WILTSHIRE & GRANNIS LLP

May 7, 2013

Ex Parte

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

Re: *Misuse of Internet Protocol (IP) Captioned Telephone Service*, CG Docket No. 13-24; *Telecommunications Relay Service and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities* CG Docket No. 03-123

Dear Ms. Dortch:

Sorenson Communications, Inc. and its wholly owned subsidiary, CaptionCall, LLC (collectively "CaptionCall") submit this response to a May 2, 2013 ex parte letter filed by Hamilton Relay, Inc. ("Hamilton") in the above-referenced dockets.[1] In its letter, Hamilton restates much of its comments and reply comments on CaptionCall's proposal that the Commission adopt a price-cap methodology. Hamilton, however, still does not adequately explain why the ever-increasing Multistate Average Rate Structure ("MARS") is superior to the efficiency-driven price-cap methodology that CaptionCall has proposed.

It is axiomatic that higher IP CTS rates equate to higher IP CTS expenditures from the TRS Fund. In the six years after it was initiated, MARS has resulted in IP CTS rate increases—and thus increased IP CTS expenditures—each and every year. By contrast, CaptionCall has proposed a price-cap methodology that will reverse this trend—not only by lowering the current rate, but also by exerting downward pressure on future rates, while introducing an element of stability and predictability currently absent from IP CTS compensation. Moreover, CaptionCall has never proposed a rate-of-return type proceeding to initialize IP CTS price caps or to otherwise set rates, which would represent an enormous step backward away from rational, market-based rates. Rather, CaptionCall has proposed to initialize the price cap based on historical MARS rates—which every provider previously found to be reasonable—and then apply a reasonable productivity factor going forward to incentivize efficiency while bringing rates down.

In light of the Commission's concerns regarding the magnitude of IP CTS compensation, it is difficult to see how a rate-setting methodology that all but guarantees perpetual rate increases is superior to the rate-reducing methodology CaptionCall has proposed. Hamilton

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[1] *See* Letter from David A. O'Connor, Counsel for Hamilton Relay, Inc. to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 03-123, 13-24 (filed May 2, 2013).

certainly does not explain why continued use of MARS is superior to a price cap initialized from MARS rates. Rather, attempting to distract from the real issue, Hamilton relies on a number of red herrings that attack CaptionCall's motives. In particular, Hamilton attempts to analogize IP CTS compensation to VRS compensation—effectively comparing apples to oranges. VRS providers have never been compensated at anything resembling a market-based rate, which complicates the decision on where to initialize price caps. By contrast, MARS sets a market-based rate, providing a logical point at which to initialize an IP CTS price cap. The Commission should disregard Hamilton's red herrings and act expeditiously to adopt the rate-setting methodology that CaptionCall has proposed.

Sincerely,

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