



November 13, 2012

**VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: *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

Dear Ms. Dortch:

On November 8, 2012, Scott Sorensen, Chief Financial Officer of Sorenson Communications, Inc. (“Sorenson”), Michael Cole of Madison Dearborn Partners and I, on behalf of Sorenson (collectively “Sorenson Participants”), met with Zachary Katz, Chief of Staff, Jonathan Chambers, Acting Chief of the Office of Strategic Planning and Policy Analysis (“OSPP”), and Elizabeth Andrion, Acting Chief Counsel and Senior Legal Adviser to Chairman Genachowski.

We discussed the proposals on which the FCC is seeking comment in its Public Notice dated October 15, 2012.<sup>1</sup> The Sorenson Participants stated that the rate proposals by the TRS Fund Administrator were based on an out-of-date, rate-of-return regulation-based economic model that yields rates that are not viable for the provision of VRS. As an example, the pre-tax return component of the Administrator’s proposed ultimate rate of \$3.40 per minute is only approximately 2% of all other costs (other than equipment) reported by RLSA. The first year

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<sup>1</sup> See *Additional Comment Sought on Structure and Practices of the Video Relay Service (VRS) Program and on Proposed VRS Compensation Rates*, Public Notice, DA 12-1644, CG Docket Nos. 10-51, 03-123 (rel. Oct. 15, 2012).

Tier 3 rates proposed by RLSA, which are proposed as a transition to the ultimate \$3.40 rate,<sup>2</sup> are also substantially below the costs of any VRS provider. Implementing RLSA's rate proposal would, at best, predictably lead to the substantial degradation of VRS, and will not support functionally equivalent VRS service. Pushing Sorenson or any other VRS provider into insolvency endangers VRS service itself, because the principal asset of any VRS provider is its interpreters, who can seek (and are in greater numbers finding) alternative interpreting opportunities outside of VRS. The Commission must seek an economically feasible rate plan that supports functionally equivalent VRS service. Anything less is arbitrary and capricious, and violates the Americans with Disabilities Act.

The Sorenson Participants also discussed the proposals to create, and mandate the use of, a single software-based VRS application, and to transform the iTRS database into a single communications provider that verifies all VRS users, routes all calls placed from VRS endpoints, and provides a limited set of vertical features. We stated that both of these proposals would deprive VRS consumers of competition, choice, and innovation. The single software-based VRS application would deprive consumers of the ability to use videophones built specifically for use by the deaf. Moreover, it would establish a single gatekeeper as to what "off-the-shelf" equipment could be used for VRS. Given the rapid pace of changes in technology, including changes in underlying operating systems, it is impractical. The proposal for the iTRS database to be transformed into a single communications provider will also eliminate competition among VRS providers with respect to vertical features, as well as to provide appropriate customer support. This proposal is not necessary or even on target as a way to address issues of verification of eligible users, which is more effectively addressed through re-examination of the guest-user and verification requirements. Similarly, the proposal is not necessary for the Administrator to be able to monitor fraud, as the Administrator already monthly receives a detailed record for every VRS call abandoned or billed, and the Administrator's auditors have also reviewed records for every call that reaches a VRS provider's hold server (for July 1, 2011-June 30, 2012), whether or not compensation is sought for that call.

Sorenson also provided the participants with a copy of its July 11, 2012 *ex parte*, copies of which have been previously filed and thus are not being filed again with this letter, but are incorporated by reference herein.<sup>3</sup>

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<sup>2</sup> See Supplemental Filing of the Telecommunications Relay Services Administrator Regarding Reasonable Rates for VRS Service, at 5, CG Docket Nos. 10-51, 03-123 (filed Oct. 15, 2012).

<sup>3</sup> Ex Parte Notice, John Nakahata, Counsel, Sorenson Communications, Inc., to Marlene Dortch, Secretary, Federal Communications Commission, CG Docket Nos. 10-51, 03-123 (filed July 11, 2012).

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Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John T. Nakahata". The signature is fluid and cursive, with a long horizontal stroke at the end.

John T. Nakahata  
*Counsel to Sorenson Communications, Inc.*

cc: Zachary Katz  
Jonathan Chambers  
Elizabeth Andrion