

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
Structure and Practices of the Video Relay Service Program
CG Docket No. 03-123
CG Docket No. 10-51

ORDER

Adopted: June 30, 2015

Released: June 30, 2015

By the Chief, Consumer and Governmental Affairs Bureau:

I. INTRODUCTION

1. This order adopts per-minute compensation rates to be paid from the Interstate Telecommunications Relay Services Fund (TRS Fund, or Fund) for the Fund Year beginning July 1, 2015, for all telecommunications relay services (TRS). This order also determines the total size of the TRS Fund for the coming year and the contribution factor, i.e., the percentage factor used to calculate how much interstate and international revenue telecommunications carriers and other covered service providers must contribute to the TRS Fund.

2. Effective July 1, 2015, the per-minute compensation rates for TRS, other than video relay service (VRS), shall be: (1) for interstate traditional TRS, \$2.2904; (2) for interstate Speech-to-Speech relay service (STS), \$3.4214; (3) for interstate captioned telephone service (CTS) and Internet Protocol captioned telephone service (IP CTS), \$1.8895; and (4) for IP Relay, \$1.37. These rates are based on recommendations of the current Fund administrator, Rolka Loube Associates (Rolka Loube).

3. VRS compensation rates for the 2015-16 Fund Year were established in the VRS Reform Order as part of a "glide path" toward cost-based levels pending the implementation of the structural

1 TRS enables an individual who is deaf, hard of hearing, deaf-blind, or who has a speech disability to communicate by telephone or other device through the telephone system. See 47 U.S.C. § 225(a)(3) (defining TRS). TRS is provided in a variety of ways. Currently, interstate TRS calls and all Internet Protocol (IP) based TRS calls, both intrastate and interstate, are compensated from the Fund. See Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, CG Docket No. 03-123, Declaratory Ruling, 22 FCC Rcd 379, 380, ¶ 3, 381, ¶¶ 5-6, 390, ¶ 25 (2007).

2 See Rolka Loube, Interstate Telecommunications Relay Services Fund Payment Formula and Fund Size Estimate, CG Docket Nos. 03-123, 10-51 (filed April 24, 2015) (2015 TRS Rate Filing); Supplemental Filing, CG Docket Nos. 03-123, 10-51 (filed May 1, 2015) (2015 TRS Rate Filing Supplement). Under sections 64.604(c)(5)(iii)(E) and (H) of the Commission's rules, the Fund administrator is required to file TRS payment formulas and revenue requirements with the Commission on May 1 of each year, to be effective the following July 1. 47 C.F.R. §§ 64.604(c)(5)(iii)(E), (H).

reforms directed in that order.<sup>3</sup> The applicable per-minute VRS compensation rates for the period from July 1, 2015, through December 31, 2015, are: Tier I (a provider's 1<sup>st</sup> 500,000 monthly minutes), \$5.06; Tier II (a provider's 2<sup>nd</sup> 500,000 monthly minutes), \$4.82; and Tier III (a provider's monthly minutes in excess of 1 million), \$4.06. The applicable per-minute VRS compensation rates for the period from January 1, 2016, through June 30, 2016, are: Tier I, \$4.82; Tier II, \$4.82; Tier III, \$3.87.<sup>4</sup> In setting these rates, we do not address the merits of the proposal filed by the six currently certified VRS providers in which they urged the Commission to "freeze" the current VRS compensation rates.<sup>5</sup> Action on that proposal will be addressed separately from this order.

4. Based on these compensation rates, projected demand for the services, and projected Fund administration expenses, we adopt a funding requirement of \$1,048,050,673 and a carrier contribution factor of 0.01635, as proposed by Rolka Loube.<sup>6</sup>

## II. BACKGROUND

5. On May 20, 2015, the Consumer and Governmental Affairs Bureau (Bureau) released the *2015 TRS Rate PN*, seeking comment on Rolka Loube's *2015 TRS Rate Filing*, in which the Fund administrator proposed revised compensation rates for 2015-16 and recommended a revenue requirement and contribution factor for 2015-16.<sup>7</sup> In response to the *2015 TRS Rate PN*, the Commission received nine comments and five reply comments from TRS providers and related companies, telecommunications industry contributors to the Fund, and consumer and interpreter organizations.<sup>8</sup>

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<sup>3</sup> *Structure and Practices of the Video Relay Services Program; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 10-51, 03-123, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 8618, 8696, ¶ 192 (2013) (*VRS Reform Order*), *aff'd in part and vacated in part sub nom. Sorenson Communications, Inc. v. FCC*, 765 F.3d 37 (D.C. Cir. 2014).

