier, as defined under Section 3 (44) of the US Telecommunications Act (1996), and certified by the Federal Communications Commission (FCC) and by the CPUC to provide such services to the public for interstate, international and intrastate interLATA calls. In addition, the NS provider must have the capability to route inbound calls to specific CRS call centers and/or a CRS call center provider's 800 number assigned to the NS provider must be distributed to that call center. All other calls will be distributed to the CRS call centers as instructed by the DDTP/State.

Other NS provider tasks include billing the caller for the call as if it were an equivalent voice call from the originating number to the terminating number.[2] Billing responsibility includes establishing appropriate billing and data transfer arrangements with the Local Exchange Carriers (LECs). The NS provider must allow access to the network for CRS call monitoring and call routing by the Network Management Services (NMS) provider and cooperate with vendors of the other two CSR components. Lastly, the NS vendor shall provide to the DDTP/state regularly and/or upon request, a number of reports concerning traffic, performance, and billing.

Call Center Services:
Relay Services, including Speech-to-Speech, Video Relay Service,
and Web Chat Relay Service

CRS Call Center Service (CCS) providers receive calls delivered to them from the CRS NS provider, assign a Communications Assistant (CA or relay agent) to answer the call, place an outbound call, and relay the call between the calling and called parties. When the call is routed to the call center, the provider checks its customer preference data-base for call set-up and handling. If the CCS provider data-base does not provide instructions to place the call over a specific carrier's network, and there is no such request from the caller, the call is placed to the called party via a carrier designated by the CCS provider. The NS provider will distribute the number of inbound CRS calls not

[1] The Federal Communications Commission (FCC) mandated that, by October 1, 2001, all states must implement the abbreviated dialing pattern of 7-1-1, which can be used anywhere in U.S. to place a relay call.

[2] Calls of 40 miles or less between the caller's serving central office and called parties serving central office are not charged to the calling party.

designated by the caller to a specific CCS provider. The calls will be distributed based on the ranking achieved by the CCS provider after evaluation of its technical proposal, and after acceptance testing evaluation points have been determined. Any calls placed to the CCS provider's own dedicated toll-free numbers will be carried at the provider's direct expense. CCS providers are reimbursed for all California intra-state CRS conversation minutes, except when reimbursement is offered by the National Exchange Carrier Association (NECA).

In addition, a CCS provider is required to promote 7-1-1 registration to facilitate the caller's pre-selection of a CCS provider, secure arrangements with IEC's to carry the CCS provider's outbound relay traffic and bill the caller for the call. Each provider is also required to provide Speech-to-Speech (STS), Internet Web Chat Relay Service (WCR), and Video Relay Services (VRS). STS offers relay services to people with speech disabilities including between people with speech disabilities, and between people with and without speech disabilities. All Communication Assistants (CAs) must be specifically trained in this aspect of CRS. For WCR, the CCS provider is required to permit Internet callers to establish a private interactive web chat between a caller and call center WCR. VRS utilizes a consumer's desktop video to the CCS provider via ISDN or DSL with the translation by American Sign Language (ASL) or oral transliteration at a minimum of 25 frames per second. Reimbursement for WCR and VRS services is provided by NECA, under FCC authorization, and currently is not billed to individual states.

Lastly, CCS providers are required to provide CAtraining, reports to the DDTP/State including traffic, performance and complaint resolution, site access for reporting and monitoring purposes, and must cooperate with the other CRS component providers.

Network Management Services:
Call Routing Data-Base, Routing and Monitoring CRS Calls,
Reporting and Auditing

Network Management Services (NMS) is a new addition to the CRS. The NMS provider actively monitors the status of the NS provider's network. When the NMS provider receives a routing request from the NS provider, the NMS provider utilizes its 7-1-1 routing data-base to route the call to the TTY circuit address for the CCS provider, which then checks its customer preference data-base for call set-up and handling. This 7-1-1 customer database is updated by the CCS provider and must be transmitted daily to the NMS provider. If there is no match in the database, the NMS provider routes calls using a prearranged formula.

