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

In the Matter of	)	
	)	
Telecommunications Relay Services And Speech-to-Speech	)	CG Docket 03-123
Services for Individuals with Hearing and Speech Disabilities	)	
	)	
TRS Fund Size and Payment Formula	)	

To: Chief, Consumer and Governmental Affairs Bureau

REPLY COMMENTS ON PROPOSED FUND SIZE AND TRS RATES

Hands On Video Relay Services, Inc. ("Hands On"),[1] by its counsel, and pursuant to Public Notice, DA 06-1031 (May 12, 2005) submits its reply to comments on the National Exchange Carrier Association's ("NECA") May 1, 2006, Payment Formula and Fund Size Estimate for 2006 through 2007 for the Interstate Telecommunications Relay Services Fund ("Fund Filing").

The comments submitted on NECA's proposed TRS rates demonstrate there are serious problems with the TRS rate setting process. The process is not transparent. The process is not consistent year over year. The process gives the appearance of arbitrariness in what costs are or are not included. The

[1]Hands On is a VRS provider, through contract, to AT&T Corp. ("AT&T"). Hands On is also a certified provider of VRS for the State of Washington's Telecommunications Relay Service ("TRS") program. Hands On has been providing VRS since July of 2002, originally in a developmental mode, since November of 2002 under contract with AT&T, and later with the State of Washington.

Commission needs to take action to remedy these problems so that providers can have confidence that their legitimate costs of operation will be met and so consumers can have confidence that their quality service will not be impeded..

Hands On agrees with the various parties' comments concerning the impropriety of NECA's proposed elimination of marketing/advertising costs from all TRS services and costs for rural outreach from one VRS provider. Hands On agrees that elimination of these marketing and outreach costs are inconsistent with NECA's decision to increase provider estimated VRS demand. In addition, Hands On learned after submitting its comments that NECA eliminated entirely the VRS cost and demand estimate for AT&T, for whom Hands On provides turn-key VRS service on the basis that AT&T's submission only included sub-contractor costs. Elimination of this provider's costs appears to be clear error because subcontractor cost is a line item on NECA's data collection form, and nothing in that form requires the breakdown of subcontractor costs. In any event, NECA could have reviewed Hands On's cost submission if it needed to know Hands On's cost breakdown -- which it plainly did know.

Furthermore, Hands On agrees that recent rule changes such as the interoperability decision and speed of answer requirement need time to work their way through provider cost structures. Especially as to the interoperability

decision, providers had no basis to know whether and/or when that decision would be issued when they formulated their cost and demand estimates.

Hands On also agrees with the comments suggesting that it is more appropriate -- if not legally required -- to deal with issues such as a categorical exclusion of a rate element in a notice and comment rule making proceeding. Such a proceeding has been pending for some time concerning VRS cost recovery. In addition, there is pending Hamilton Telephone's various submissions concerning its MARS plan for IP Relay cost recovery.

Based on the problems with the TRS rate setting methodology summarized above and in the various comments, the Commission has two possible courses of action. The first is simply to restore the items NECA wrongfully deleted from TRS rate base. That, however, does not resolve all the issues such as the effect of interoperability on providers' demand and cost estimates. Nor does it reach the more systemic problems in the overall rate TRS rate making process. A second potential solution is to freeze the TRS rates at present levels with the Commission issuing a further notice of proposed rule making concening the VRS and TRS rate making process in order to more fully examine the issues and problems present with the process and consider potential solutions. The latter approach has the added benefit that the Commission will likely have significant data on how interoperability has affected provider cost

and consumer demand. The Commission will also have available significant data on answer speed compliance as well and how the increasingly stringent answer speed requirement for VRS is affecting the cost of video interpreters.

Either process would serve the public interest in the short term. However, a more comprehensive review of TRS cost methodology is more likely to achieve long term stability and maintain quality TRS service.

Respectfully submitted,

HANDS ON VIDEO RELAY SERVICES, INC.

By /s/

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