



# PUBLIC NOTICE

Federal Communications Commission  
445 12th St., S.W.  
Washington, D.C. 20554

News Media Information 202  
/ 418-0500  
Internet:  
<http://www.fcc.gov>

DA 12-1644

Released: October 15, 2012

## ADDITIONAL COMMENT SOUGHT ON STRUCTURE AND PRACTICES OF THE VIDEO RELAY SERVICE (VRS) PROGRAM AND ON PROPOSED VRS COMPENSATION RATES

CG Docket No. 03-123

CG Docket No. 10-51

Comments: November 14, 2012

Reply Comments: November 29, 2012

In June 2010, the Commission began a comprehensive review of the rates, structure, and practices of the video relay services (VRS) program.<sup>1</sup> The Commission's goal in beginning that review, and ever since then, has been to reform the VRS program, which for many years had been beset by waste, fraud, and abuse<sup>2</sup> and by compensation rates that had become inflated well above actual cost.<sup>3</sup> Since that time, the Commission has acted to improve the program so that it can continue to provide a valuable service to deaf and hard-of-hearing consumers as efficiently as possible.<sup>4</sup>

---

<sup>1</sup> *Structure and Practices of the Video Relay Service Program*, CG Docket No. 10-51, Notice of Inquiry, 25 FCC Rcd 8597, ¶ 1 (2010) (*2010 VRS NOD*).

<sup>2</sup> See, e.g., *Twenty-six Charged in Nationwide Scheme to Defraud the FCC's Video Relay Service Program*, United States Department of Justice (DOJ) (Nov. 19, 2009) at <http://www.justice.gov/opa/pr/2009/November/09-crm-1258.html>; see also *Two Former Executives of Indicted Relay Services Company Plead Guilty to Defrauding FCC Program*, DOJ (Jan. 13, 2010) at <http://www.justice.gov/opa/pr/2010/January/10-crm-031.html>; *Two Former Executives of Video Relay Services Company Plead Guilty to Defrauding FCC Program*, DOJ (Feb. 18, 2010) at <http://www.justice.gov/opa/pr/2010/February/10-crm-157.html>; *Four Former Owners and Employees of Three Video Relay Service Companies Plead Guilty to Defrauding FCC Program*, DOJ (March 5, 2010) at <http://www.justice.gov/opa/pr/2010/March/10-crm-229.html>; *Three Former Owners and Employees of Two Video Relay Service Companies Plead Guilty to Defrauding FCC Program*, DOJ (March 9, 2010) at <http://www.justice.gov/opa/pr/2010/March/10-crm-237.html>.

<sup>3</sup> See *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123, Order, 25 FCC Rcd 8689, 8694, ¶ 9 (2010), *aff'd Sorenson Communications, Inc. v. FCC*, 659 F.3d 1035 (2011) (*2010 TRS Rate Order*) (finding that in each of the years 2006, 2007, 2008, and 2009, VRS compensation rates were more than \$2.00 per minute higher than actual costs).

<sup>4</sup> One of the Commission's first actions in this regard, through the Consumer and Governmental Affairs Bureau (CGB, or the Bureau) on delegated authority, was to reject a VRS provider's request for a ruling that multi-party VRS calls may be reimbursed regardless of whether a hearing individual is on the call. See *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No.

The Commission's actions over the past two years have saved the program approximately \$300 million to date. Most significantly, in June 2010, at the same time the Commission issued a Notice of Inquiry asking questions about potential fundamental changes to the VRS program, the Commission cut the compensation rate for the bulk of VRS traffic by more than \$1.00 per minute,<sup>5</sup> the first substantial VRS rate reduction in six years. Stressing its "obligation to protect the integrity of the Fund and to deter and detect waste," the Commission stated that it would no longer tolerate "the large discrepancy between actual costs and provider compensation" that had resulted from earlier VRS ratesetting orders.<sup>6</sup>