NMS is occurring in two phases. The first phase includes integrating with the NS provider's network, the development and deployment of the database services necessary to direct the NS provider to transfer calls to the appropriate CCS provider and to allow the CCS provider to query the data-base and provide it updated

information. In addition phase one tasks include responding to routing requests from the NS provider; modification of the DDTP's web site for all CRS users to allow a blind transfer of users to their pre-call selected CCS provider for Web Chat, VRS, development of a 7-1-1 data-base; and generation of summary usage reports.

The second phase encompasses the integration of the NMS platform with the CCS systems and full time monitoring, reporting and auditing of CCS outbound calls, VRS and WCR performance and associated billing time. Management reports will be provided to the DDTP/State as necessary including CRS performance and traffic history of CCS providers and the NS provider. Phase two also requires the NMS provider to deliver a disaster recovery plan and system. Both phases require the NMS provider to cooperate with the other CRS component providers.

Solicitation Process by DDTPAC

The DDTPAC initiated an extensive analysis of the CRS to determine why so few companies have competed to provide relay services in California. The DDTPAC concluded that the problem was the manner in which California, and other states, structured the solicitation and the method used to deliver the services.

In August 2001, CPUC authorized the DDTPAC to issue a Request For Proposal (RFP) for outsourced relay services. For this project, the CRSAC created a CRS RFP Subcommittee. The Subcommittee included representatives from CRSAC, including one representative from the speech-disabled community and another representative from the deaf community. These consumer volunteers appointed by the DDTPAC and supported by DDTP administrative and executive staff, the DDTP's CRS contracts manager, CPUC staff, and the firm of Hesse, Stobbe & O'Sullivan (Consultants)[3] developed the RFP and the fourteen addenda required to change dates, technical modifications and rules governing the competitive bid process.

Additional tasks delegated to the Subcommittee included meeting with consumer groups, disseminating information, fielding questions from potential bidders, ensuring that suggested changes in contract language comply with State of California requirements, evaluating all proposals received in response to the CRS RFP and making final recommendations for awards. An overall goal was to simplify access for the consumer and to enable the consumer to have a choice of call center providers.

The structure of the CRS RFP differed from past procurement methods that sought a single vendor to provide both Network and Call Center Services. For that, the DDTP released an Invitation for Bid (IFB) on November 1, 1995 that typifies the bundled approach. In contrast, the August 2001 CRS RFP sought multiple providers, dividing the work into three unbundled, but highly integrated, components and solicited

[3] The DDTPAC entered into a contract with Hesse, Stobbe, & O'Sullivan effective July 15, 2000.

vendors for each component. The three components of CRS: NS, CCS, and NMS are described above.

The RFP had certain unique requirements. The RFP permitted vendors to submit separate proposals for any of the three CRS components. However, the vendors were instructed that the NS component, the NMS component and/or the CCS component must be separately proposed and submitted without reference to any other proposal or submission and shall be available for award as a binding offer independently of the award status of any other proposal. The Subcommittee proposed that one contract would be awarded for the NS portion and four individual contracts would be awarded to vendors bidding on the CCS portion. The CRS RFP also permitted the selected NS vendor to receive a contract award for one of the of CCS components. NMS, the third component, is a new CRS service component. The vendor awarded the NMS contract was precluded from being selected as a vendor to provide either the NS or CCS to ensure independence of the auditing, routing and reporting functions.

The Subcommittee recommended that the following elements be incorporated into the CRS RFP:

- Award contracts to up to four CRS Call Center Service providers;
- Limit CRS call center service costs to 95 percent of the National Exchange Carrier Association (NECA) reimbursement rate;
- Allocate those relay calls placed over the DDTP's 800 numbers and 7-1-1, which have not been designated by the consumer for a specific relay provider, for distribution among the CRS Call Center Service providers based upon scored evaluation factors;
- Periodically modify the relay traffic allocation after award based upon periodic quality measurement; and
- Allow CRS Call Center Service providers to establish their own 800 numbers and compete for customers based on services offered and quality.

Lastly, the procurement process reflected the Commission's direction that all solicitations, including CRS, follow the State of California Public Contracting Code, Rules and applicable policy for the procurement of goods and services.