<sup>4</sup> *VRS Reform Order*, 28 FCC Rcd at 8705-06, ¶ 215.

<sup>5</sup> Joint Proposal of All Six VRS Providers for Improving Functional Equivalence and Stabilizing Rates, CG Docket Nos. 10-51, 03-123 (filed Mar. 30, 2015) (Joint VRS Providers Proposal).

<sup>6</sup> See *2015 TRS Rate Filing* at 32; *2015 TRS Rate Filing Supplement* at 3.

<sup>7</sup> *Rolka Loube Associates LLC Submits Payment Formulas and Funding Requirement for the Interstate Telecommunications Relay Services Fund for the 2015-16 Fund Year*, CG Docket Nos. 03-123, and 10-51, Public Notice, DA 15-612 (May 20, 2015) (*2015 TRS Rate PN*).

<sup>8</sup> The following individual parties submitted comments: ASL Services Holdings, LLC (ASL), COMPTTEL, Convo Communications LLC (Convo), Hamilton Relay, Inc. (Hamilton), IDT Telecom, Inc. (IDT), Sorenson Communications, Inc., and CaptionCall, LLC (Sorenson), and Sprint Corporation (Sprint). Comments were also submitted jointly by a group of VRS providers (ASL, CAAG VRS, Convo Communications, LLC, CSDVRS, LLC (ZVRS), Purple Communications, Inc., and Sorenson (VRS Providers)), and a group of consumer and interpreter organizations (Telecommunications for the Deaf and Hard of Hearing, Inc., National Association of the Deaf, Deaf and Hard of Hearing Consumer Advocacy Network, Hearing Loss Association of America, Association of Late Deafened Adults, American Association of the Deaf-Blind, Cerebral Palsy and Deaf Organization, Deaf Seniors of America, California Coalition of Agencies Serving the Deaf and Hard of Hearing, and Registry of Interpreters for the Deaf (Consumer Groups)). See Joint Comments of All Six Providers on Rolka Loube Payment Formulas and Funding Requirements, CG Docket Nos. 10-51, 03-123 (filed June 4, 2015) (VRS Providers Comments); Consumer Groups and Registry of Interpreters for the Deaf Comments on Provider Compensation Rates, Funding Requirement, and Carrier Contribution for the Period from July 1, 2015, through June 30, 2016, CG Docket Nos. 03-123, 10-51 (filed June 4, 2015). Reply comments were submitted by Hamilton, IDT, Sorenson, Ultratec, Inc. (Ultratec), and the United States Telecom Association (USTA).

### III. DISCUSSION

#### A. Compensation Rates for TRS, STS, CTS, and IP CTS

6. For the 2015-16 Fund Year, we adopt Rolka Loube's proposed per-minute rates of \$2.2904 for interstate traditional TRS, \$3.4214 for interstate STS, and \$1.8895 for interstate CTS and for intrastate and interstate IP CTS.<sup>9</sup> These rates represent, respectively, increases of approximately 8.2 percent for traditional TRS, 5.3 percent for STS, and 3.8 percent for CTS and IP CTS from the 2014-15 Fund Year rates for those services. Rolka Loube developed each of these rates by applying the MARS analysis adopted in the *2007 TRS Rate Methodology Order*. The MARS rate is calculated by collecting each state's intrastate TRS, STS, and CTS rates and minutes of use data and averaging the state data to determine the appropriate interstate rates for these services.<sup>10</sup>

7. No party disputes that Rolka Loube's recommended rates correctly apply the MARS methodology. As noted in the *2015 TRS Rate PN*, however, the Commission has an open rulemaking proceeding in which comments were sought on whether to adopt a different compensation rate methodology for IP CTS.<sup>11</sup> As a result, Rolka Loube asked IP CTS providers to submit historical and projected cost data, and it calculated an alternative compensation rate in the amount of \$1.6246 per minute based on the projected costs reported for 2015 and 2016. In the *2015 TRS Rate PN*, we sought comment on whether Rolka Loube had correctly calculated the weighted average projected costs of IP CTS. A number of parties commented on the merits of the cost-of-service methodology used in this calculation, compared with the MARS methodology or other alternatives.<sup>12</sup> As the choice of compensation methodology will be made by the Commission, not the Bureau, we do not address those comments in this Order.

