

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

In the Matter of )  
 )  
Telecommunications Relay Services )  
And Speech-to-Speech Services for ) CC Docket No. 98-67  
Individuals with Hearing and Speech )  
Disabilities )  
\_\_\_\_\_ )

**COMMENTS OF SPRINT CORPORATION**

Sprint Corporation (Sprint), pursuant to *Public Notice* DA 05-1175 released April 28, 2005, in the above-captioned proceeding, hereby submits the following comments on the “Telecommunications Relay Services (TRS) provider payment formulas, fund size estimate and carrier contribution factor for the period July 2005 through June 2006” submitted by the National Exchange Carrier Association, Inc. (NECA), the Interstate Telecommunications Relay Services (TRS) Fund administrator.<sup>1</sup> Sprint’s comments are limited to two issues. First, Sprint believes that given the cost differentials in providing traditional TRS and Internet Relay service, a merged rate can no longer be justified. Second, Sprint believes that if the Commission decides in Dockets CC 98-67 and CG Docket 03-123 to adopt minimum service standards for the provision of Video Relay Services (VRS) during the July 2005-June 2006 funding year, the VRS rate adopted in this matter may need to be adjusted to reflect the costs of meeting those standards.

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<sup>1</sup> NECA Submission at 1.

**A. The Commission Should Require NECA To Establish Separate Compensation Rates For Traditional TRS and Internet Relay Providers.**

In its decision finding that “[Internet] Relay falls within the statutory definition of TRS and that such services are eligible to recover their costs,”<sup>2</sup> the Commission accepted the representation of WorldCom (now MCI) that “[Internet] Relay and PSTN-based TRS calls exhibit very similar cost and demand characteristics.” MCI’s representation was based on its view that “the cost savings [an Internet Relay provider] enjoys from the absence of certain network based charges is offset by the additional cost of establishing and maintaining the Internet gateway and the hardware and software to provide relay service via the Internet.”<sup>3</sup> Thus, the Commission concluded “that, at least in the interim, the cost recovery for [Internet] Relay-based TRS calls should be the same as the cost of PSTN-based TRS calls.”<sup>4</sup>

With the passage of time and the growth in Internet Relay service, and in light of the cost data set forth in the current NECA Submission, MCI’s belief that the “cost and demand characteristics” of Internet Relay and traditional TRS are “similar” enough so as to justify combining the costs of providing the two services for purposes of determining a compensation rate can no longer be accepted. The average per-minute cost for traditional TRS will exceed the average per-minute cost for Internet Relay by nearly 13% during the July 2005-June 2006 funding year.<sup>5</sup> This cost disparity can be attributed to various factors. Perhaps the primary one is that a provider of traditional TRS must pay access on calls from the end user to the TRS center and access on calls from the center to the called party whereas an Internet Relay provider avoids

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<sup>2</sup> *In the matter of Provision of Improved Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Petition for Clarification of WorldCom, Inc. (Internet Relay Decision)*, 17 FCC Rcd 7779 ¶1 (2002).

<sup>3</sup> *Id.* at 7786 ¶22.

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

<sup>5</sup> NECA Submission at 13 fn. 21.

paying access charges on the leg of the call that uses the Internet to connect one of the parties to the call to the TRS center. Other factors contributing to 13% disparity in costs incurred by Internet Relay providers and providers of traditional TRS include the fact that Internet Relay providers are exempt from some of the service standards that providers of traditional TRS are required to meet. For example, Internet Relay providers are exempt from providing carrier of choice, international services, pay-per-call services, voice carry over services and hearing carry over services. Sprint firmly believes that these exemptions are justified and it is not suggesting that the Commission reexamine its decision to waive these requirements for Internet Relay providers. Sprint's point here is simply that such exemptions lower the costs of providing Internet Relay service.

