

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of

Structure and Practices of the Video Relay  
Service Program

CG Docket No. 10-51

Telecommunications Relay Services and  
Speech-to-Speech Services for Individuals  
with Hearing and Speech Disabilities

CG Docket No. 03-123

**JOINT COMMENTS OF ALL SIX VRS PROVIDERS ON  
ROLKA LOUBE PAYMENT FORMULAS AND FUNDING REQUIREMENTS**

In their joint opening comments, all six providers of Video Relay Service (“VRS”) (collectively, “the Providers”) emphasized that the impending rate cuts—scheduled to occur in July and every six months thereafter—will have disastrous effects on VRS. The comments filed individually by a number of VRS providers confirm just how dire the situation. Convo explained that “[t]he rate cut on July 1, 2015 places Convo in a severe fiscal shortfall, which requires cutting services or raising additional capital to stay upright until it reaches a different scale.”<sup>1</sup> ASL/Global VRS noted that as a result of the rate cuts, “something has to give” and noted that the “continually increasing provider requirements” combined with “ongoing compensation reductions” create a situation that is “unsustainable for any provider.”<sup>2</sup> Similarly, Sorenson explained that the rate cuts scheduled between now and June of 2017 will degrade service and

---

<sup>1</sup> Comments of Convo Communications, LLC, at 3, CG Docket Nos. 03-123, 10-51 (filed June 4, 2015).

<sup>2</sup> Separate Comments of ASL Services Holdings, LLC (“ASL/Global VRS”) on Rolka Loube Payment Formulas and Funding Requirements, at 2-3, CG Docket Nos. 03-123, 10-51 (filed June 4, 2015).

that it is already being forced to make service-related decisions based on those scheduled cuts.<sup>3</sup> These comments are consistent with what the other three VRS providers have told the Commission in the past. ZVRS has told the Commission that it “has already found it difficult to maintain functional equivalence” as a result of the prior rate cuts.<sup>4</sup> Purple has told the Commission that it has “has no choice but to reduce investment in new or differentiating technologies” as a result of rate cuts and that rate cuts will make it difficult to retain qualified interpreters.<sup>5</sup> And CAAG has noted that it is not solvent at current rates and that “rate stabilization for the entire industry is critical.”<sup>6</sup> The Commission should stop the rate cuts before greater harm occurs.

The comments also show how we got into this untenable position.<sup>7</sup> The rate cuts adopted in June of 2013 we designed to push rates closer to “allowable costs,” but as the Consumer Groups explain, the allowable-cost methodology used by the Commission and Rolka Loube “appears to have omitted several categories of costs that are both necessary in breadth and

---

<sup>3</sup> Sorenson Communications, Inc., and CaptionCall, LLC, Comments on Rolka Loube Payment Formulas and Funding Requirements, at 3, CG Docket Nos. 03-123, 10-51, 13-24 (filed June 4, 2015) (“Sorenson Comments”).

<sup>4</sup> CSDVRS’ Response to Staff Questions re VRS Providers’ Joint Proposal for Improving Functional Equivalence and Stabilizing Rates, at 4, CG Docket Nos. 03-123, 10-51 (filed Apr. 21, 2015).

<sup>5</sup> Purple Communications’ Response to Staff Questions re VRS Providers’ Joint Proposal for Improving Functional Equivalence and Stabilizing Rates, at 2-3, CG Docket Nos. 03-123, 10-51 (filed Apr. 21, 2015).

<sup>6</sup> Letter from Jeremy Jack, Vice President, Hancock, Jahn, Lee & Puckett, LLC d/b/a Communication Axxess Ability Group (“CAAG”), to Marlene Dortch, Secretary, FCC, at 2, CG Docket No. 10-51 (filed Apr. 29, 2015).

<sup>7</sup> Sorenson Comments at 4-5; Comments of Consumer Groups and Registry of Interpreters for the Deaf Comments on Provider Compensation Rates, Funding Requirement, and Carrier Contribution for the Period from July 1, 2015 through June 30, 2016, at 3-7, CG Docket Nos. 03-123, 10-51 (filed June 4, 2015) (“Consumer Groups and RID Comments”).

substantial in impact.”<sup>8</sup> Among other things, these excluded costs include “the cost of research and development,” which is an “essential cost for any technologically-based company,” and which accounts for 16.5% of the operating costs of one of the nation’s largest telecommunications companies.<sup>9</sup> The excluded costs also include the costs of borrowing, which the Commission has historically considered in its rate methodologies.<sup>10</sup>

The Commission’s failure to consider real and necessary costs in its rate methodology is exacerbated by its failure to provide for a reasonable return on these costs. As Sorenson explained in its comments, the Commission permits providers to earn a profit only on booked capital investments and not on other costs such as labor.<sup>11</sup> This results in a “return on investment” of only 1 or 2 percent of allowable costs, which is grossly inadequate. It is unclear how the Commission expects providers to continue offering high quality service while setting rates that disregard essential costs and providing no mechanism to earn a reasonable profit.

The Providers have offered a solution to these problems—a solution that is supported by all six VRS providers, the Consumer Groups, the Registry of Deaf Interpreters, and the iTRS Advisory Council. Yet two and a half months after the Providers filed their Joint Proposal, the Bureau still has not put it out for public comment. The Providers once again urge the Commission to put their Joint Proposal out for comment on an expedited pleading schedule and to adopt the proposal before further cuts go into effect.

---

<sup>8</sup> Consumer Groups and RID Comments at 5.

<sup>9</sup> *Id.* at 5-6.

<sup>10</sup> *Id.* at 6-7.

<sup>11</sup> Sorenson Comments at 4.

Respectfully Submitted,

/s/\_\_\_\_\_  
Angela M. Roth  
President & CEO  
ASL Services Holdings, LLC

/s/\_\_\_\_\_  
Jeremy M. Jack  
Vice President CAAG VRS  
Hancock Jahn Lee & Puckett, LLC (CAAG)

/s/\_\_\_\_\_  
Michael D. Maddix  
Director of Government and Regulatory  
Affairs  
Sorenson Communications, Inc.

/s/\_\_\_\_\_  
Michael Strecker  
Vice President ZVRS  
CSDVRS, LLC (ZVRS)

/s/\_\_\_\_\_  
Jeff Rosen  
General Counsel  
Convo Communications, LLC

/s/\_\_\_\_\_  
John Goodman  
Chief Legal Officer  
Purple Communications, Inc.

Date: June 11, 2015