#### B. Compensation Rate for IP Relay

8. The 2015-16 Fund Year is the third year of a three-year period during which the IP Relay compensation rate is determined pursuant to a price cap methodology.<sup>13</sup> In the *2013 TRS Rate Order*, the

<sup>9</sup> Consistently with rate determinations in past years, the STS rate includes an additional per-minute amount of \$1.1310 to be used for STS outreach. See *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123, Report and Order and Declaratory Ruling, 22 FCC Rcd 20140, 20170, ¶ 57 (2007) (*2007 TRS Rate Methodology Order*). Rolka Loube notes that the demand for STS is small compared to other services and suggests that the Commission revisit this issue to determine whether there is a more effective way to inform people with speech disabilities about the availability of this service. *2015 TRS Rate Filing* at 16. Any action on this recommendation will be addressed separately from this Order.

<sup>10</sup> Because the states set rates for intrastate CTS but not IP CTS, the compensation rate for IP CTS is set equal to the rate for interstate CTS. *2007 TRS Rate Methodology Order*, 22 FCC Rcd at 20161, ¶ 38.

<sup>11</sup> *2015 TRS Rate PN* at 2, citing *Misuse of Internet Protocol (IP) Captioned Telephone Service, Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket Nos. 13-24 and 03-123, Report and Order and Further Notice of Proposed Rulemaking, 28 FCC Rcd 13420, 13472-79, ¶¶ 111-27 (2013), vacated in part on other grounds *sub nom. Sorenson Communications, Inc. and CaptionCall, LLC v. FCC*, 755 F.3d 702 (D.C. Cir. 2014).

<sup>12</sup> Hamilton Comments at 2-12; IDT Comments at 2-6; Sorenson Comments at 5-8; Sprint Comments at 2; Hamilton Reply Comments at 2-8; IDT Reply Comments at 6; Sorenson Reply Comments at 10-13; Ultratec Reply Comments at 2-4.

<sup>13</sup> In the *2007 TRS Rate Methodology Order*, the Commission adopted a price cap methodology for IP Relay, setting a base rate for a three-year period ending June 30, 2010. *2007 TRS Rate Methodology Order*, 22 FCC Rcd at 20159-60, ¶¶ 43-46. In the *2010 TRS Rate Order*, the Commission approved continued use of the price cap methodology and three-year rate cycle, setting a new base rate for a new rate period ending June 30, 2013. *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, 8700, ¶¶ 25-26 (2010). The price cap plan for IP Relay applies three factors to a

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Bureau set the base compensation rate for the current three-year period at \$1.0147 and set the efficiency/inflation adjustment factor at 6 percent.<sup>14</sup> On reconsideration, the Bureau increased the base rate to \$1.0309 per minute and reset the efficiency/inflation adjustment factor to 0 percent.<sup>15</sup> Subsequently, after Purple Communications ceased its provision of IP Relay service and Sprint filed an emergency petition seeking adjustment of the compensation rate, the Bureau reset the IP Relay compensation rate at \$1.37 per minute, effective retroactively from November 15, 2014, to ensure continuity of service to eligible consumers.<sup>16</sup>

9. In its *2015 TRS Rate Filing*, to develop a recommended rate for the final year of the current price cap period, Rolka Loube applied the price cap formula to the current \$1.37 rate. With the efficiency factor set at 0 percent,<sup>17</sup> application of the formula resulted in a proposed rate equal to the \$1.37 per minute interim rate and applicable to all IP Relay minutes. No party opposes Rolka Loube's recommended rate.<sup>18</sup> Because it correctly applies the price cap formula to the current rate, we find Rolka Loube's analysis to be reasonable and adopt the recommended rate of \$1.37 per minute.

