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February 21, 2019

VIA ECFS

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

Re: Ex Parte Submission – Applications of Securus Technologies, Inc. and Inmate Calling Solutions, LLC d/b/a ICSolutions for Consent to the Transfer of Control of Licenses and Authorizations – WC Docket No. 18-193

Dear Ms. Dortch:

Securus Technologies, Inc. (“STI”) and Inmate Calling Solutions d/b/a ICSolutions (“ICS”) hereby notify the Federal Communications Commission that the Public Utilities Commission of the State of Hawaii (“PUC”) has issued a Decision and Order (“D&O”) waiving the applicable statutes and administrative rules with respect to the proposed transfer of control of ICS to Securus and the participation of ICS in certain financing arrangements in Hawaii and closing the PUC’s docket.¹ As a result, the approval required in Hawaii for the above-referenced transaction has now been obtained. The Pennsylvania transfer of control application is the only state approval that remains pending.

This notice is filed pursuant to Section 1.1206(b) of the Commission’s rules.² Please contact the undersigned should you have any questions concerning the foregoing.

¹ *In the Matter of the Joint Application of TKC Holdings, Inc., Inmate Calling Solutions, LLC d/b/a ICSolutions and Securus Technologies, Inc. For Approval (1) to Transfer Control of Inmate Calling Solutions, LLC d/b/a ICSolutions to Securus Technologies, Inc.; and (2) for Inmate Calling Solutions, LLC d/b/a ICSolutions to Participate in Certain Financing Arrangements*, Decision and Order No. 36160, Docket No. 2018-0119 (Feb. 13, 2019) (Exhibit A).

² 47 C.F.R. § 1.1206(b).

Ms. Marlene H. Dortch
February 21, 2019
Page 2

Respectfully submitted,



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Counsel for STI

cc: Jodie May

Exhibit A

**Decision and Order No. 36160 issued by the Public Utilities Commission of the State of
Hawaii**

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Joint Application of)

TKC Holdings, Inc.,)
Inmate Calling Solutions, LLC d/b/a)
ICSolutions)
and)
Secrus Technologies, Inc.)

DOCKET NO. 2018-0119

For Approval (1) to Transfer Control of)
Inmate Calling Solutions, LLC d/b/a)
ICSolutions to Secrus Technologies,)
Inc.; and (2) for Inmate Calling)
Solutions, LLC d/b/a ICSolutions to)
Participate in Certain Financing)
Arrangements.)

DECISION AND ORDER NO. 36160

PUBLIC UTILITIES
COMMISSION

2019 FEB 13 P 1:47

FILED

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Joint Application of))	
TKC Holdings, Inc.,)	Docket No. 2018-0119
Inmate Calling Solutions, LLC d/b/a)	
ICSolutions)	Decision and Order No.
and)	
Securus Technologies, Inc.)	36160
)	
For Approval (1) to Transfer Control of)	
Inmate Calling Solutions, LLC d/b/a)	
ICSolutions to Securus Technologies,)	
Inc.; and (2) for Inmate Calling)	
Solutions, LLC d/b/a ICSolutions to)	
Participate in Certain Financing)	
Arrangements.)	
)	

DECISION AND ORDER

On May 22, 2018, TKC HOLDINGS, INC. ("Transferor" or "TKC"), INMATE CALLING SOLUTIONS, LLC d/b/a ICSOLUTIONS ("ICS") and SECURUS TECHNOLOGIES, INC. ("Transferee" or "Securus") (collectively "Applicants") filed a "Joint Application for Approval (1) to Transfer Control of [ICS] to [Securus] and (2) for [ICS] to Participate in Certain Financing Arrangements," Exhibit A; Verifications; and Certificate of Service (collectively "Application").¹

¹By their Application, Applicants request a waiver from the regulatory requirements related to the above-referenced

By this Decision and Order, the commission waives the requirements of Hawaii Revised Statutes ("HRS") §§ 269-17 and

transactions (or alternatively, approval of their Application to proceed with and consummate said transactions). Application at 1.

ICS, a California limited liability company with its principal place of business in Texas, is a wholly-owned direct subsidiary of Keefe Group, LLC ("Keefe"), a Missouri limited liability company with its principal place of business in Missouri. Keefe, in turn, is a wholly-owned direct subsidiary of TKC. Application at 2.

ICS is an institutional service provider certificated, registered or otherwise authorized to provide services in all states (including Hawaii), except Alaska, Delaware, New Jersey, and Vermont, and the District of Columbia. ICS does not currently provide telecommunications services to any customers in Hawaii but holds a Certificate of Authority to provide facilities-based and resold intrastate telecommunications services granted in Docket No. 2016-0159 on October 11, 2016. Application at 2.

TKC which indirectly holds all the outstanding membership interests of ICS, is a Delaware corporation and holding company, with its principal business office in Florida. Application at 3.

