

EX PARTE OR LATE FILED

Ms. Marlene Dortch  
May 31, 2018  
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**VIA USPS, EMAIL AND ECFS**

Received & Inspected

JUN 4 - 2018

Mailroom

Marlene H. Dortch, Esq.  
Secretary  
445 Twelfth Street, S.W.  
Washington, DC 20554

**RE: REQUEST FOR CONFIDENTIAL TREATMENT OF EX PARTE PRESENTATION**  
**MezmoCorp (dba InnoCaption)**  
**CG Docket Nos. 03-123 and 13-24**

Dear Ms. Dortch:

MezmoCorp (dba InnoCaption), requests highly confidential treatment of certain information contained in the enclosed *Ex Parte* Presentation ("Presentation"). The redacted version has been filed today in CG Docket Nos. 03-123 and 12-24. Pursuant to Exemption 4 of the Freedom of Information Act and the Rules of the Federal Communications Commission, InnoCaption requests confidential treatment for the information which had been labeled confidential in the attached Presentation and redacted in the public version of the Presentation.<sup>1</sup>

1. *Identification of the specific information for which confidential treatment is sought.*  
InnoCaption requests highly confidential treatment of the cost projections, InnoCaption's minutes, and statements regarding the Company finances. This information is financial in nature and would not routinely be made available to the public.
2. *Identification of the Commission proceeding in which the information was submitted or a description of the circumstance giving rise to the submission.* InnoCaption is submitting this *Ex Parte* Presentation for inclusion in the Commission's docketed proceeding regarding Telecommunications Relay Services, CG Docket Nos. 03-123 and 13-24.

<sup>1</sup> 5 U.S.C. § 552(b)(4); 47 C.F.R. §§ 0.457(d) and 0.459; *see also* 18 U.S.C. § 1905

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3. *Explanation of the degree to which the information is commercial or financial or contains a trade secret or is privileged.*

The information for which InnoCaption is requesting confidential treatment includes financial information which is company-specific, competitively-sensitive, and confidential. The information provided can be used by competitors and potential competitors to their advantage. This information is not customarily made available to the public and is protected by the Company.

4. *Explanation of the degree to which the information concerns a service that is subject to competition.* The confidential financial information disclosed in this filing relates to the provision of Internet Protocol Caption Telephone Service (IP-CTS). If the information is not protected, InnoCaption's current competitors, and others wanting to enter the IP-CTS market will be able to use the information to their competitive advantage.
5. *Explanation of how disclosure of the information could result in substantial competitive harm.* This information is financial and confidential in nature and would not be subject to public inspection. The Commission's rules recognize that release of this kind of financial information is likely to produce competitive harm.
6. *Identification of any measures taken by the submitting party to prevent unauthorized disclosure.* InnoCaption takes precautions to ensure confidential information such as the financial information included in this document is not released to the public or obtained by competitors and potential competitors through other means.
7. *Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.* The confidential financial information is not available to the public and has not otherwise been disclosed previously to the public.
8. *Justification of the period during which the submitting party asserts that the material should not be available for public disclosure.* InnoCaption request confidential treatment of the redacted information indefinitely, as it is not currently possible to determine a specific date by which the information could be disclosed without risk of harm.
9. *Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.* The information provided by InnoCaption is financial in nature, obtained from a person outside of the government, and confidential. Therefore, the financial and confidential information in question is protected by Exemption 4 of FOIA.<sup>2</sup>

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<sup>2</sup> 5 U.S.C. § 552(b)(4)

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Please do not hesitate to contact the undersigned at (703) 865-5553 or  
cristinaduarte@innocaption.com with any questions you may have.

Respectfully Submitted,

/s/ Cristina O. Duarte  
Director of Regulatory Affairs  
MezmoCorp (dba InnoCaption)

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May 30, 2018

**VIA USPS, EMAIL, AND ELECTRONIC FILINGS**

Attention: Marlene H. Dortch, Esq.  
Secretary  
Federal Communications Commission  
445 Twelfth Street, SW  
Washington, DC 20554

RE: **EX PARTE PRESENTATION**  
**CG Docket Nos. 13-24, 03-123**

Dear Ms. Dortch:

MezmoCorp ("InnoCaption" or "the Company") submits these comments in response to the Internet Protocol Caption Telephone Service (IP-CTS) draft item ("Draft Order") which has been circulated for tentative consideration by the Commission at its June 2018 open meeting.<sup>1</sup>

We appreciate the Commission releasing the Draft to allow the opportunity for comment prior to the Commission's meeting.