The multi-step procurement process the DDTP used consists of the following steps:

- **Request for Information (RFI)--**In July 2000, the Subcommittee developed an RFI that encompassed the three RFP components identified as a viable approach to facilitate consumer choice and bring about improvements in the quality of service in the CRS. The RFI was also designed to generate feedback from potential bidders about the feasibility of using an unbundled methodology and whether using this approach would attract more bidders. The response to the

RFI would either affirm or reject the viability of the three- component approach. The findings were shared with the CRSAC, the DDTPAC, and the CPUC.

- **Consumer Input--**In response to consumer concerns, the Subcommittee held consumer town-hall meetings and other public forums to receive input. The Subcommittee reviewed and addressed issues identified by attendees at these public participation meetings.

- **Draft Request for Proposal (RFP)—**The RFP Subcommittee determined that an RFP which scores together the technical portion and the cost component of the bidder's proposal would be the best method to evaluate vendors for the three-component approach. The Subcommittee developed an RFP that incorporated consumer input and responses to the RFI. The draft RFP was first approved by the DDTPAC and then submitted to the CPUC for review. The DDTPAC also consulted with the Department of General Services Procurement Division and Legal Office. The reviews, in part, ensured the RFP followed State contracting rules, did not constrain competition, and provided for public comment.

- **Release of the RFP—**In August 2001, the CPUC's Telecommunication Division authorized release of the RFP. The RFP was made available to deaf and disabled service organizations and advertised in the State's Contracts Register for about 36 weeks. The RFP was also made available to vendors and the public on the DDTP's web-site. The web-site and Contracts Register were continually updated as new information became available.

- **Non-Mandatory Vendors' Conference—**A non-mandatory vendors' conference was held in October 2001 in Oakland to present an overview of the RFP and procurement rules. The purpose of the vendors' conference was to enable potential bidders to ask questions and receive verbal answers either at the conference or through written responses at a later date.

- **Intent to Bid--**To receive information throughout the procurement process, interested bidders were instructed to file an Intention to Bid Letter prior to November 29, 2001 that included a statement identifying which of the three RFP they intended to bid on. As addenda were released, the addenda were provided to all bidders of record.

- **Conceptual Proposal –**Each vendor that had filed an Intention to bid submitted a conceptual proposal, including an overview of the bidder's proposal and understanding of RFP requirements. The Subcommittee agreed to review each of the proposals and prepare a list of discussion questions based on the Subcommittee's review of each proposal. Face-to-face discussions between the

bidders and the Subcommittee were conducted using the list of questions as a foundation for discussion.

- **Model Contract—**The RFP package included a model contract to allow potential bidders the opportunity to submit suggested changes to the proposed contract terms. The Subcommittee and the CPUC's Legal and Telecommunication Divisions' assigned staff reviewed the suggested changes in contract language and agreed that the changes were immaterial and not in conflict with general terms and conditions mandated by the State.

- **Draft Proposal--** Dates were established for the receipt of draft proposals, excluding the cost portion, for the NS and NMS components. CCS proposals were assigned a later due date. However, all bidders were permitted to submit late draft proposals. The Subcommittee evaluation team evaluated and scored the draft proposal using a pass/fail method. The evaluation team provided each bidder a copy of its completed evaluation form and the opportunity to participate in confidential discussions about the bidder's submitted draft.

- **Final Proposals—**A specific date was established for the submittal of a final proposal, including the required separately sealed cost bid, for each CRS component for which a bid was to be submitted.

  Steps for Final Proposal Review:

  State contracting requirements for RFP evaluation formed the basis of the procedure the Subcommittee used in its review of a bidder's final proposal.

  - **Compliance-** Step One consisted of a review of each bidder's final proposal for compliance with the Administrative requirements listed in Section 5 of the RFP.

  - **Technical Requirements-** All compliant proposals were scored for technical requirements pursuant to guidelines established in Section 9.4.3 of the RFP. Scores were averaged and then tabulated to arrive at a non-cost score point total. Bidders were ranked according to the evaluation methodology established in the RFP.