### C. Compensation Rates for VRS

10. In the *VRS Reform Order*, the Commission adopted a schedule of step-by-step downward adjustments of VRS compensation rates, to provide certainty to providers and to establish a "glide path" toward cost-based levels pending the completion of structural reforms.<sup>19</sup> The applicable VRS compensation rates for the period from July 1, 2015, through December 31, 2015, are: Tier I (a provider's 1<sup>st</sup> 500,000 monthly minutes), \$5.06; Tier II (a provider's 2<sup>nd</sup> 500,000 monthly minutes), \$4.82; and Tier III (a provider's monthly minutes in excess of 1 million), \$4.06. The applicable per-minute VRS compensation rates for the period from January 1, 2016, through June 30, 2016, are: Tier I, \$4.82; Tier II, \$4.82; Tier III, \$3.87.<sup>20</sup>

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base rate – an inflation factor, an efficiency (or "X") factor, and exogenous costs. The formula takes a base rate and multiplies it by an adjustment percentage that reflects an increase due to inflation, offset by a decrease due to efficiencies. *Id.* The inflation factor is Gross Domestic Product – Price Index (GDP-PI). The efficiency factor has been described as a figure equal to the Inflation Factor, less a designated amount to account for productivity gains. *2007 TRS Rate Methodology Order*, 22 FCC Rcd at 20163, ¶¶ 43-44.

<sup>14</sup> *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, 10-51, Order, 28 FCC Rcd 9219, 9224, ¶ 17 (CGB 2013).

<sup>15</sup> *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, 10-51, Order, 29 FCC Rcd 8044, 8052, ¶ 19 (CGB 2014) (*2014 TRS Rate Order*).

<sup>16</sup> *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 03-123, Order, 29 FCC Rcd 16273, 16275-78, ¶¶ 6-12 (CGB 2014). To facilitate Sprint's expansion of capacity to service the expected sudden influx of new customers migrating from Purple, the Bureau also established a separate rate of \$1.67 per minute, applicable to any monthly minutes handled in excess of 300,000 during the period from November 15, 2014, to May 15, 2015. *Id.*

<sup>17</sup> *2015 TRS Rate Filing* at 19.

<sup>18</sup> Sprint, currently the only IP Relay service provider, commented that a MARS methodology would be the most appropriate methodology for setting IP Relay rates. Sprint Comments at 1, 2. As such a change in cost methodology is for the Commission to decide, we do not address Sprint's comment in this Order.

<sup>19</sup> *VRS Reform Order*, 28 FCC Rcd at 8703-06, ¶¶ 212-16.

<sup>20</sup> *Id.* at 8705-06, Table 2.

11. Several parties commenting on the *2015 TRS Rate PN* expressed concern that these rates and a TRS Fund contribution factor will be adopted without the Commission having first received comments on the Joint VRS Providers Proposal.<sup>21</sup> Generally, these commenters also assert that the *VRS Reform Order* rates provide inadequate compensation and jeopardize the quality and continued provision of service.<sup>22</sup> Additionally, the Consumer Groups object that the computation of VRS providers' costs presented in the *2015 TRS Rate Filing* understates those costs and excludes certain categories of costs (e.g., R&D, borrowed funds) that they contend should be included as necessary to the provision of VRS.<sup>23</sup>

12. The VRS compensation rates designated for 2015-16 were adopted by the Commission in the *VRS Reform Order* and consequently are not subject to modification in this Order. The parties' comments on whether these rates are appropriate will be treated as part of the record relating to the Joint VRS Providers Proposal, and any action in response to that proposal will be addressed separately from this Order. Further, notwithstanding the Consumer Groups' concerns, the TRS Fund revenue requirement and contribution factor set in this Order may be adjusted by the Commission should it become necessary as a result of subsequent Commission action.<sup>24</sup>

#### **D. The Carrier Contribution Factor and Funding Requirement**

13. We adopt Rolka Loube's proposed funding requirement of \$1,048,050,673 and carrier contribution factor of 0.01635 for the 2015-16 Fund Year.<sup>25</sup> The Fund administrator calculates the annual funding requirement by adding together the projected payments to TRS providers for each form of TRS, based on the proposed rates and projected minutes of use, plus administrative expenses and other funding requirements noted above, less surplus amounts from the previous Fund Year that can be used to offset the 2015-16 Fund Year requirement.<sup>26</sup> The contribution factor is based on the ratio between the net funding requirement and total interstate and international end-user revenues.<sup>27</sup>

14. Several commenters oppose Rolka Loube's proposed funding requirement and contribution factor. COMPTTEL contends that this increased funding will place a substantial burden on carriers and that some providers will not be able to pass their share of the increase through to end users due to contracts or other billing arrangements.<sup>28</sup> The proposed funding requirement is based on rates that we approve in this Order (or that were previously established by the Commission) and on projections of TRS demand developed by the Administrator or submitted by TRS providers.<sup>29</sup> For traditional TRS, STS, and CTS, Rolka projected demand using recent historical data, an approach that has historically provided reasonably accurate results for these services.<sup>30</sup> For VRS and IP Relay, Rolka Loube relied on the providers' demand projections, an approach that in recent years has provided reasonably accurate results for those services.<sup>31</sup> For IP CTS, Rolka Loube reviewed the providers' projections in detail in light of the

<sup>21</sup> ASL Comments at 1; Convo Comments at 1; Sorenson Comments at 1; VRS Providers Comments at 1-2.