The Commission has taken significant further steps to protect the VRS program's integrity and increase its efficiency since that time. In April 2011, the Commission adopted additional wide-ranging measures to improve oversight of and prevent fraud, waste, and abuse by VRS providers. The Commission required providers to submit detailed call records to justify their requests for compensation, instituted annual as well as unscheduled provider audits, banned providers from tying their employees' wages to the number of calls processed, and prohibited revenue-sharing arrangements between certificated, Fund-eligible service providers and unregulated companies.<sup>7</sup> In July 2011, the Commission tightened the eligibility and certification requirements for VRS providers to ensure that only providers operating in compliance with the Commission's rules would be permitted to provide this service to the public.<sup>8</sup> And in December 2011, the Commission proposed additional substantial reforms to the VRS market structure and the practices of providers. These reforms were intended to ensure that the program continues to support services that offer functional equivalence to all eligible users and becomes as immune as possible from the waste, fraud, and abuse that could threaten its viability.<sup>9</sup>

This public notice is the next step in these ongoing reform efforts. CGB, on delegated authority, seeks comment on matters raised in recent filings submitted by CSDVRS, LLC, a VRS provider.<sup>10</sup>

---

03-123, Order, 24 FCC Rcd 11985 (CGB 2009). In February 2010, CGB also prohibited the payment of compensation from the Interstate Telecommunications Relay Services (TRS) Fund (Fund) for calls made by or to service providers' employees or subcontractors, or for calls made either wholly or partly for the purpose of generating compensable minutes. *Structure and Practices of the Video Relay Service Program*, CG Docket No. 10-51, Declaratory Ruling, 25 FCC Rcd 1868 (CGB 2010).

<sup>5</sup> *2010 TRS Rate Order*, 25 FCC Rcd at 8694, ¶ 8, Table 1 (reducing the Tier III rate from \$6.24 per minute to \$5.07 per minute).

<sup>6</sup> *Id.* at 8695, ¶ 12 (footnote omitted).

<sup>7</sup> *Structure and Practices of the Video Relay Service Program*, CG Docket No. 10-51, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC 5545 (2011).

<sup>8</sup> *Structure and Practices of the Video Relay Service Program*, Second Report and Order and Order, 26 FCC Rcd 10898 (2011).

<sup>9</sup> *See Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 10-51 and 03-123, Further Notice of Proposed Rulemaking, 26 FCC Rcd 17367 (2011) (*2011 VRS Reform FNPRM*).

<sup>10</sup> One proposal, discussed in Section I.A. below, addresses VRS access technology. *See* Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123, Attach. 2 (filed July 10, 2012); Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123 at 2-3 (filed Aug. 27, 2012). The other proposal, discussed in Section I.B.

Moreover, in order for the Commission to be in a position to set new rates as it moves forward with the next phase of VRS reform, we also seek comment in this notice on a proposal by the Fund administrator, Rolka Loube Saltzer Associates (RLSA), to modify VRS compensation rates.<sup>11</sup>

## I. ADDITIONAL COMMENT ON STRUCTURAL REFORM OPTIONS

As discussed in the *2010 VRS NOI*, VRS communications require the interaction of three separate yet interlinked components: VRS access technologies, video communication service, and relay service provided by American Sign Language (ASL)-fluent communications assistants (CAs).<sup>12</sup> We now seek additional comment on specific proposals to disaggregate these components. We emphasize that neither the Commission nor CGB has decided to adopt any of these proposals; CGB is simply seeking input to help develop a more complete record to enable the Commission to better evaluate the various issues in this proceeding.

### A. VRS Access Technology

As noted above, CSDVRS has submitted two structural reform proposals to the Commission. The first of these proposes that the Commission facilitate migration of all VRS access technologies to a standard, software based VRS access technology (“application”) that could be used on commonly available off-the-shelf hardware as a means of furthering the Commission’s interoperability and portability goals.<sup>13</sup> We seek comment on this proposal, and seek particular comment on the following related questions:

---

below, addresses enhanced Internet-based TRS (iTRS) data base operations. *See* CSDVRS, LLC Comments at 15-22; Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123 at 2, Attach. (filed May 9, 2012).