  - **Costs-** Cost submittals were evaluated pursuant to reimbursement rates set in the RFP for each component and a point total assigned. As contemplated in the secondary RFP method, the cost point total was then added to the technical point total to achieve a final score**.**

- **Awardee-** The Subcommittee selection of an awardee for each of the three services was based upon total points earned at the conclusion of the scoring process and subject to approval by the CRSAC and DDTPAC.

The total points earned on the final proposals, after completion of the evaluation process, also determines the initial allocation of traffic for non-Internet calls when the consumer has not indicated a preferred provider. The traffic allocation methodology permits consumers to directly dial their relay provider of choice by registering their choice of provider in a 7-1-1 database managed by the NMS. The following tabulation provides an example of the traffic allocation for the four bidders:

TRAFFIC ALLOCATION TABLE EXAMPLE

Allocable CRS Traffic	Bidder #1	Bidder #2	Bidder #3	Bidder #4
Est. Percent of Traffic (example)	16.96	25.85	26.79	30.41
Percentage including MCI/Sprints' Dedicated Traffic of Toll-free Numbers	14.25	21.86	22.51	41.39

The actual deployment of traffic is expected to change as a result of outreach and advertising by CRS CCS providers prior to their assumption of the new service.

CRS Contract Cost Estimate

The following tables show budget estimates and projected cost to the DDTP/state of the six CRS contracts over the initial thirty-six months of service and the additional two one year optional extensions, as well as, the additional six-month optional extension. A total cost estimate for the entire 66-months contract term is also represented in the table at the end of this section. The cost figures are broken down by year and by CRS component. In addition to NS, CCS, and NMS costs, the DDTPstate will directly incur the costs for data circuits between the NMS provider and other providers. The circuits between the NMS and NS will allow the NS to request and receive call routing instructions from the NMS for each CRS call. The circuits between the NMS and CCS sites will allow the measurement of traffic and performance, and will also permit independent auditing of CCS costs billed to the State. The State is only required to pay for a maximum of two NMS to CCS circuits per CCS vendor (eight total) with any additional connecting circuits paid by the CCS vendor at vendor's own expense. The data cost, shown in the Table below, was estimated for budget purposes only.

DATA CIRCUIT BUDGET ESTIMATE

QTY	ITEM	EACH ONE-TIME COST	EXTENDED ONE-TIME COST	EACH MO. REOCCURRING COST	EXT. ANNUALLY
1	T-1 circuit	$500	$500	$2,000	$24,000
9	128k circuits	$200	$1,800	$1,500	$162,000

These data circuit costs are not part of any of the reimburseable or fixed costs of any of the CRS contracts and therefore, are not represented on either CRS budget table below.

Budget estimates for CRS contracts for years one through three and optional years four, five and optional six months follow:

CALIFORNIA RELAY SERVICE CONTRACT DDTP BUDGET ESTIMATE: YEARS ONE – THREE

YEAR	NETWORK SERVICES (1Contract)	CALL CENTER SERVICES (4 Contracts)	*NETWORK MGT. SERVICES (1 Contract)	TOTALS
1	$2,652,000	$23,580,058	$2,546,816	$28,778,874
2	$2,641,800	$23,302,646	$977,265	$26,943,711
3	$2,474,010	$21,409,306	$971,779	$24,855,095
3 YR TOTAL	**$7,767,810**	**$68,292,010**	**$4,495,860**	**$80,577,680**

*Assumes Phase2 starts three months after Phase 1

BUDGET ESTIMATE: OPTIONAL YEARS FOUR AND FIVE PLUS SIX MONTHS

4	$2,282,837	$19,268,375	$989,127	$22,540,339
5	$2,066,361	$16,859,828	$1,006,822	$19,930,011
6 (1/2)	$1,110,694	$8,429,914 (based on reimb Rate of $1.528)	$469,049	$10,009,657
TOTAL	$5,459,892	$44,558,117	$2,464,998	$52,490,007
COMB. TOTAL:	**$13,227,702**	**$112,850,127**	**$6,960,858**	**$133,067,687**

CRS Implementation Time-Line

The implementation of the six contracts must be coordinated with the ending of the two current CRS contracts. The provisions of the current CRS contracts provide for extensions of the existing contracts and a notice of termination of the existing contracts by DDTPAC. The new CRS contracts, as submitted by DDTPAC, provide for start-up of milestones for the new contracts leading up to a time when billable elements are provided under the new contracts. Both the existing contracts and the contracts for services under the new CRS structure provide for a transition between billable traffic being handled by current contractors and by the new contractors. These contract transition elements are set forth in Appendix A of this resolution. The timeline set forth in Appendix A of this resolution is stated in terms of day increment milestones.

