

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of

Petition for Forbearance of Network
Communications International Corporation

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WC Docket No. 19-232

COMMENTS OF PAY TEL COMMUNICATIONS, INC.

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September 16, 2019

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To: The Wireline Competition Bureau

COMMENTS OF PAY TEL COMMUNICATIONS, INC.

Pay Tel Communications, Inc. (“Pay Tel”),¹ through counsel, submits these comments in support of the *Petition for Forbearance* (the “Petition”) in the above-referenced docket, in which Network Communications International Corporation (“NCIC”) requests forbearance from the application of the Universal Service Fund (“USF”) contribution requirements set forth in the Communications Act and attendant Commission rules with respect to the provision of interstate and international ICS.²

¹ Since 1989, Pay Tel has provided high-quality inmate calling services (“ICS”) with a strong emphasis on ethical treatment of inmates and their loved ones. Consistent with this emphasis, Pay Tel has actively participated in the Commission’s ICS reform docket (Docket 12-375) and has consistently advocated for reforms beneficial to consumers of its services. Through effective and innovative growth across that same time period, Pay Tel has expanded its ICS offerings nationwide and become a market-leading provider to confinement facilities in the Southeast. For more information, please see generally *About Pay Tel* (last visited Sept. 13, 2019), <https://www.paytel.com/about-paytel/>.

² See *Pleading Cycle Established for Comments on Network Communications International Corporation’s Petition for Forbearance from USF Contribution Requirements*, Public Notice, WC Docket No. 19-232, DA 19-781 (the “Notice”) (rel. Aug. 16, 2019).

As the Petition recognizes, granting NCIC's forbearance request would (1) help ensure that ICS rates are just, reasonable, and not discriminatory; (2) protect consumers; and (3) serve the public interest.³ In this regard, the reasons for granting the Petition not only satisfy but *exceed* the forbearance requirements. Not only is it unnecessary to enforce the USF contribution requirements as applied to interstate and international ICS providers,⁴ but granting the Petition would actually *better* ensure just, reasonable, and non-discriminatory charges; better protect consumers; and better serve the public interest.

I. Granting the Petition Would Ensure Just, Reasonable, and Non-Discriminatory Rates

At bottom, absent a grant of forbearance, the USF contribution amount will subject many members of our nation's most vulnerable populations to greatly increased ICS fees (increasing to 24.4% and 25% for third and fourth quarter 2019, respectively)—fees which those consumers already struggle to afford. As Pay Tel has previously discussed with the Commission, inmates' ability to be able to afford ICS "is critical as it relates to connection with their family members."⁵ And ICS users' ability to maintain these fundamental family relationships is crucial, not only for basic humanitarian reasons but because data time and again have showed that sustained familial

³ See 47 U.S.C. § 160(a) (forbearance standard)

⁴ In particular, the first two forbearance requirements are met if the Petition can demonstrate that enforcing the USF contribution requirements is *not necessary* "to ensure that the charges . . . are just and reasonable and are not unjustly or unreasonably discriminatory" nor to "protect[] . . . consumers." *Id.* § 160(a), (b).

⁵ *Workshop on Further Reform of Inmate Calling Services*, Testimony of Vincent Townsend, President, Pay Tel Communications, Inc., at 138 [hereinafter "Pay Tel Workshop Testimony"] (July 9, 2014).

contact reduces recidivism.⁶ Accordingly, Pay Tel continues to believe that an inmate’s “family’s money [should] be in phone calls, not . . . in fees.”⁷

As set forth in the Petition, ICS consumers typically have no choice but to use ICS services and have an extremely limited and fixed amount of income to spend on ICS calls each month. This problem is more acute for international and interstate ICS consumers, for whom on-site visitations are often impractical and cost-prohibitive in light of the generally great distance between the inmate and his or her family. Requiring USF contributions from these consumers exacts a hefty fee surcharge from a group of individuals who have no other practical option than to use ICS services. Consequently, granting the Petition would ensure that ICS rates are justly and reasonably applied—rather than discriminatorily inflated—to serve the vulnerable population of ICS consumers.

II. Granting the Petition Would Protect Consumers

The current application of USF fees to ICS consumers fails to protect both ICS consumers and many of the populations the USF was designed to benefit. Fundamentally, requiring inmates and their families to support the USF in most cases does little more than take money from one hand and distribute it to the other. As the Commission knows, the USF primarily helps subsidize service deployment across the following four categories: high-cost areas; low-income consumers; schools and libraries; and rural health care providers.⁸ More often than not, ICS consumers fall into or rely on services from at least three of those four categories; as the Petition notes, data

⁶ E.g., Alex Friedmann, *Lowering Recidivism Through Family Communication* (Apr. 2014), available at <https://www.prisonlegalnews.org/news/2014/apr/15/lowering-recidivism-through-family-communication/> (collecting studies).

⁷ *Pay Tel Workshop Testimony*, at 141.

⁸ See, e.g., 47 U.S.C. § 254.

demonstrate that incarcerated individuals are “largely born into low-income families and reside in neighborhoods facing extreme hardship.”⁹ Accordingly, it undermines the fundamental purpose of USF subsidies to take one of the primary populations *meant to be served by the USF* and require that population to, essentially, serve itself. Put differently, for the vast majority of ICS consumers the USF translates into prohibitive, government-mandated spending rather than beneficial financial assistance, all while simultaneously helping to force approximately “one in three [ICS-consumer] families (34%) into debt.”¹⁰

Given these unique circumstances, Pay Tel respectfully submits that consumers would be *better* protected and served by a grant of the Petition.

III. Granting the Petition Would Serve the Public Interest

Weighing the above-described public interest benefits against the *de minimis* effect forbearance would have on total contributions to the USF demonstrates that the Petition should be granted. Based on Pay Tel’s approximately three decades worth of industry knowledge and experience, Pay Tel concurs with the figures and calculations discussed in the Petition and joins in urging the Bureau to recognize that granting the Petition would have a *de minimis* effect on the total amount of USF funds available.¹¹ Accordingly, granting the Petition would serve the public interest and help prevent the unjust application of USF contribution requirements to a vulnerable and already-underserved population.

⁹ Adam Looney & Nicholas Turner, *Work and Opportunity Before and After Incarceration*, at 19 (Mar. 2018).

¹⁰ Chris Schweidler, et al., *Who Pays? The True Cost of Incarceration on Families*, at (Sept. 2015), available at <http://whopaysreport.org/who-pays-full-report/>.

¹¹ Petition at 9–11.

CONCLUSION

In light of the foregoing, Pay Tel respectfully requests that the Commission grant NCIC's Petition.

Respectfully submitted,

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