In short, Internet Relay providers should receive a compensation rate that is based on the costs of providing Internet Relay service only and not the costs incurred by the providers of traditional TRS. But this will not occur unless the Commission requires NECA to establish separate compensation rates for traditional TRS and Internet Relay services. Until the Commission requires such separation, Internet Relay providers whose costs are at or below the average Internet Relay per-minute cost of \$1.278 will continue to receive a windfall while traditional TRS providers whose costs are above the merged compensation rate of \$1.312 -- and the average per minute cost of providing traditional TRS is \$1.44 -- will continue to lose money on every traditional TRS minute carried. Such disparate treatment of TRS providers can not be justified.

**B. The Compensation Rate For VRS Will Have To Be Adjusted To Include The Costs Of Meeting The Minimum Service Standards That The Commission May Impose.**

NECA reports that, based on the data collected from VRS providers, the “VRS average cost per minute ranged \$5.071 to \$10.512 for 2005 and \$5.526 to \$11.193 for 2006.”<sup>6</sup> The average cost weighted by projected minutes of use produces a per minute rate of \$5.843 for the 2005-2006 funding year which, when increased by a 1.4% cash working capital factor, produces a per-minute rate compensation rate of \$5.924.

Plainly, this proposed compensation rate is at the lower end of the per-minute cost range developed from the data submissions of the individual VRS providers. According to NECA, the reason for this result is that “[t]he average cost per-minute appears to be driven by the cost and demand characteristics of a single provider.”<sup>7</sup> Indeed, NECA reports that “[t]he average produced by the traditional rate development methodology using all providers’ data indicates that only one provider’s cost per minute is below the average, while all other providers’ costs are above the average.”<sup>8</sup> Although NECA does not explain why such is the case, it suggests that the disparity in costs may be due to quality of service issues. Thus, it points out that the Commission is currently considering a number of service issues related to VRS, citing the Commission’s proceedings looking to establishing answer speed requirements and mandating interoperability. NECA goes on to explain that should the Commission require that VRS providers meet service quality standards that providers of traditional TRS and Internet Relay are required to meet, the costs of providing VRS are likely to increase.<sup>9</sup>

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<sup>6</sup> NECA Submission at 17.

<sup>7</sup> *Id.* at 17 fn. 32.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

Sprint, of course, does not know why the costs of the dominant VRS provider are substantially less than the costs of other providers.<sup>10</sup> However as a general matter, lower costs can be the product of greater efficiency, or a lower quality of service, *e.g.*, longer wait times, or some combination of both. If the costs of any VRS providers are predicted on the a quality of service below whatever standards are ultimately adopted, NECA is correct that the imposition of answer speed and perhaps other quality of service standards will likely increase the costs of VRS.<sup>11</sup> Thus, the compensation rate for VRS may need to be adjusted once such requirements are adopted and become effective. Toward this end, Sprint recommends that the Commission establish a temporary VRS rate in the instant matter and that once quality of service standards are adopted, institute an expedited proceeding to arrive at a new VRS rate, retroactive to the date that quality of service standards become effective.

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<sup>10</sup> According to NECA, without including the costs of the low cost VRS provider, the “[VRS] reimbursement rate would be \$7.061, a difference of \$1.137.” *Id.*

<sup>11</sup> Sprint, through its VRS subcontractor CSD, already is providing answer speeds that approximate the answer speed requirements imposed on traditional TRS and Internet Relay providers. Thus, Sprint’s costs may not increase significantly, if at all, upon the adoption of an answer speed requirement.

**C. Conclusion**

Sprint respectfully requests that the Commission adopt Sprint's two recommendations as set for above.

Respectfully submitted,

SPRINT CORPORATION

A handwritten signature in black ink, appearing to read 'Michael B. Fingerhut', written over a horizontal line.

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May 13, 2004

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **COMMENTS OF SPRINT CORPORATION** was filed and copies sent by electronic mail on this the 13<sup>th</sup> day of May 2005, to the below-listed parties.



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May 13, 2005

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