<sup>22</sup> See ASL Comments at 2; Convo Comments at 3-4; Sorenson Comments at 2-4; VRS Providers Comments at 1-2.

<sup>23</sup> Consumer Groups Comments at 3-7.

<sup>24</sup> See Consumer Groups Comments at 4.

<sup>25</sup> *2015 TRS Rate Filing* at 35; *2015 TRS Rate Filing Supplement* at 2.

<sup>26</sup> See *2015 TRS Rate Filing* at 26, 30-35; *2015 TRS Rate Filing Supplement*, Updated Exh. 2.

<sup>27</sup> *2015 TRS Rate Filing Supplement* at 3.

<sup>28</sup> COMPTTEL Comments at 1-2; see also USTA Reply Comments at 2-3.

<sup>29</sup> *2015 TRS Rate Filing* at 26-30.

<sup>30</sup> *2015 TRS Rate Filing* at 26.

<sup>31</sup> *Id.*

complicated regulatory history that has affected recent growth patterns for this service.<sup>32</sup> Rolka Loube found the providers' combined forecast reasonably valid, and no party disputes that finding.<sup>33</sup> Accordingly, we find that Rolka Loube's TRS demand projections are reasonable and that its proposed funding requirement and contribution factor are likewise reasonable. COMPTTEL also asks for clarification that carriers are not prohibited from recovering TRS contributions through line items on customer bills so that they do not view the increases as arbitrary increases by the carrier.<sup>34</sup> The Commission has long prohibited carriers from specifically identifying charges for TRS Fund contribution costs in customer bills, and there is no basis for the Bureau to depart in this Order from the Commission's prior decisions on this point.<sup>35</sup>

15. IDT urges disapproval of the proposed funding requirement and contribution factor because they are, "in part, based on funding of intrastate [Internet-based relay services] from the interstate and international jurisdictions and not from the intrastate jurisdiction . . . [and] funding of domestic relay services from the international jurisdiction."<sup>36</sup> IDT contends that such funding practices violate section 225 and cause harm to providers whose revenue is primarily interstate and/or international.<sup>37</sup> The determinations of which IDT complains were made by the Commission,<sup>38</sup> and there is no basis for the Bureau to depart in this Order from such prior Commission decisions.<sup>39</sup>

16. The Consumer Groups express concern that Rolka Loube may have underestimated demand for IP CTS in 2015-16. They state that Rolka Loube's proposed funding requirement for IP CTS

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<sup>32</sup> *Id.* at 26-30.

<sup>33</sup> *Id.* at 27. As discussed below, Consumer Groups express concern that Rolka Loube may have underestimated demand for IP CTS; however, as discussed in ¶ 16 of this Order, their concern appears to be based on a misinterpretation of Rolka Loube's supporting exhibit.

<sup>34</sup> *Id.* at 2-3; *see also* IDT Comments at 24; IDT Reply Comments at 5-6.

<sup>35</sup> *Telecommunication Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990*, CC Docket No. 90-571, Report and Order and Request for Comments, 6 FCC Rcd 4657, 4664, ¶ 34 (1991); *Telecommunication Services for Individuals with Hearing and Speech Disabilities, and the Americans With Disabilities Act of 1990*, CC Docket No. 90-571, Order on Reconsideration, Second Report and Order, and Further Notice of Proposed Rulemaking, 8 FCC Rcd 1802, 1806, ¶ 22 (1993); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CC Docket Nos. 90-571, 98-67, CG Docket No. 03-123, Report and Order, Order on Reconsideration, and Further Notice of Proposed Rulemaking, 19 FCC Rcd 12475, 12482, ¶ 8, n.33 (2004). *See also* Hamilton Reply Comments at 9.

<sup>36</sup> IDT Comments at 2; *see also id.* at 6-17; IDT Reply Comments at 7-10.

<sup>37</sup> IDT Comments at 3, 6-17.