Recommendation:

It is the recommendation of the Telecommunication Division (TD) that the Commission adopt the new three-component structure for the provision of CRS as the DDTPAC

proposed. TD's recommendation is predicated on the extensive analysis undertaken by the DDTPAC, in conjunction with the Consultants and Commission staff, of changes occurring in the telecommunications industry since passage of the 1996 Federal Telecommunications Act, which encouraged competition and opened the door for a variety of vendors to provide CRS. The analysis also included consumer input regarding concerns about satisfactory provision of current services and developing technologies, and their impact on improving CRS by facilitating the unbundling of CRS components. The DDTPAC informed the Commission that the solicitation process was consistent with state contracting requirements and Public Utilities (P.U.) Code Section 2881.4 (b).

The terms of the proposed contracts must be finalized to provide specific and complete terms, to add required general terms and conditions, and to make any other revisions including those required by the Department of General Services and the CPUC's Legal Division. Therefore, TD recommends that the Commission grant authority to the Commission's Executive Director to enter into the six contracts for the provision of CRS service under the new structure on behalf of the Commission once the contracts have been finalized.

TD recommends adoption of the timeline as set forth in Appendix A of this resolution. The timeline set forth in Appendix A includes the events necessary to implement the new contracts and to transition out of the existing CRS contracts. Since the six contracts will require modification and DGS review prior to signature by the Commission's Executive Director, the specific date of signature by the Commission's Executive Director cannot be adopted in this resolution. In order to provide for a timeline, which is expressed in terms of calendar dates, TD recommends that the Director of the Telecommunications Division be instructed to develop and provide a time line, which reflects calendar dates. This timeline shall be provided within 5 days of the date on which the six contracts are signed by the Commission's Executive Director.

We believe that TD's recommendations are reasonable and should be adopted.

Notice of Availability of Conformed Resolution

In the past, the Commission has served hard copies of resolutions on carriers and parties on the appropriate service list(s). To be consistent with the Commission's commitment to utilize the internet for distributing Commission orders and information, TD has sent a letter of notice to DDTPAC members, vendors, and parties of record in I.87-11-031, informing them of the availability of the original draft resolution, as well as the conformed resolutions, on the Commission's web site, www.cpuc.ca.gov. In addition, a hard copy of the conformed copy of this resolution will be provided to all parties of record in I.87-11-031,DDTPAC recommended CRS vendors, and members of the DDTPAC.

COMMENTS

In accordance with P.U. Code Section 311 (g) TD mailed a copy of the original draft resolution on May 20, 2003 to the parties of record in I.87-11-031. Comments received on a timely basis will be addressed in any final resolution.

FINDINGS

1. Telecommunication Relay Service (TRS) is a national and international program that provides access to telecommunication services for the deaf, hard-of-hearing and speech disabled. In California, TRS is referred to as the California Relay Service (CRS). It was created as a result of (I) 87-11-031 in response to SB 244 (1983) and PUC Code Section 2881 (b) in 1982.

2. The Deaf and Disabled Telecommunications Program (DDTP) is funded by a surcharge applied to intrastate telephone charges in California. CRS is an element of the DDTP.

3. Effective July 1, 2003, pursuant to Senate Bill (SB 669) (1999) and Assembly Bill (AB) 1734, program funds will be transferred to the State Treasury. The transference of funds to the State necessitates the assignment of the six CRS contracts entered into by the DDTP Administrative Committee (DDTPAC), and adopted pursuant to this resolution, to the state.