**Weighted Average Provider Costs to Establish Interim Rates May Eliminate Small and Emergent Providers From the IP-CTS Market**

InnoCaption agrees with the Commission that IP-CTS rates should correlate to the actual reasonable costs of providing IP-CTS service ("service").<sup>2</sup> The TRS fund is in need of reform to

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<sup>1</sup> FCC-CIRC1806-10 (May 17, 2018) ("Draft Order").

<sup>2</sup> *Id.* ¶ 16

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ensure it remains sustainable for those who need it. The Commission provides compelling evidence regarding the need for rate reform.<sup>3</sup> This evidence is especially compelling in light of the fact that certain providers profit margins are exceeding 50%.<sup>4</sup> However, the large disparity between the size of the providers makes it difficult to accurately average the cost of providing TRS service across the industry. A weighted average will never be able to accurately correlate to a provider's actual costs of providing the service for each provider.<sup>5</sup> To realign the IP-CTS compensation rate to correlate with actual reasonable costs to provide this service, InnoCaption believes it is necessary to collect additional cost information. In the *Draft Order*, the Commission heavily relies upon historical cost data for IP-CTS to illustrate the lack of need to refresh the record or take additional steps in this proceeding.<sup>6</sup> InnoCaption strongly disagrees with the Commission that there is now a "accumulation of historical cost data sufficient to inform [the] interim rate determination".<sup>7</sup> There are only five IP-CTS providers, as the newest provider, InnoCaption is an outlier and therefore does not have the significant historical cost data as do the other companies. This is supported by the fact that Rolka Loube's *2017 IP CTS Historical Cost Rate Data Comparison* data illustrates InnoCaption data (previously Miracom) has only been available, and therefore factored in for a couple years.<sup>8</sup> *Table 1* on the next page further illustrates the size of InnoCaption's current share of the IP-CTS market.

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<sup>3</sup> *Id.* ¶ 18

<sup>4</sup> *Id.*

<sup>5</sup> See ClearCaptions, LLC, Comments on Rolka Loube Associates Payment Formula and Fund Size, at section III, CG Docket Nos. 03-123 and 13-24 (May 29, 2018).

<sup>6</sup> *Draft Order* ¶ 21

<sup>7</sup> *Id.* ¶ 19

<sup>8</sup> See, Interstate Telecommunication Relay Services Fund Payment Formula and Fund Size Estimate, CG Docket Nos. 03-123, 10-51 (Filed April 28, 2017) ("*2017 TRS Rate Filing*")

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TABLE 1

[BEGIN CONFIDENTIAL INFORMATION]



[END CONFIDENTIAL INFORMATION]

**InnoCaption is a small company, especially when compared to other IP-CTS Providers.**

InnoCaption was granted conditional certification to provide IP-CTS services on May 13, 2014.<sup>13</sup> InnoCaption suspended service April 7, 2015. During the period of suspension, InnoCaption underwent corporate restructuring and a change in leadership. The Commission lifted the suspension of the conditional certification on June 17, 2016. InnoCaption relaunched service under new leadership on July 7, 2016.

InnoCaption is a start-up company with a small operating budget. InnoCaption technology is different from everything else on the IP-CTS market because on our mobile App the Communication Assistant (CA) uses stenography to produce the captions for our users incoming and outgoing smartphone calls.<sup>14</sup>

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<sup>9</sup> Draft Order ¶ 17, See Table 1

<sup>10</sup> Please note, InnoCaption relaunched service July 7, 2016 – therefore, InnoCaption only offered service from July to December in 2016.

<sup>11</sup> These minutes represent InnoCaption Actual minutes from July to April of 2018.

