

October 30, 2017

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123; *Misuse of Internet Protocol (IP) Captioned Telephone Service*, CG Docket No. 13-24

Dear Ms. Dortch:

On October 26, 2017, Rebekah Goodheart of Jenner & Block, outside counsel to Sorenson Communications, LLC and its subsidiary CaptionCall, LLC (together “CaptionCall”), and I, outside counsel to CaptionCall, spoke with Zenji Nakazawa, Public Safety and Consumer Protection Advisor to the Chairman, regarding the above-captioned proceedings related to Internet Protocol Captioned Telephone Service (“IP CTS”).

As we have discussed in prior ex partes, CaptionCall believes that the most economically defensible way to set compensation rates going forward is to use the historical MARS data to initialize a price cap, potentially correcting for the decline in CTS demand over the past few years should that be deemed necessary. The Commission’s work in the Business Data Services proceeding to develop an X-factor based on telecommunications industry data greatly simplifies the path to price cap regulation here. Price cap regulation, as the Commission has long recognized, is superior to rate-of-return or cost-plus-margin regulation, because of its incentives for efficient operations and innovation.

While we do not think it necessary, if the Commission seeks further ways to reassure itself that a price cap level was reasonable, it could examine industry-wide costs, including CaptionCall’s recently re-filed costs that include intellectual property costs. Including these revised costs is important so that costs are compared on as much of an apples-to-apples basis across providers as is possible. There may be other approaches as well.

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We appreciate the Commission taking these suggestions into account as it considers any FNPRM with respect to IP CTS rates.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Nakahata".

John T. Nakahata
*Counsel to CaptionCall, LLC and Sorenson
Communications, LLC*

cc: Nicholas Degani
Claude Aiken
Zenji Nakazawa
Amy Bender
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