4. Effective July 1, 2003, pursuant to SB 669 (1999) and AB 1734 (2002), the role of the DDTPAC will be changed to an Advisory Board to the Commission with no fiduciary, decision-making, or contract authority.

5. On January 1, 1987, AT&T Communications of California (AT&T) became the first selected vendor to provide TRS in California. On October 11, 1991, by Resolution T-14638, U.S. Sprint (Sprint) was named as successor to AT&T.

6. On April 23, 1996, the DDTPAC notified MCI/WorldCom (MCI) that MCI would succeed Sprint as the primary provider for Dual-Party Relay and Video Relay Services. Resolution T-15971 added Speech-to-Speech and named Sprint as a secondary provider of CRS. The MCI and Sprint CRS contracts are the currently effective CRS contracts.

7. In response to ongoing concerns expressed by CRSconsumers and changes in telecommunications regulation, the DDTPAC began an analysis of CRS, including its structure and the level of service provided its clients.

8. The Commission adopted the DDTPAC's approach to migrate to an unbundled CRS structure consisting of Network Services (NS), Call Center Services (CCS), and Network Management Services (NMS).

9. Using a multi-step process, following the California Public Contract Code, rules and policies, the DDTPAC, its designated Subcommittee in conjunction with the consulting firm of Hesse, Stobbe & O'Sullivan (Consultants), and Commission staff, developed a three-part Request for Proposal (RFP) for dissemination in August 2001.

10. Under the RFP, bidders were permitted to bid on one, or all, of the three RFP components: NS, CCS, and NMS. The winning bidder of the NMS component was precluded from receiving a contract award for one or both of the other two components.

11. The solicitation methodology undertaken by the DDTPAC to procure the new CRS vendors was consistent with state contracting requirements.

12. Final proposals were due to DDTPAC on October 9, 2002. The proposals underwent a tiered evaluation process that included review for compliance; compliant proposals were then scored for technical requirements pursuant to guidelines established in Section 9.4.3 of the RFP and ranked. Cost-points were then scored, based on guidelines found in Section 7 of the RFP, and added to the technical scores resulting in a final score proposal for each component.

13. The total score achieved by each bidder, for the component for which a bid was submitted, resulted in the bidder achieving the highest point total receiving a contract award. The bidder awarded the NMS contract was precluded from receiving an award for either the CCS or NS component. However, the recipient of a NS or CCS contract could receive a contract for CCS or NS.

14. The Consultants, on behalf of the DDTPAC estimated the approximate cost for the six CRS contracts at $81,000,000 for the initial three years and $133,100,000 for five years plus six months.

15. The Telecommunications Division (TD) recommends that the Commission adopt the three-element structure for the provision of CRS as proposed by DDTPAC.

16. The six contracts, the DDTPAC filed will require review and approval by the Department of General Services.

17. The six contracts the DDTPAC filed must be revised to reflect revisions including revisions required by DGS.

18. TD recommends that the Commission grant authority to the Executive Director of the Commission to enter into six contracts for the provision of CRS on behalf of the Commission once the contracts have been finalized.

19. The milestones set forth in the timeline, found in Appendix A of this resolution, are reasonable and should be adopted. The TD recommendation to require the Director of the Telecommunications Division to develop and provide the actual timeline based on calendar dates once the CRS contracts are signed by the Commission Executive Director and contracts are approved by the Department of General Services is reasonable and should be adopted.

20. The Term of the six contracts shall be for three years with an option to extend for two-one year plus six-month extension (66 months) pursuant to approval from DGS.

THEREFORE, IT IS ORDERED that:

1. The proposal of the DDTPAC to establish a new three-component structure for the provision of CRS is adopted. Further, the proposal to utilize six contracts for the provision of the three elements is also adopted. The three elements and six contracts shall consist of one contract for Network Services (NS) awarded to Sprint Corporation; one contract for Network Management Services (NMS) awarded to Verizon; and four separate contracts for Call Center Services (CCS) awarded to Arvato Services, Inc.; MCI; Nordia, Inc.; and Sprint Corporation.