<sup>12</sup> These minutes represent Rolka Loubes projections for IP-CTS minutes for 2018

<sup>13</sup> *Notice of Conditional Grant of Application of Miracom USA, Inc., for Certification as a Provider of Internet Protocol Captioned Telephone Service Eligible for Compensation from the Telecommunications Relay Services Fund*, Public Notice, 29 FCC Rcd 5105, 5106 (CGB 2014) (*InnoCaption Certification*).

<sup>14</sup> Draft Order ¶ 4

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The Company has implemented strong cost saving measures since relaunch in July 2016 and is committed to not wasting resources. For example, the CEO of InnoCaption does not draw a salary and operates with minimal staff. These measures, among others, [BEGIN

**CONFIDENTIAL INFORMATION]** [REDACTED]

[REDACTED] [END

**CONFIDENTIAL INFORMATION]** The suggestion in the Draft Order that the interim rates will allow reasonable opportunity for high cost providers to reduce unnecessary expenses.<sup>15</sup> As a start-up company, even with the current rates, InnoCaption is constantly attempting to become more efficient, and to avoid unnecessary expenses.

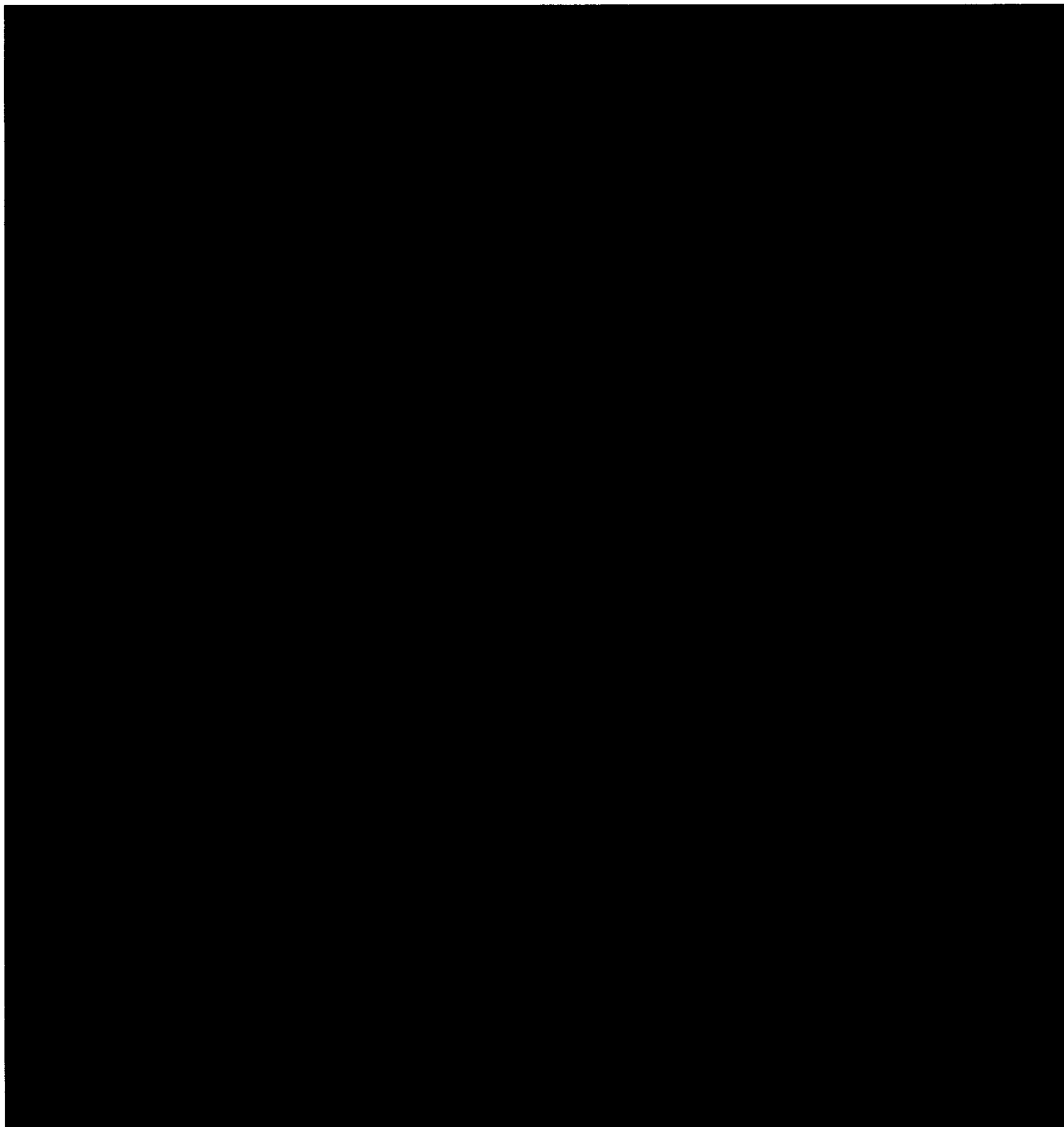
**The Interim Compensation Rates in the Draft Order Will Cause InnoCaption to Operate at a Loss.**