Securus is a Delaware corporation with its principal place of business in Texas. Securus provides inmate calling services to confinement and correctional facilities in the District of Columbia and approximately 46 other states. It does not currently provide telecommunications services to any customers in Hawaii but holds a Certificate of Authority to provide resold intrastate telecommunications services granted in Docket No. 2010-0135 on October 5, 2010. Application at 3-4.

Securus is an indirect wholly-owned subsidiary of SCRS Acquisition Corporation ("SCRS") and in turn its parent, SCRS Holding Corporation ("SCRS Parent"), both Delaware corporations. The ultimate majority owner of Securus is Platinum Equity Capital Partners IV, L.P., a Delaware limited partnership ("PECP IV").

269-19(a), and Hawaii Administrative Rules ("HAR") §§ 16-601-101² and 16-601-105, to the extent applicable, with respect to the proposed transfer of control of ICS to Securus ("Transfer"), and ICS' participation in financing arrangements ("Financing Arrangements"), as described in the Application. Additionally, the commission denies Applicants' request to waive the requirements of HRS § 269-7(a).

I.

Background

A.

The Application

By their Application, Applicants request a waiver from the regulatory requirements of HRS §§ 269-17, 269-19, and 269-7(a), and HAR § 16-601-105, as they relate to the Transfer and Financing Arrangements described below.

²HAR § 16-601-101 relates to filing requirements for applications to issue stock or evidences of indebtedness, or to assume liabilities. Similarly, HAR § 16-601-105 relates to filing requirements for applications to sell, lease or encumber, among other things, public utility property or rights; to merge or consolidate facilities; or to acquire stock of, among other things, another public utility subject to commission jurisdiction. Although Applicants requested a waiver from the filing requirements of only HAR § 16-601-105, the commission also waives the filing requirements of HAR § 16-601-101, to the extent applicable.

Proposed Transfer

According to Applicants, Securus will acquire all of the issued and outstanding membership interests of ICS from Keefe (the "Transaction") pursuant to a certain agreement.³ As a result, ICS will become a wholly-owned, direct subsidiary of Securus, and an indirect subsidiary of SCRS and SCRS Parent.⁴

Applicants represent that the Transaction will not cause an interruption, reduction, loss, impairment or disruption of ICS-provided services, because neither ICS nor Securus is currently providing such services in Hawaii.⁵ Additionally, ICS's management team will remain substantially the same, and its corporate identity, name, and operations will remain in place.⁶

³Unit Purchase Agreement by and among ICS, TKC, Keefe and Securus, dated as of April 22, 2018. Application at 5.

⁴Application at 4-5. Applicants also point out that the change in ownership would be transparent to ICS's potential correctional facility customers and to end-users of ICS's services. Application at 6.

⁵Application at 6, wherein Applicants conclude that because the Transaction does not involve a transfer of operating authority, assets, or customers in Hawaii or elsewhere, notification to customers is not required.

⁶Application at 6-7, wherein Applicants note that any future adjustments in the rates, terms, and conditions of service to ICS's potential correctional facility and end-user customers would be undertaken in conformance with the applicable federal and state law, including notice and tariff requirements and ICS' contractual obligations. Moreover, potential correctional facility customers would have access to additional services, including use of inmate tablets that provide controlled internet access to education

Financing Arrangements

ICS wishes to participate in the Financing Arrangements for which the commission waived certain regulatory requirements by Decision and Order No. 34699, issued on July 17, 2017, in Docket No. 2017-0114.⁷ According to Applicants, the Financing Arrangements will be modified solely to permit provision of additional funding within the approved aggregate amount of \$2.6 billion ("Aggregate Amount"). Specifically, ICS would incur debt as a borrower, co-borrower, or guarantor, and pledge its assets as security for the Financing Arrangements up to the Aggregate Amount, with terms (including interest rate, amortization and maturity date) generally consistent with those reviewed by the commission in Docket No. 2017-0114.⁸ The use of

(the ability to obtain a General Education Diploma) and information related to job opportunities upon release.

⁷The applicants in Docket No. 2017-0114 (Securus Investment Holdings, LLC; Securus; and SCRS) ("2017-0114 Applicants") sought, among other things, approval for Securus to participate in existing, new, amended, and restated financing arrangements, involving SCRS and potentially Securus, taking on up to \$2.6 billion in debt via various potential and yet to be determined debt instruments, at market interest rates. The 2017-0114 Applicants noted the possibility of the debt being secured by SCRS' assets, including Securus. Order No. 34699 at 7 (footnotes omitted).

⁸Application at 5-6.

debt financing for consideration for the Transaction, in turn, will enhance ICS's access to capital for operations.⁹

Importantly, the Financing Arrangements: are necessary and appropriate; are consistent with the performance by ICS of its services to the public and governmental institutions that it serves; will not impair ICS's ability to perform such services; will promote its corporate purposes; will be transparent to ICS's potential Hawaii customers and will not disrupt service or cause customer confusion or inconvenience; and will provide ICS with access to the managerial, operational, and financial resources of Securus, which will enable ICS to increase the breadth and scope of its services.¹⁰

B.