2. We grant the Executive Director the authority to enter into each of the six contracts on behalf of the Commission once the contract terms have been finalized which may reflect revisions required by the CPUC Legal Division and/or the Department of General Services.

3. The timeline set forth in Appendix A of this Resolution is adopted. Within five days of the date of signature on the six contracts by the Commission Executive Director, the Director of the Telecommunications Division shall revise the timeline adopted in Appendix A to reflect calendar dates. The Director of the Telecommunications Division shall provide the revised timeline to each of the vendors' contract managers.

4. The term of each contract shall be three years with three options to be exercised by the Commission, to extend the contracts for two one-year terms plus a final six months term subject to approval by DGS.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission adopted this Resolution at its regular meeting on June 19, 2003. The following Commissioners approved it:

WILLIAM AHERN
Executive Director

APPENDIX A:

MILESTONES FOR NEW CRS CONTRACTS

DAY	MILESTONE
Pre-Day 1	Commission approves Resolution T-16741;
	Department of General Services performs pre-review of CRS Contracts;
	Final CRS Contracts are signed by the Commission's Executive Director and the CRS vendors;
	Contract package submitted to DGS for final approval;
	Contract approval received from DGS.
Day 1	90 Day Transition to new CRS vendors begins
Day 142	Last day for NS vendor to submit Notice of Readiness and Plan for Acceptance Testing
Day 148-219	Acceptance testing for NS vendor
Day 155	Last day for NMS vendor (phase one) to submit Notice of Readiness and Plan for Acceptance Testing
Day 163-219	Acceptance testing for NMS vendor (phase one)
Day 169	Last day for CCS vendors to submit Notice of Readiness and Plan for Acceptance Testing
Day 178-219	Acceptance testing for CCS vendors
Day 192	In-service/cutover date for all live CRS calls for vendors
Day 192	First date of billing under the new contracts
Day 219	Acceptance Testing Phase ends for all vendors

APPENDIX B

NETWORK SERVICES: SPRINT NON-COST SCORING TABLE

RFP SECTION	SCORED NON-COST	MAX. PTS POSSIBLE	PERCENT SCORED	POINTS EARNED
4	Prop. Services	100	30%	30.00
5.2	Customer Ref.	50	50%	25.00
6.2.3	Service Reliability	50	39%	19.50
6.2.6 (2)	Bidder integration exp.	50	50%	25.00
6.2.7	Proj. Mgt and Coordination	50	38%	19.00
	Non-Cost Pt Total:	300	39.5%	118.50

FINAL SCORE TABLE

RFP SECTION	TOTAL SCORE	MAX. PTS POSSIBLE	PERCENT SCORED	POINTS EARNED
	Non-Cost Total Points	300	39.5%	118.50
7.1	Cost Exhibit 7 A	700	100%	700.00
	Totals:	1000	81.5%	818.50

APPENDIX C

NETWORK MANAGEMENT SERVICES: VERIZON NON-COST SCORING TABLE

RFP SECTION	SCORED NON-COST	MAX. PTS POSSIBLE	PERCENT SCORED	POINTS EARNED
4	Proposed Services	100	50%	50.00
5.2	Customer References	50	50%	25.00
6.4.1 (1)	Solution Capabilities, (a)-(e)	50	26%	`13.00
6.4.1 (1) (f)	Develop, host and maintain DDTP Web site	25	50%	12.50
6.4.1 (3)	Service Reliability	50	50%	25.00
6.4.1 (4) (b)	Proposed Integration	25	25%	6.30
6.4.1 (5)	711 Routing Database	25	51%	12.80
6.4.1(7)	NMS Reporting	25	45%	11.30
6.4.1 (8)(b)	Bidder Exp. And Capability	25	25%	6.30
6.4.1 (9)	Proj. Mgt. And Coordination	50	25%	12.50
6.4.2(2)(b)	Proj. Integration Plan	50	25%	12.50
6.4.2(3)	NMS Phase 2 Reporting	25	15%	3.80
6.4.2(4)(b)	Bidder Exp. and Capability	50	25%	12.50
6.4.2 (5)	Proj. Mgt and Coordination	50	25%	12.50
	Non-Cost Point Total	600	35.96%	215.80