<sup>11</sup> *See* RLSA, Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program, CG Docket Nos. 03-123 and 10-51, Interstate Telecommunications Relay Services Fund Payment Formula and Fund Size Estimate (filed October 15, 2012) (*2012 VRS Rate Filing*). *See also* Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program, CG Docket Nos. 03-123 and 10-51, Order, 27 FCC Rcd 7150, 7154, ¶ 11 (CGB 2012) (*2012 TRS Rate Order*) (extending interim rates “to remain in effect until the Commission completes its review of the compensation method and market structure for VRS”).

<sup>12</sup> *See 2010 VRS NOI*, 25 FCC Rcd at 8608, ¶¶ 32-33 (2010). The *2010 VRS NOI* identified the first of these interlinked components as “videophone equipment”. In the *2011 VRS Reform FNPRM*, the Commission proposed to adopt a broader term, “iTRS access technology,” defined as “any equipment, software, or other technology issued, leased, or provided by an Internet-based TRS provider that can be used to make or receive an Internet-based TRS call.” *2011 VRS Reform FNPRM*, 26 FCC Rcd at 17389, ¶ 41. In the *2010 VRS NOI*, the Commission also noted that “the video communication service component of VRS consists of both a transmission medium (*i.e.*, a broadband connection) as well as a service (audio and video) that is provided over that transmission medium.” *2010 VRS NOI* at 8608, ¶ 32 n. 42.

<sup>13</sup> *See* Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123, Attach. 2 (filed July 10, 2012); Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123 at 2-3 (filed Aug. 27, 2012).

1. The Commission proposed to establish standards for iTRS Access Technology, including VRS Access Technology, in the *2011 VRS Reform FNPRM*.<sup>14</sup> Would the process for establishing and maintaining standards discussed in the *2011 VRS Reform FNPRM* be appropriate for developing an application or establishing standards for an application? Should the application or key components thereof be open source?
2. Should the Commission mandate use of a single application or allow development of multiple, interoperable applications? Who should be responsible for application development? For example, should the Commission develop, by contract, such an application? How should the developer of the application be compensated?
3. Should providers be able to continue to offer their own internally developed applications? If so, under what conditions? For example, should there be an interoperability testing process? How would such an interoperability testing process be structured?
4. Should the application be full executable, or a core executable or set of libraries (“core”) that can be customized by interested parties (e.g., using published APIs), or both? If core, what key functions should this core contain, such as video encoding, video decoding and session signaling? If core, should there be a certification process before calls placed with the application are compensable? How should that process be structured? Who should be responsible for maintaining and updating applications?
5. What off-the-shelf hardware and operating system platforms should be supported? Should users be responsible for procuring their own off-the-shelf equipment, or should providers be involved in the acquisition and distribution of end user equipment to VRS users?
6. How should consumers be involved in the development, selection, certification and on-going enhancement of either the core or the application?
7. How would users obtain support for issues relating to the application or its use on their equipment (e.g., network firewall issues, troubleshooting problems)?
8. What other approaches might be considered to select an application or applications for use in the VRS system? For example, should the Commission host a competition among existing VRS access applications and/or commercial standards-based off-the-shelf video conferencing applications? What would be the benefits and drawbacks of these or other alternate approaches?
9. How would a transition to a VRS system that relies exclusively on a common application be accomplished, and over what period of time?
10. What changes in the Commission’s rules would be necessary to adopt this proposal or one of the alternatives described above?

#### **B. Enhanced iTRS Database Operations**

CSDVRS also has proposed an industry structure in which all providers of ASL relay CA services would utilize an enhanced version of the TRS numbering directory to provide features such as user registration and validation, call routing, and usage accounting. In effect, this would separate the video communication service component of VRS from the ASL relay CA service component by

---

<sup>14</sup> *2011 VRS Reform FNPRM*, 26 FCC Rcd at 17390-92, ¶¶ 42-48, 17440-55, App. B.

providing the functions of the former from an enhanced database (“enhanced iTRS database”).<sup>15</sup> We seek comment on this proposal, and seek particular comment on the following related questions:

1. What functions and services should the enhanced iTRS database provide? Some possibilities include:
  - Development and distribution of VRS access technology, such as a common application
  - User registration and validation (account and credential creation)
  - Per-call user verification (authentication)
  - TRS numbering directory functions
  - Usage accounting
  - Call routing
    - To the user-chosen default or the per-call ASL relay CA service provider
    - To/from other end users (*i.e.*, point-to-point calls)
    - To/from the PSTN
    - 911 call processing
  - Vertical features such as video mail and address book
2. How would ASL relay CA service providers interface with the enhanced iTRS database? Would each ASL relay CA service provider be required to establish its own internal routing system for distributing calls among its call centers, or should the enhanced iTRS database allow providers to specify provider-internal call routing rules?
3. CSDVRS’ proposal appears to contemplate the existence of multiple video communication service providers. Is this necessary? How would the user or application choose among these providers? If the choice of the communication service provider is independent of the ASL relay CA service, based on what criteria or metrics would users or applications make that choice? Given that VRS providers currently compete primarily on quality of CA service, should the Commission contract for a single provider of the enhanced iTRS database functions, including video communication service, that allows users to access the ASL relay CA service of their choice?<sup>16</sup> If the Commission does choose to contract for these functions, should there be a single contract or multiple contracts?
4. What changes in the Commission’s rules would be necessary to implement such a structure?

## II. RATE PROPOSALS

As noted above, in the *2010 TRS Rate Order*, the Commission stated it would no longer tolerate the “large discrepancy between actual costs and provider compensation” that had resulted from earlier

---

<sup>15</sup> See CSDVRS, LLC Comments at 15-22; Letter from Jeff Rosen, General Counsel, CSDVRS, LLC, to Marlene H. Dortch, Secretary, FCC, CG Docket Nos. 10-51, 03-123 at 2, Attach. (filed May 9, 2012).

<sup>16</sup> *2011 VRS Reform FNPRM*, 26 FCC Rcd at 17378, ¶¶ 14-15.

VRS ratesetting orders.<sup>17</sup> Stressing its “obligation to protect the integrity of the Fund and to deter and detect waste,”<sup>18</sup> the Commission also released the *2010 VRS NOI* to consider, among other issues, “the most appropriate way to calculate and set future [VRS] rates.”<sup>19</sup> Subsequently, in the *2011 VRS FNPRM*, the Commission proposed that, if a per-minute VRS rate was retained, it should be set based on the weighted average of actual per-minute provider costs for the most recently completed fund year.<sup>20</sup> These steps have made clear the Commission’s determination to review rate issues as part of its VRS reform proceeding and to obtain VRS rates that better reflect actual expenses of VRS providers.

Under Sections 64.604(c)(5)(iii)(E) and (H) of the Commission’s rules,<sup>21</sup> the Fund administrator is required to file the Fund payment formulas and revenue requirements for VRS with the Commission on May 1 of each year, to be effective the following July 1. However, on April 30, 2012, the Bureau waived the Fund administrator’s obligation to file proposed rates and revenue requirements for VRS for the 2012-13 Fund year by May 1, 2012.<sup>22</sup> In its order adopting rates for the 2012-13 Fund year, the Bureau indicated that the current interim rates for VRS would remain in place pending the Commission’s completion of the current proceeding on reforming the structure and practices in the VRS market.<sup>23</sup> In anticipation of the completion of the VRS reform proceeding, or of the current phase thereof, the Commission requested the Fund administrator, RLSA, to submit proposed VRS rates for the remainder of the 2012-13 Fund year. In this public notice, we seek comment on RLSA’s proposed VRS compensation rates, as well as on alternative rate methodologies, for the remainder of the 2012-13 Fund year and subsequent years.

We urge parties that disagree with RLSA’s proposed rates to offer specific and detailed alternatives. Further, we expect parties to focus their comments, to the maximum extent practicable, on publicly available data and to make public the details of their views and arguments, including the specific dollar amounts that they believe the Commission should adopt for specific rates or cost elements.

#### **A. RLSA’s Rate Proposals**

In the *2012 VRS Rate Filing*, RLSA presents a proposal for determining how VRS providers are to be compensated by the Fund. Based on its analysis of the cost and demand data received from

---

<sup>17</sup> *2010 TRS Rate Order*, 25 FCC Rcd at 8695, ¶ 12.