<sup>38</sup> *Telecommunications Relay Services for Individuals with Hearing and Speech Disabilities*, CC Docket No. 98-67, Report and Order and Further Notice of Proposed Rulemaking, 15 FCC Rcd 5140, 5153-54, ¶¶ 24-27 (2000); *Provision of Improved Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities; Petition for Clarification of WorldCom, Inc.*, CC Docket No. 98-67, Declaratory Ruling and Second Further Notice of Proposed Rulemaking, 17 FCC Rcd 7779, 7786, ¶¶ 20-21 (2002); *Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CC Docket Nos. 90-571, 98-67, CG Docket No. 03-123, Report and Order, Order on Reconsideration and Further Notice of Proposed Rulemaking, 19 FCC Rcd 12475, 12490, ¶¶ 23-24, 12496-97, ¶¶ 34-37 (2004); *Telecommunications Relay Services for Individuals with Hearing and Speech Disabilities; Internet-based Captioned Telephone Service*, CG Docket No. 03-123, Declaratory Ruling, 22 FCC Rcd 379, 390, ¶ 25 (2007).

<sup>39</sup> *See* Hamilton Reply Comments at 9-10; Sorenson Reply Comments at 2-9 (opposing IDT's request). We note that IDT also requests the Commission to initiate a rulemaking to address these issues and that it filed a formal petition for rulemaking on the subject last year. IDT Comments at 18-29; IDT Reply Comments at 3-5.

“sets forth rates based on what appears to be the demand for 2014-2015: 164,590,646 minutes.”<sup>40</sup> The number referred to, however, actually represents a demand projection for the first 10 months of the 2015-16 Fund Year. As explained by Rolka Loube, due to the time lag between the provision of relay service and payment of compensation, “the Administrator’s funding recommendation for the Fund year beginning July 2015 through June 2016, incorporates the demand for the final two months of the expiring program year, which will be paid during the upcoming Fund year, and only ten months of the MARS and service providers’ projections to comprise the twelve months funding requirement.”<sup>41</sup> Accordingly, the proposed IP CTS funding requirement is based on projected demand of 28,975,126 minutes for May and June 2015, plus 164,590,646 minutes for July 2015 through April 2016 (which is a portion of the total projected demand of 202,651,451 minutes for July 2015 through June 2016).<sup>42</sup> We find that these demand projections, which are based on industry data, are reasonable.

17. In addition to projected payments for TRS, Rolka Loube includes in its proposed funding requirement a \$10,000,000 funding allocation for the National Deaf-Blind Equipment Distribution Program (NDBEDP), which is mandated by the CVAA.<sup>43</sup> Rolka Loube also includes the following in its proposed funding requirement: TRS numbering directory administration expenses of \$525,000; TRS Fund administrator compensation of \$1,272,955; revenue data collection agent expenses of \$60,000, the Interstate TRS Advisory Council expenses of \$45,000; investment management expenses of \$190,000, service provider audits expenses of \$1,000,000; expenses of \$200,000 for compliance with Improper Payments Elimination and Recovery Act of 2010 (IPERA);<sup>44</sup> bankruptcy representation expenses of \$50,000, and independent TRS Fund audit expenses of \$60,000.<sup>45</sup> The TRS numbering directory and Fund administrator compensation are reasonable estimates based on the contracts for those services.<sup>46</sup> We find the recommended amounts for the other expenses listed to be fair estimates based on reasonable projections of costs. Also included are a two-month payment reserve totaling \$160.7 million and a \$20 million reserve for the costs of implementing VRS reform initiatives.<sup>47</sup> A number of VRS Reform initiatives are still being implemented, several are expected to be initiated this year. Therefore, we find it is reasonable to continue maintaining a reserve for this purpose in the same amount previously approved.<sup>48</sup> No comments were received regarding the recommended inclusion of any of the costs listed in this paragraph. In summary, we find the recommended amounts to be reasonable and appropriate for

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<sup>40</sup> Consumer Groups Comments at 7.

<sup>41</sup> 2015 TRS Rate Filing at 34.

<sup>42</sup> See 2015 TRS Rate Supplemental Filing, Updated Exh. 2.

