



Scott R. Freiermuth
Counsel – Government Affairs
scott.r.freiermuth@sprint.com

Sprint Corporation
6450 Sprint Parkway
Overland Park, KS 66251
(913) 315-8521

April 24, 2014

VIA ELECTRONIC FILING (ECFS)

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

RE: **EX PARTE PRESENTATION**

In the Matters 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

Dear Ms. Dortch:

On April 23, 2014, Scott Freiermuth from Sprint Corporation (Sprint) spoke on the telephone with Karen Peltz Strauss, Deputy Chief, Consumer and Governmental Affairs Bureau (CGB).

The brief call was a follow-up to an in-person meeting on April 2nd in which Sprint discussed its Petition for Reconsideration and Suspension¹ of the Commission's July 1, 2013 *Relay Rate Order*² in which the Commission adopted per-minute compensation rates to be paid from the Interstate TRS Fund. In its *Petition*, Sprint sought a suspension or rate freeze for IP Relay at the \$1.28 rate level as an interim measure while the Commission reconsidered the rate and rate structure. During the April 23rd phone call, Sprint once again urged the Commission to suspend or freeze the IP Relay rate at a level that allows Sprint to remain in the business as an IP Relay provider.

As it stands now, the IP Relay rate is at \$1.0147 per minute, and it is scheduled to decrease to \$0.9538 per minute on July 1, 2014 given the Commission's adoption of a 6% efficiency factor.³ Simply put, Sprint cannot remain as an IP Relay provider at this *below-cost* rate level.⁴ At a minimum, Sprint believes the Commission should forego the efficiency factor at

¹ See, *In the Matters of Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program*, Petition for Reconsideration and Suspension of Sprint Corporation, CG Docket Nos. 03-123 and 10-51 (July 31, 2013) ("*Petition*").

² *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program*, Order, CG Docket Nos. 03-123 and 10-51, DA 13-1483 (rel. July 1, 2013) ("*Relay Rate Order*").

³ See, *Relay Rate Order* at ¶ 20.

⁴ Sprint recently filed its "allowed" costs with the Interstate TRS Fund administrator - Rolka Loube Saltzer Associates (RLSA). Sprint understands that the Commission has access to this cost information. Further, Sprint does not accept that the current "allowed" costs fully take into account the costs needed to sustain IP Relay business.

6%⁵; it should add back in the outreach cost component of \$0.0244/minute⁶, and it should allow for a reasonable profit which has traditionally been set at 11.25% rate of return.⁷ Based on the foregoing, Sprint calculates this rate to be approximately \$1.16 per minute.

In short, while Sprint reasserts its original position that the IP Relay should have been suspended at \$1.2855 per minute, Sprint believes an interim rate of approximately \$1.16 would be an acceptable level that would permit Sprint to remain in business as an IP Relay provider while the Commission gives further consideration to a new rate and rate structure for long term sustainability of Sprint's IP Relay business.

This filing is made in accordance with Section 1.1206(b)(1) of the Commission's rules. In the event that there are any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

/s/ Scott R. Freiermuth

Cc: Karen Strauss
Bob Aldrich
Eliot Greenwald
Greg Hlibok

⁵ The productivity factor is inappropriate in a market with declining call volume.

⁶ The Commission subtracted outreach costs of \$0.0244 per minute. *Order* at ¶ 17. However, because the Commission has not yet established a National Outreach Coordinator for Relay services, the outreach cost component should be re-included in any cost calculations.

⁷ Application of the 11.25% rate of return to TRS compensation rates is a longstanding practice that was affirmed by a federal court of appeals. *See, In the Matters of Structure and Practices of Video Relay Service Program and Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, Report and Order and Further Notice of Proposed Rulemaking, CG Docket Nos. 10-51 and 03-123, FCC 13-82 at ¶ 196 (June 10, 2013).