<sup>18</sup> *Id.* (footnote omitted).

<sup>19</sup> *Id.*

<sup>20</sup> *2011 VRS Reform FNPRM*, 26 FCC Rcd at 17418, ¶ 140.

<sup>21</sup> 47 C.F.R. §§ 64.604(c)(5)(iii)(E), (H).

<sup>22</sup> *Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 10-51 and 03-123, Order, 27 FCC Rcd 4868 (CGB 2012).

<sup>23</sup> *2012 TRS Rate Order*, 27 FCC Rcd at 7154, ¶ 11 (CGB 2012); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Structure and Practices of the Video Relay Service Program*, CG Docket Nos. 03-123 and 10-51, Order, 26 FCC Rcd 9972, 9980-81, ¶ 23 (2011) (*2011 TRS Rate Order*) (“We adopt the current interim rates and compensation structure for VRS to be effective until the Commission completes its review of the compensation method and market structure for VRS”).

providers, the Fund administrator states that VRS providers' weighted average actual per-minute costs were \$3.5740 for 2010 and \$3.1900 for 2011, and that VRS providers' weighted average projected per-minute costs are \$3.4313 for 2012.<sup>24</sup> RLSA proposes that rates be based on an average of these three numbers, with appropriate adjustments to reflect rate tiers.<sup>25</sup> Using this proposed methodology, RLSA proposes that cost based rates be phased in over a multi-year time period,<sup>26</sup> with the rates restructured in two tiers instead of the current three tiers.<sup>27</sup> Based on a three-year phase-in, RLSA proposes that rates be set initially for Tiers I and II (up to 500,000 minutes each month) at \$5.2877 per minute, and for Tier III (over 500,000 minutes each month) at \$4.5099 per minute.<sup>28</sup> RLSA also presents data that reflects several of the categories of compensable and non-compensable costs.<sup>29</sup> We invite comment on RLSA's proposed rate structure, proposed rates, and cost calculations, including its weighting of individual providers' costs. Commenters who advocate alternative rates to those proposed by RLSA are urged to discuss any resulting changes that will be necessary in the TRS revenue requirement and contribution factor if the rate(s) they advocate are adopted.

## **B. Open Ratemaking Issues**

The Commission's determination regarding VRS compensation for the remainder of the 2012-13 Fund year and subsequent years may be affected by how the Commission resolves various ratemaking issues raised in the *2011 VRS Reform FNPRM*, the *2011 VRS Rate NPRM*,<sup>30</sup> and the *2010 VRS NOI*. Therefore, we invite commenters to refresh the record of CG Docket Nos. 03-123 and 10-51 on the following issues that may affect the establishment of a VRS rate for the remainder of the 2012-13 Fund year and subsequent years:<sup>31</sup>

1. Should the following cost categories, which RLSA has included in its calculation of the proposed rates, be allowable as part of the cost basis for rates:
  - marketing (calculated by RLSA as \$0.0504 (2010), \$0.0441 (2011), and 0.0466 (2012) per minute),<sup>32</sup>

---

<sup>24</sup> *2012 VRS Rate Filing* at 3, Table 2.

<sup>25</sup> *Id.* at 5.

<sup>26</sup> *Id.* at 5.

<sup>27</sup> *Id.* at 5-6.

<sup>28</sup> *Id.* at 5.

<sup>29</sup> *Id.* at 2-5.

<sup>30</sup> *Structure and Practices of the Video Relay Service Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 10-51 and 03-123, Notice of Proposed Rulemaking, 26 FCC Rcd 6496 (2011) (*2011 VRS Rate NPRM*).

<sup>31</sup> The Bureau does not, however, invite further comment on whether a per-user rate should be adopted. In light of the extensive comments filed in response to the *2011 VRS Reform FNPRM*, the Bureau does not consider it necessary to refresh the record on the per-user rate issue.

<sup>32</sup> *2012 VRS Rate Filing* at 3, Table 2. See also *2010 VRS NOI*, 25 FCC Rcd at 8603, ¶¶ 17-19; *2011 VRS Reform FNPRM*, 26 FCC Rcd at 17405-06, ¶ 90.