<sup>43</sup> 2015 TRS Rate Filing at 31. Although the NDBEDP pilot program was initially to have ended on June 30, 2015, the Commission extended it for an additional year, until June 30, 2016, to provide time to consider public comment on proposed rules to make the program permanent. See *Implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010, Section 105, Relay Services for Deaf-Blind Individuals*, CG Docket No 10-210, Order, FCC 15-57 (rel. May 27, 2015). See also *Implementation of the Twenty-First Century Communications and Video Accessibility Act of 2010, Section 105, Relay Services for Deaf-Blind Individuals*, CG Docket No 10-210, Notice of Proposed Rulemaking, FCC 15-58 (rel. May 27, 2015).

<sup>44</sup> Pub. L. No. 111-204 (July 22, 2010).

<sup>45</sup> 2015 TRS Rate Filing at 30-33.

<sup>46</sup> 2015 TRS Rate Filing at 30-33.

<sup>47</sup> 2015 TRS Rate Supplemental Filing at 34-35 & Updated Exh. 2. In the 2014 TRS Rate Order, the Commission approved an increase in the payment reserve from one month to two months in order to appropriately reflect the practice of budgeting demand. 2014 TRS Rate Order, 29 FCC Rcd at 8053, ¶ 23 (CGB 2014)

<sup>48</sup> See 2014 TRS Rate Order, 29 FCC Rcd 8044, 8052-53, ¶ 22 (CGB 2014) (approving a \$20 million VRS reform implementation reserve).

inclusion in the TRS Fund.

18. In summary, we find Rolka Loube's demand projections and funding proposals to be reasonable and adopt a funding requirement of \$1,048,050,673 and a carrier contribution factor of 0.01635 for the 2015-16 Fund Year. The Commission may reassess the Fund requirement before the end of the 2015-16 Fund Year in the event that it takes further action affecting TRS compensation rates.

#### IV. PROCEDURAL MATTERS

19. To request materials in accessible formats (such as Braille, large print, electronic files, or 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) or (202) 418-0432 (TTY). This Order can also be downloaded in Word and Portable Document Formats (PDF) at <http://www.fcc.gov/cgb/dro/trs.html>.

#### V. ORDERING CLAUSES

20. Accordingly, IT IS ORDERED, pursuant to the authority contained in section 225 of the Communications Act of 1934, as amended, 47 U.S.C. § 225, and section 64.604(c)(5)(iii) of the Commission's rules, 47 C.F.R. § 64.604(c)(5)(iii), that this ORDER IS hereby ADOPTED.

21. IT IS FURTHER ORDERED that the TRS Fund administrator shall compensate eligible providers of interstate traditional TRS, for the period from July 1, 2015, through June 30, 2016, at the rate of \$2.2904 per completed interstate conversation minute.

22. IT IS FURTHER ORDERED that the TRS Fund administrator shall compensate eligible providers of interstate STS, for the period from July 1, 2015, through June 30, 2016, at the rate of \$3.4214 per completed interstate conversation minute.

23. IT IS FURTHER ORDERED that the TRS Fund administrator shall compensate eligible providers of interstate CTS and IP CTS, for the period from July 1, 2015, through June 30, 2016, at the rate of \$1.8895 per completed conversation minute.

24. IT IS FURTHER ORDERED that the TRS Fund administrator shall compensate eligible providers of IP Relay service for the period from July 1, 2015, through June 30, 2016, at the rate of \$1.37 per completed conversation minute.

25. IT IS FURTHER ORDERED that the TRS Fund administrator shall compensate eligible providers of intrastate and interstate video relay service: (1) for the period from July 1, 2015, through December 31, 2015, at the rates of \$5.06 per completed conversation minute for a provider's first 500,000 monthly minutes (Tier I), \$4.82 per completed conversation minute for a provider's second 500,000 monthly minutes (Tier II), and \$4.06 per completed conversation minute for a provider's monthly minutes exceeding 1 million (Tier III); and (2) for the period from January 1, 2016, through June 30, 2016, at the rates of \$4.82 per completed conversation minute for a provider's first 500,000 monthly minutes (Tier I), \$4.82 per completed conversation minute for a provider's second 500,000 monthly minutes (Tier II), and \$3.87 per completed conversation minute for monthly minutes exceeding 1 million (Tier III).

26. IT IS FURTHER ORDERED that the Interstate TRS Fund revenue requirement shall be \$1,048,050,673 and the Interstate TRS Fund carrier contribution factor shall be 0.01635.



27. IT IS FURTHER ORDERED that this Order is effective upon release.

FEDERAL COMMUNICATIONS COMMISSION

Alison Kutler  
Acting Chief  
Consumer and Governmental Affairs Bureau