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June 7, 2010

**VIA ELECTRONIC MAIL
and ECFS**

Joel Gurin
Chief - Consumer Governmental Affairs Bureau
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

RE: Tiered VRS Rate Structure

Dear Mr. Gurin,

In light of the current VRS rate setting process, CSDVRS herein addresses certain concerns raised in public comment, and repeatedly addressed by Sorenson Communications in its continuing ex parte presentations. Specifically, Sorenson is seeking an elimination of the tiered VRS rate structure, a reimbursement method that CSDVRS believes is a tested and reliable means of remuneration.

Sorenson submits that the tiered rate structure treats the providers inequitably, and that the proposed interim rate singles out Sorenson for a persecutory payment plan. However, as raised in the CSDVRS reply comments, the tiered rate structure does not treat providers in a different manner, not even Sorenson. Indeed, Sorenson is paid identically to all other providers through the tiered structure, and no provider is singled out for favoritism or “rewarded for inefficiency” as proffered by Sorenson. CSDVRS submits that over the past three years, the tiered structure has led to more competition and development in the marketplace which in turn has generated better service and lower overall expenditures from the Interstate TRS Fund (the

Fund). This, of course, means that deaf and hard of hearing people have more choice in telecommunications services available to them.

The tiered system undeniably has been a resounding success, and without it, CSDVRS and other providers would not have been able to grow and compete with Sorenson which, barring the tiers, might have nearly a 100% market share rather than the 80% or more that it currently holds. CSDVRS would reiterate that the tiered structure is what truly has allowed the first real competitors to Sorenson. The simple fact is that a small provider, without an operational economy of scale like Sorenson's, would not be able to survive without the tiered structure. The Commission was absolutely correct when it adopted the tiered rate, and by doing so it did a tremendous service to deaf and hard-of-hearing consumers. Abandoning that structure now would ostensibly nullify one of the few things the previous administration did correctly in regards to TRS.

CSDVRS notes that if the Commission were to abandon the multi-tiered structure in favor of a single tier, then in order to promote competition, a bidding contract system would need to be enacted whereby a winning bidder would be guaranteed a level of the VRS market share; perhaps 25%. This, of course, would require that there be only three or four providers in the marketplace, and would obviate the broad choice VRS consumers currently have, but it is the only means by which a single tiered rate would be appropriate. CSDVRS believes that presenting this possible solution in the interim rate year would reveal Sorenson's true motives in advocating for a single tier: if Sorenson is truly concerned about equitable treatment in its mission to eliminate tiered rates, then it should gladly surrender its market dominance in favor of equitable distribution of market share earned equally by two or three other providers in a bid for contracts with the FCC. However, CSDVRS believes that the true motive behind Sorenson's positioning lies in greed and not in equity (Purple Communications commented in this same regard).

CSDVRS submits that Sorenson's motivation in abolishing the tiers is to eliminate competition, and to contemporaneously convince the Commission to raise the overall rate based on that abolition in order to continue to grow its coffers. CSDVRS submits that there simply cannot be any other motivating factor! Indeed, saving Fund resources could not be a concern for Sorenson, especially given its roughly 40% profit margin per minute over the past three years. Sorenson now decries the Commission's proposed Tier 3 rate of \$3.89 per minute, yet their prior

costs submissions to the Fund Administrator show that its true costs of providing VRS are below that amount. As Purple pointed out in its comments, and the Commission is surely aware, Sorenson is plainly seeking a single-tiered blended rate of \$5.89 per minute *solely* so it can pay its exorbitant debt, a debt undertaken not to build and improve VRS services, but simply to reward the owners of the company with massive cash payments. The rate Sorenson has suggested is entirely self-serving as it would allow it to service its greed-generated debt while still earning a significant profit, while other VRS providers would eventually be forced out of the market since they would be unable to compete at the lower single-tiered rate.

Sorenson asserts that the need to service its debt is a standard function of business. CSDVRS submits that this assertion is patently absurd given the facts at hand. Sorenson chose to incur its enormous debt as a way to reward investors *not* to fund investment in the company, improve its operations, and offer better services to deaf and hard-of hearing people. Sorenson structured significant debt, and then took on additional debt as the new rate setting process was underway. Now, in an unbelievable unbridled display of arrogance, Sorenson expects the Fund to administer that debt. CSDVRS submits that Sorenson could have rewarded its investors with dividends from its operational cash flow, but instead chose to leverage the company up to the point of risking its own solvency -- and now Sorenson demands that the Commission step in to alleviate its self-inflicted woes. CSDVRS would expect that the Sorenson debt holders would have undertaken due diligence, but believes that they may have their own issues with how Sorenson characterized its ability to continue to use the Fund and pay down this debt.

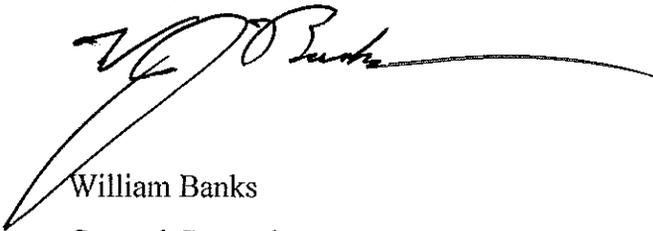
It must not be overlooked that the Sorenson's costs submission to the Fund Administrator claimed an increase in minutes of 3.2% and an incredulous and unsubstantiated 47% increase in the costs of interpreting. This characterization of growth in revenue versus growth in costs certainly could not have been shared with the debt holders. Indeed, CSDVRS would inquire as to whether Sorenson has thoroughly explained this matter to the Commission as it seeks an elimination of the tiered rate structure (?). Sorenson claims that the proposed interim rate will force it into bankruptcy, but CSDVRS submits that this simply is not true if the Commission follows its standing regulations and applies the 11.25% return on invested capital model. Faced with this rate structure, Sorenson would simply be compelled to renegotiate its debt to a level where it could continue to operate, and, ultimately it would have no choice but to do so,

particularly since the public value of the debt has already dropped 50%.

The Commission is no doubt aware that Sorenson has reaped tremendous profits from the Fund, far in excess of their costs, over the past three years. Indeed, Sorenson's capitol lobby, its devotion of significant financial resources to legal representation, and its ongoing apparent manipulation of public perception (i.e. the plethora of consumer and employee comments filed to the record that were instigated by Sorenson) are all prime examples of the financial and near monopolistic power its has gained through the Fund. Surely the Commission would not seek to reward this by implementing a single-tiered rate that will inure solely to Sorenson's benefit, and eventually force other providers out of business. To that end, CSDVRS certainly does not wish to see the Commission pulled into the middle of an antitrust action which would ensue if Sorenson's single tier rate were adopted. Accordingly, in the interim year and upcoming long-term rate setting exercise, CSDVRS would implore the Commission to consider the past effectiveness of the multi-tiered rate for VRS and what it means to the industry, and to not lend credence to Sorenson's self-serving pleas nor any political pressure Sorenson's financial resources might bring to bear.

Thank you for your time and attention to this matter. As always, please feel free to contact CSDVRS with any questions or concerns you may have.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'William Banks', with a long, sweeping underline that extends to the right.

William Banks
General Counsel

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| Cc: | Mark Stone | Sheresse Smith |
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