Consumer Advocate's Statement of Position

On June 4, 2018, the Consumer Advocate filed its Statement of Position, informing the commission that it would not be participating in this proceeding.¹¹

⁹Application at 7-8.

¹⁰Application at 7-8, wherein Applicants conclude that the Financing Arrangements will ultimately inure to the benefit of potential Hawaii customers.

¹¹The Consumer Advocate is an ex officio party to this docket pursuant to HRS § 269-51 and HAR § 16-601-62. The Consumer Advocate notes in its statement that its lack of participation in this docket should not be construed as either

II.

Findings and Conclusions

1. HRS § 269-17 provides, in relevant part, as follows:

A public utility corporation may, on securing the prior approval of the public utilities commission, and not otherwise, issue stocks and stock certificates, bonds, notes, and other evidences of indebtedness, payable at periods of more than twelve months after the date thereof, for the following purposes and no other, namely: for the acquisition of property or for the construction, completion, extension, or improvement of or addition to its facilities or service, or for the discharge or lawful refunding of its obligations or for the reimbursement of moneys actually expended from income or from any other moneys in its treasury not secured by or obtained from the issue of its stocks or stock certificates, or bonds, notes, or other evidences of indebtedness

2. HRS § 269-19(a) provides, in relevant part, as follows:

Except as provided in subsection (b), no public utility shall sell, lease, assign, mortgage, or otherwise dispose of or encumber the whole or any part of its road, line, plant, system, or other property necessary or useful in the performance of its duties to the public . . . without first having secured from the public utilities commission an order authorizing it so to do.

accepting, supporting, or adopting any of the positions proposed, justifications offered, or requested relief articulated in the Application.

3. The commission, however, may waive a telecommunications carrier from the provisions of chapter 269, HRS, under certain circumstances.

4. HAR § 6-80-135 provides:

Exemption and waiver. (a) The commission may, upon its own motion or upon the written request of any person or telecommunications carrier, exempt or waive a telecommunications carrier or telecommunications service from the provisions of chapter 269, HRS, this chapter, or any other telecommunications-related rule, in whole or in part, upon the commission's determination that the exemption or waiver is in the public interest; provided that the commission may not exempt or waive a telecommunications carrier or telecommunication service from:

- (1) Any provisions of '269-34, HRS; or
- (2) Any provisions of this chapter that implement '269-34, HRS.
- (b) The applicable provisions of '269-16.9, HRS, apply to any exemptions or waivers issued by the commission.
- (c) The commission may hold a hearing on any proposed exemption or waiver.

5. Additionally, HRS § 269-16.9(e) provides that "[t]he commission may waive other regulatory requirements under this chapter applicable to telecommunications providers when it determines that competition will serve the same purpose as public interest regulation."

6. Based on the entire record, the commission finds that the Transaction and Financing Arrangements are consistent

with the public interest because said arrangements will provide Applicants with the opportunity to be more competitive, which in this instance, will serve the same purpose as public interest regulation.

7. Thus, the commission concludes that the requirements of HRS §§ 269-17 and 269-19(a) should be waived, to the extent applicable, with regards to the matters in this docket, pursuant to HRS § 269-16.9(e) and HAR § 6-80-135. Similarly, based on these findings and conclusions stated above, the commission will also waive the provisions of HAR §§ 16-601-101 and 16-601-105, to the extent that the Application fails to meet any of these filing requirements.

8. Upon review of the Application, the commission finds no reason to waive its investigative authority, pursuant to HRS § 269-7(a), with regards to the matters in this docket. The commission, thus, denies Applicants' request for a waiver from HRS § 269-7(a).

9. The commission will continue to examine each application or petition of this type and make determinations on a case-by-case basis. Thus, the commission's waiver of the afore-mentioned regulatory and statutory requirements in this instance should not be construed by any public utility as a basis for engaging in regulated activity without having first secured an order by the commission authorizing it to do so.

III.

Orders

THE COMMISSION ORDERS:

1. TKC HOLDINGS, INC., INMATE CALLING SOLUTIONS, LLC d/b/a ICSOLUTIONS, and SECURUS TECHNOLOGIES, INC. are granted a waiver from the requirements of HRS §§ 269-17 and 269-19(a), as they relate to the matters in this docket, including the Transaction and Financing Arrangements. Additionally, the filing requirements of HAR §§ 16-601-101 and 16-601-105, to the extent applicable, are also waived.

2. The commission denies Applicants' request for a waiver from the requirements of HRS § 269-7(a).

3. This docket is closed unless otherwise ordered by the commission.

DONE at Honolulu, Hawaii FEB 13 2019

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By James P. Griffin
James P. Griffin, Chair

By Jennifer M. Potter
Jennifer M. Potter, Commissioner

APPROVED AS TO FORM:

Melissa M. Mash
Melissa M. Mash
Commission Counsel

2018-0119.ljk

2018-0119

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail,
postage prepaid, and properly addressed to the following parties:

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