

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

In the Matter of	)	
	)	
Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities	)	CG Docket No. 03-123
	)	
Structure and Practices of the Video Relay Service Program	)	CG Docket No. 10-51
	)	

**COMMENTS OF SPRINT NEXTEL CORPORATION**

Sprint Nextel Corporation (“Sprint”), on behalf of the Telecommunications Relay Services (“TRS”) operations of its subsidiary, Sprint Communications Company L.P., pursuant to the May 17, 2013 Public Notice (DA 12-1137), respectfully submits its comments on the payment formulas and funding requirements for the Interstate Telecommunications Relay Services Fund (“TRS Fund”) as submitted to the Federal Communications Commission (“FCC” or “Commission”) by Rolka Loube Saltzer Associates (“RLSA”) on May 1, 2013. RLSA submitted Fund payment formulas for the period July 1, 2013, through June 30, 2014, for all forms of TRS.<sup>1</sup> RLSA also submitted the TRS funding requirement estimate and proposed carrier contribution factor for the same period.

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<sup>1</sup> See Rolka Loube Saltzer Associates LLC, Interstate Telecommunications Relay Services Fund Payment Formula and Fund Size Estimate, CG Docket Nos. 03-123 and 10-51, (filed May 1, 2013) (“2013 TRS Rate Filing”).

Sprint objects to the RLSA proposal to substantially reduce the Internet Protocol Relay (“IP Relay”) compensation rate from the current rate of \$1.2855 per minute to a new rate of \$1.0391 per minute. The Commission should maintain the current rate of \$1.2855 until further study can be completed to determine an appropriate rate and to consider a tiered rate structure similar to that which the Commission adopted for the Video Relay Services (“VRS”) compensation.

Sprint seeks an IP Relay rate and rate methodology that is appropriate under Section 225 which “creates a cost recovery regime whereby providers of TRS are compensated for their costs of providing TRS.”<sup>2</sup> In its 2007 Cost Recovery Order, the Commission decided not to adopt tiered rates for IP Relay noting that “there is not the same size disparity among IP Relay Providers as there is among VRS providers.”<sup>3</sup> Instead, the Commission adopted a price cap methodology.

The IP Relay market and competitive landscape has undergone substantial changes since the Commission rejected a tiered structure in its 2007 Cost Recovery Order. In January 2008, shortly after the Commission adopted the current price cap methodology, there were seven IP Relay providers.<sup>4</sup> At that time, the IP Relay business was relatively balanced – justifying

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<sup>2</sup> *In the Matter of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Report and Order and Declaratory Ruling, CG Docket No. 03-123, 22 FCC Rcd 20140, at ¶ 4 (2007)(“2007 Cost Recovery Order”).

<sup>3</sup> *Id.* at 46.

<sup>4</sup> NECA report showing seven (7) IP Relay Providers in January 2008. Available at, <http://www.r-l-s-a.com/TRS/reports/0208JanuarydataTRSstatus.pdf>

levelized, price-capped rates. Since then, however, three of these providers have exited the business, and Hamilton Relay recently announced that it, too, will no longer provide IP Relay.<sup>5</sup>

In short, there will be only three IP Relay providers remaining for the next rate period beginning July 1, 2013 – namely Sprint, Purple and Sorenson. Further, Sprint is well aware of its market share, and it can extrapolate that the volume of IP Relay minutes that Purple and Sorenson carry is substantially more than what Sprint provides. The playing field has changed significantly, and Sprint urges the Commission to reconsider the price cap cost methodology that it adopted in 2007 under a very different set of circumstances.

Given the current IP Relay market, Sprint urges the Commission to adopt a tiered rate structure as it did for VRS in its 2007 Cost Recovery Order.<sup>6</sup> As stated in that Order, “in order to compensate VRS providers in a manner that best reflects the financial situation of all providers, we will adopt tiered rates for VRS ... [w]e believe that doing so may more appropriately reflect the financial situation of all providers.”<sup>7</sup> In establishing the tiered rate structure for VRS, the Commission expressly noted that the VRS market – like the shrinking IP Relay market – contained providers that are “not similarly situated with respect to their market share and their costs of providing service.”<sup>8</sup> And that “providers with a relatively small number of minutes generally have higher per-minute costs.”<sup>9</sup>

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<sup>5</sup> As of May 15, 2013 Hamilton Relay is discontinuing its Internet Relay services. Available at, <http://www.hamiltonrelay.com/corporate/faqs/index.html>.

<sup>6</sup> 2007 Cost Recovery Order at ¶ 52.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* at ¶ 54.

Again, Sprint has a relatively small share of the IP Relay market and believes an examination of RLSA data will reveal that there is a significant size disparity among the three remaining IP Relay providers. Under the RLSA proposal utilizing a price cap methodology, therefore, Sprint is being lumped in with two IP Relay providers with much greater volume and different costs of providing service. In short, Sprint does not enjoy economies of scale; as a result, the proposed \$1.0391 per minute IP Relay rate is inappropriate given Sprint's smaller number of minutes and higher per-minute costs.

A tiered rate structure for IP Relay compensation is more appropriate as it is "based on the provider's projected costs and minutes of use, and other data submitted to the Fund administrator."<sup>10</sup> Thus, a tiered rate approach allows the Fund administrator (*i.e.*, RLSA) to consider the IP Relay provider's costs and minutes of use – individually rather than collectively (as it does under the current price cap methodology).

Further, the Fund administrator can take a more holistic approach to better understand the IP Relay service being provided. The Commission and/or RLSA should take into account "other data" such as the quality of the IP Relay service including, but not limited to, the FCC mandated 60 words-per-minute typing speed, connect time, typing accuracy, spelling, voicing accuracy, and customer satisfaction. In addition to these qualitative measures, the speed and efficiency of the providers should also be taken into consideration. Faster call processing and shorter connect times means more volume can be handled thereby offsetting higher per minute rates.

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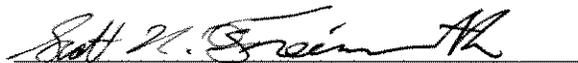
<sup>10</sup> *Id.* at ¶ 52.

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For the foregoing reasons, Sprint respectfully requests that the Commission refrain from adopting the RLSA proposed IP Relay rate of \$1.0391 per minute. Instead, Sprint urges the Commission to stay the current rate of at \$1.2855 per minute and to take appropriate time and measures to further analyze the IP Relay market. Moreover, Sprint requests that the Commission adopt a tiered rate structure for IP Relay compensation.

Respectfully submitted,

**SPRINT NEXTEL CORPORATION**



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