- outreach (calculated by RLSA as \$0.2741 (2010), \$0.2606 (2011), and 0.2594 (2012) per minute);<sup>33</sup> and
  - research and development (calculated by RLSA as \$0.0486 (2010), \$0.0542 (2011), and \$0.0523 (2012) per minute)?<sup>34</sup>
2. Should the Commission continue to limit the kinds and amount of capital costs that are allowed to be recovered?<sup>35</sup> Thus, RLSA's proposed rate would allow an 11.25% return on invested capital,<sup>36</sup> an element which has long been used as the basis for calculating TRS rates, as well as other common carrier rates, and which previously has been found to address adequately the recovery of interest and principal payments on debt, income taxes, and profits.<sup>37</sup> RLSA calculates the weighted-average-per-minute return on investment, with allowance for taxes, to be \$0.0949 per minute in 2010, \$0.0778 per minute in 2011, and \$0.0594 per minute (projected) in 2012.<sup>38</sup> We invite commenters to refresh the record on the appropriate treatment of capital costs, rate of return, and related issues.<sup>39</sup> Parties that advocate a particular alternative for treatment of capital costs should specify the type of investment on which they believe providers should be authorized to recover a return, the percentage return that they believe is appropriate in light of current market conditions, an estimate of the dollar amount that their proposed capital cost element would add to proposed VRS rates, and the specific reasons why investment and return should be so defined for purposes of Fund-compensated VRS.
  3. Should the Commission retain, modify, or eliminate the current tiered VRS rate structure?<sup>40</sup>
  4. Should there be a phase-in of the new VRS compensation rate or rates?<sup>41</sup> How long should such a phase-in period last and how should rates be set during such an initial period? For example,

<sup>33</sup> *2012 VRS Rate Filing* at 3, Table 2. See also *2010 VRS NOI*, 25 FCC Rcd at 8603, ¶¶ 17-19; *2011 VRS Reform NPRM*, 26 FCC Rcd at 17405-06, ¶ 90..

<sup>34</sup> *2012 VRS Rate Filing* at 5, Table 5. See also *2010 VRS NOI*, 25 FCC Rcd at 8603-04, ¶ 20; *2011 VRS Rate NPRM*, 26 FCC Rcd at 6497, ¶ 4.

<sup>35</sup> We also note that CPE and related software costs (calculated by RLSA as \$0.1073 (2010), \$0.0899 (2011), and \$0.1047 (2012) per minute (*2012 VRS Rate Filing* at 4, Table 4)) have been disallowed.

<sup>36</sup> *Id.* at 3.

<sup>37</sup> See *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123, 22 FCC Rcd 20140, 20161, ¶ 49 (2007) (*2007 TRS Rate Methodology Order*); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CC Docket Nos. 90-571 and 98-67, CG Docket No. 03-123, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 19 FCC Rcd 12475, 12542-45, ¶¶ 177-182 (2004).

<sup>38</sup> *2012 VRS Rate Filing* at 4, Table 3 (calculating an adjusted return on investment that includes federal corporate income taxes).

<sup>39</sup> See *2011 VRS Rate NPRM*, 26 FCC Rcd at 6497, ¶ 4.

<sup>40</sup> See *2012 VRS Rate Filing* at 5-6; *2011 VRS Reform NPRM*, 26 FCC Rcd at 17418, ¶ 141.



should the Commission establish a three-year phase-in period, as RLSA suggests, with equal yearly adjustments to reach the new rate?<sup>42</sup>

5. How long should the new rate remain in effect? In the *2007 TRS Rate Methodology Order* the Commission determined that VRS and IP Relay compensation rates should be set for a three-year period, subject to certain adjustments.<sup>43</sup> In the *2010 TRS Rate Order*, the Commission again adopted a three-year rate for IP Relay, but it adopted a one-year interim rate for VRS.<sup>44</sup> That interim VRS rate, however, was extended in 2011 and 2012.<sup>45</sup> Should the new VRS rate likewise be instituted for a three-year period, or a different period?