InnoCaption delayed commenting on the Draft Report in order to analyze the interim rates and figure out the impact they would have on our already limited operations. The InnoCaption team diligently reviewed the interim rates and concluded InnoCaption would operate at a significant loss in the event the Commission implemented the interim rates. To reach this conclusion, cash projections were created based on two scenarios: (1) Implementing a rate freeze at the current rate of \$1.9467 ("Scenario 1"); and (2) Using the Interim Rates from the Draft Order ("Scenario 2"). The projections have been included below.

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<sup>15</sup> Draft Order ¶ 23

**[BEGIN CONFIDENTIAL INFORMATION]**



**[END CONFIDENTIAL INFORMATION]**

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**InnoCaption Urges the Commission to Freeze the Current Rate.**

InnoCaption strongly urges the Commission to revise the draft order to freeze the current IP-CTS compensation rate of \$1.9467 for two years <sup>16</sup>, or until the Commission has received and analyzed comments on measures to improve the IP-CTS compensation plan as requested in the FNPRM <sup>17</sup> and is able to implement a permanent rate methodology for IP-CTS. This will allow the Commission the time and information to implement a rate methodology consistent with actual provider costs without risking the possibility of eliminating small companies and emerging providers from the IP-CTS market.

Alternatively, in the event the Commission does not believe it is appropriate to freeze the current IP-CTS compensation rate of \$1.9467 for all IP-CTS providers, InnoCaption respectfully requests the Commission revise the draft item to establish interim tiers to allow small and emerging providers an opportunity to compete and provide innovative technology within the IP-CTS market. InnoCaption requests a rate freeze of the current \$1.9467 compensation rate for providers who have 5,000,000 monthly minutes or less. Tiers for providers who have over 5,000,000 minutes a month should be developed by analyzing available cost data to ensure the compensation rates correlate with the actual costs of providing service.

**The Commission Should Collect Additional Cost Information for Setting IP-CTS Rates**

As previously stated, InnoCaption disagrees that the Commission has sufficient information to determine interim rates through June 2020.<sup>18</sup> In order to obtain the information

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<sup>16</sup> from July 1, 2018 to June 30, 2020

<sup>17</sup> *Draft Order* ¶ 65

<sup>18</sup> *Id.* ¶ 21

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that InnoCaption believes is vital to this decision and future IP-CTS decisions, InnoCaption fully supports the Commission directing the TRS Fund Administrator to require IP-CTS providers to submit a more detailed breakdown and explanation of costs for providing service. Disclosing this information will provide the fund administrator and the Commission with the amount of detail necessary to develop an appropriate compensation structure and understand provider expenses. InnoCaption prides itself on transparency and is happy to provide any reasonably requested data to the fund administrator and the Commission.

Thank you for taking the time to read this letter and for your consideration. InnoCaption looks forward to the opportunity to provide the Commission with further comments and information regarding our provision of IP-CTS services. Please do not hesitate to contact the undersigned at (703) 865-5553 or [cristinaduarte@innocaption.com](mailto:cristinaduarte@innocaption.com) with any questions you may have.

This filing is made in accordance with Section 1.1206(b)(2) of the Commission's rules.<sup>19</sup>

Respectfully Submitted,

/s/ Cristina O. Duarte  
Director of Regulatory Affairs  
MezmoCorp (dba InnoCaption)

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<sup>19</sup> 47 C.F.R. § 1.1206(b)(2)

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