

May 3, 2013

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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **Notice of Ex Parte – CG Docket Nos. 03-123 and 10-51**
Purple Communications, Inc.

Dear Ms. Dortch:

On May 2, 2013, John Goodman, Chief Legal Officer for Purple Communications, Inc. (“Purple”), and Monica Desai, Purple’s outside counsel, spoke by phone with Nicholas Degani, Legal Advisor to Commissioner Pai. Ms. Desai also spoke by phone with Jonathan Chambers, Acting Chief of the Office of Strategic Planning and Policy Analysis. On May 3, 2013, Ms. Desai spoke separately by phone with (1) Angela Kronenberg, Legal Advisor to Commissioner Clyburn; (2) Priscilla Delgado Argeris, Legal Advisor to Commissioner Rosenworcel; and (3) Jonathan Chambers. The discussions focused on the following points regarding the Commission’s Video Relay Service (“VRS”) reform efforts.

Mr. Goodman and Ms. Desai emphasized that the Commission should consider new information in two submissions to the record that were only made public on May 1: (1) the Office of Inspector General’s (“OIG”) audit report of Purple’s 2011 cost submission;¹ and (2) the Interstate Telecommunications Relay Services Fund Payment Formula and Fund Size Estimate submitted by Rolka Loubé Saltzer Associates LLC (“RLSA Report”).²

In particular, the OIG audit report confirms that Purple is not overcompensated for its VRS services under the current reimbursement rate structure. The report further supports Purple’s proposal that, if the Commission elects to adopt a two-tier VRS rate structure with Tier I being less than 500,000 minutes per month and Tier II being over 500,000 minutes per month, the Commission should implement a two-year “freeze” on rate cuts for lower-volume providers in Tier

¹ See Office of Inspector General Memorandum, Report on the Audit of the Use of Funds Disbursed to and Received by Telecommunications Relay Service Providers—Purple Communications Inc., dated Jan. 25, 2013, available at http://transition.fcc.gov/oig/Final_Redacted_Purple_Audit_Report_030613.pdf.

² See Interstate Telecommunications Relay Service Fund Payment Formula and Fund Size Estimate, Rolka Loubé Saltzer Associates LLC, CG Docket Nos. 03-123 and 10-51, filed May 1, 2013 (“RLSA Report”).

Federal Communications Commission

May 3, 2013

Page 2

I.³ Doing so will allow sufficient time for the Commission's other competition-related reforms to take effect, and for the smaller providers to make the significant investments necessary to compete in the VRS marketplace.

Both the OIG report and the RLSA Report further support Purple's advocacy for the implementation of an expanded rate tier structure. While there are various tier/rate combinations that Purple would support, Purple strongly believes that a three-tier structure with a high-volume tier beginning at 2 million minutes per month,⁴ or even as proposed by RLSA, a high-volume tier beginning at 1.5 million minutes per month,⁵ with an even lower rate in that expanded tier, would make a tremendous impact on the size of the TRS Fund. Because the majority of all VRS minutes would be generated at the high-volume tier rate, even a slight rate reduction in that expanded tier would result in significant overall TRS Fund savings, while not disproportionately impacting smaller providers.

Mr. Goodman and Ms. Desai emphasized that the most critical issue for Purple is that the Commission continue to proceed expeditiously with interoperability and other competition-related VRS reforms. These reforms are essential to fostering more robust competition, increasing efficiencies, and creating a level playing field in the VRS marketplace – all factors of cultivating a more cost-efficient supply base of VRS services.

Respectfully submitted,



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³ See Purple's Comments, CG Docket Nos. 03-123 and 10-51, filed April 16, 2013 ("Purple April 16 Comments").

⁴ See Purple April 16 Comments at 8; see also Letter from Monica Desai, Counsel for Purple, to Marlene H. Dortch, Secretary, FCC, Notice of Ex Parte, dated April 17, 2013; Purple's Comments to Public Notice on Structure and Practices of the Video Relay Services Program, CG Docket Nos. 03-123 and 10-51, 15-16, dated Nov. 14, 2012; Purple's Reply Comments to Public Notice on Structure and Practices of the Video Relay Services Program, CG Docket Nos. 03-123 and 10-51, 10-13, dated Nov. 29, 2012.

⁵ See RLSA Report at 23.

PATTON BOGGS LLP

Federal Communications Commission

May 3, 2013

Page 3

cc:

Robert Aldrich

Elizabeth Andrion

Priscilla Delgado Argeris

Jonathan Chambers

Nicholas Degani

Gregory Hlibok

Angela Kronenberg

Kris Monteith

Karen Strauss