As noted above, parties that disagree with RLSA's proposed cost categories or rate tiers, or have views on the timing and duration of the rate, should offer specific and detailed alternatives and should focus their comments, to the maximum extent practicable, on data, views, and arguments that can be made publicly available, including the specific dollar amounts and percentages.<sup>46</sup>

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415 and 1.419, interested parties may file comments on or before **November 14, 2012**, and reply comments on or before **November 29, 2012**. All filings must reference **CG Docket Nos. 03-123 and 10-51**. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies. *See Electronic Filing of Documents in Rulemaking Proceedings*.<sup>47</sup> Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2>. Filers should follow the instructions provided on the website for submitting comments. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and **CG Docket Nos. 03-123 and 10-51**.

Parties who choose to file by paper must file an original and one copy of each filing. If more than one docket or rulemaking number appears in the caption of this proceeding, filers must submit two additional copies for each additional docket or rulemaking number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal

---

<sup>41</sup> *See 2012 VRS Rate Filing* at 5. In the *2011 VRS Reform NPRM*, the Commission proposed a transition period in which rate changes would be introduced in stages to arrive at a new, unitary rate. *2011 VRS Reform NPRM*, 26 FCC Rcd at 17410-17, ¶¶ 108-36.

<sup>42</sup> *See 2012 VRS Rate Filing* at 4. In the *2007 TRS Rate Methodology Order*, the Commission concluded that compensation for VRS should be set for a three-year period, subject to certain adjustments. *See 2007 TRS Rate Methodology Order*, 22 FCC Rcd at 20169, ¶ 56.

<sup>43</sup> *Id.* at 20164-65, ¶¶ 43-45 (IP Relay), 20169, ¶ 56 (VRS) (2007).

<sup>44</sup> *2010 TRS Rate Order*, 25 FCC Rcd at 8692-93, ¶¶ 6-7, 8700, ¶ 26.

<sup>45</sup> *2011 TRS Rate Order*, 26 FCC Rcd at 9980-81, ¶ 23; *2012 TRS Rate Order*, 27 FCC Rcd at 7154, ¶ 11.

<sup>46</sup> Adoption of structural reform proposals such as those discussed in Section I. above could significantly affect VRS providers' allowable costs and thus could require changes in the rate adopted herein. We note that implementation of such measures could limit the term of a multi-year rate. The Bureau anticipates, however, that, prior to implementation of any structural reform measures with a significant impact on providers' costs, the Commission will seek comment on whether it is appropriate to modify the VRS rate.

<sup>47</sup> 63 FR 24121 (1998).

Communications Commission. All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12<sup>th</sup> St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12<sup>th</sup> Street, SW, Washington DC 20554.

A copy of this document, RLSA's submission and any subsequently filed documents in this matter will be available during regular business hours at the FCC Reference Center, Portals II, 445 12<sup>th</sup> Street, SW, Room CY-A257, Washington, D.C. 20554, (202) 418-0270. This document, RLSA's submission and any subsequently filed documents in this matter may also be purchased from the Commission's duplicating contractor at its website, [www.bcpiweb.com](http://www.bcpiweb.com), or call 1-800-378-3160. A copy of the submission may also be found by searching on ECFS (insert **CG Docket Nos. 03-123 and 10-51** into the Proceeding block).

People with Disabilities: To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer and Governmental Affairs Bureau at (202) 418-0530 (voice), (202) 418-0432 (TTY). This document can also be downloaded in Word and Portable Document Format (PDF) at: <http://www.fcc.gov/cgb/dro/trs.html>.

For further information, please contact Gregory Hlibok, Consumer and Governmental Affairs Bureau, Disability Rights Office, at (202) 559-5158 (voice/videophone), (202) 418-0431 (TTY), or e-mail at [Gregory.Hlibok@fcc.gov](mailto:Gregory.Hlibok@fcc.gov), or Robert Aldrich, Consumer and Governmental Affairs Bureau, at (202) 418-0996 (voice), or e-mail at [Robert.Aldrich@fcc.gov](mailto:Robert.Aldrich@fcc.gov).

-FCC-