FINAL SCORING TABLE

RFP SECTION	TOTAL SCORED	MAX. PTS POSSIBLE	PERCENT SCORED	POINTS EARNED
	Non-cost Total Points	600	35.96%	215.80
7.1	Cost-Exhibit 7C	400	100%	400.00
	TOTALS:	1000	61.58%	615.80

APPENDIX D

CALL CENTER NON-COST SCORING TABLE

RFP SECTION	Scored Non-Cost Call Center Service Requirement	MAX. PTS POSSIBLE	ARVATO POINTS/ PERCENTAGE	MCI POINTS/ PERCENTAGE.	NORDIA POINTS/ PERCENTAGE	SPRINT POINTS/ PERCENTAGE
4	Proposed Services	50	6.00/12%	30.00/60%	37.50/75%	12.50/25%
5.2	Customer Ref.	50	25.00/50%	25.00/50%	25.00/50%	25.00/50%
5.5	Employ. Of People with Disabilities	50	0.00/0%	0.00/0%	0.00/0%	42.50/85%
5.6	Employ. of Relay Staff	0.00	0.00/0%	25.00/50%	37.50/75%	42.50/85%
6.3.17	Service Reliability	50	25.00/50%	35.00/70%	13.00/26%	35.00/70%
6.3.19(2)b	Additional Desirable	25	5.00/20%	6.25/25%	15.00/60%	6.25/25%
6.3.20	Access to Carrier of Choice	50	5.00/10%	25.00/50%	15.00/30%	32.50/65%
6.3.23	Emergency Calls	30	2.40/8%	21.00/70%	13.50/45%	13.50/45%
6.3.26(1)	Enhanced Features (Man)	15	1.35/9%	4.95/33%	3.60/24%	5.40/36%
6.3.26(2)	Enhanced Features (Desirable)	15	2.85/19%	7.35/49%	8.25/55%	11.10/74%
6.3.27	Video Relay	50	19.00/38%	24.50/49%	18.00/36%	31.00/62%
6.3.28	Web Chat Relay	40	10.00/25%	18.80/47%	10.80/27%	22.80/57%
6.3.29	New Relay Tech. and Services	50	37.50/75%	25.00/50%	27.50/55%	27.50/55%
6.3.30	Min. Qualifications	80	40.80/51%	26.40/33%	59.20/74%	44.00/55%
6.3.31	CA Training Req.	100	45.00/45%	52.00/52%	70.00/70%	56.00/56%
6.3.32(4)a	Inform Callers of Type of Out. Calls	5	1.25/25%	2.50/50%	1.25/25%	2.50/50%
6.3.33(2)	Add. Qualif. Of STS	30	5.10/17%	15.00/50%	18.90/63%	18.00/60%
6.3.33(33)	Add. STS Training Requ.	30	3.30/11%	13.50/45%	21.30/71%	10.80/36%
6.3.35	CA Counseling	25	5.00/20%	13.75/55%	2.50/10%	12.50/50%
6.3.36	Complaint Resolution	25	4.50/18%	10.50/42%	7.25/29%	11.25/45%
6.3.40	Outreach and Promotion	50	2.50/5%	19.00/38%	20.00/40%	17.50/35%
6.3.41(o)1	Daily Average Speed of Answer, VRS/WCR	5	1.00/20%	1.00/20%	1.00/20%	1.00/20%

6.3.41(p)1	Daily Average Blockage Rate, VRS/WCR	5	1.0/20%	1.0/20%	1.0/20%	1.0/20%
6.3.44	Proj. Mgt and Coordination	60	12.00/20%	25.20/42%	18.00/30%	31.80/53%
	Total Non-Cost Points/Percent Scored	940	260.55/27.72%	427.70/45.50%	445.05/47.35%	513.90/54.67%

FINAL SCORE TABLE

	ARVATO	MCI	NORDIA	SPRINT
Total Non-cost Points Earned	260.55	427.70	445.05	513.90
Cost Points Earned	59.13	59.56	60.00	59.35
Total Pts Earned	319.68	487.26	505.05	573.25