

EX PARTE OR LATE FILED

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August 20, 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, D.C. 20554

NOTICE OF EX PARTE  
PRESENTATION

Re: **CC Docket No. 96-128**

Dear Ms. Salas:

On August 19, 1998, Vince Townsend, President of Pay-Tel Communications, Inc. and Albert Kramer and Robert Aldrich of this law firm, representing the Inmate Calling Service Providers Coalition, met with Anna Gomez, Deputy Chief of the Common Carrier Bureau's Network Services Division and Judy Albert of the Division staff.

We discussed the background of the FCC's voluntary remand of inmate telephone service issues in this proceeding. We specifically discussed the need for fair compensation of inmate telephone service providers and the Coalition proposal for a federal inmate service fee. The attached material was handed out at the meeting.

Sincerely yours,



Robert F. Aldrich

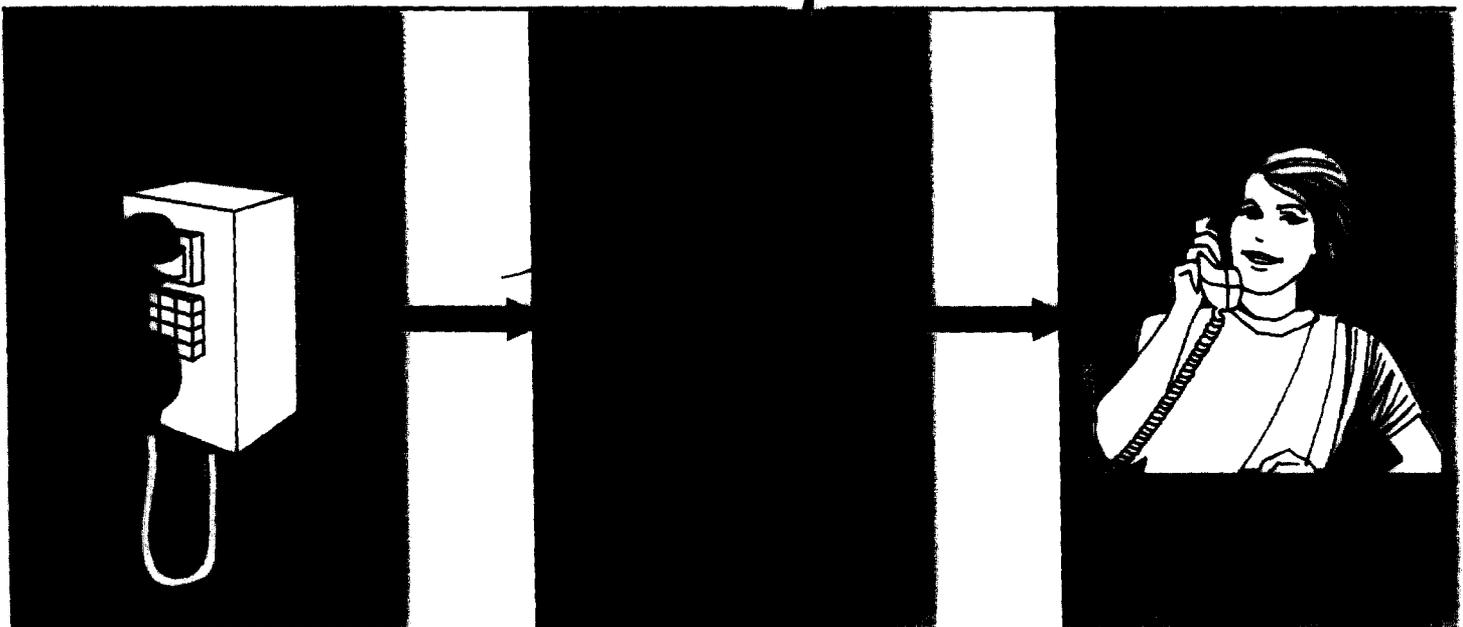
RFA/nw  
Enclosure

cc: Anna Gomez  
Judy Albert

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List A B C D E

# INMATE CALLING SYSTEMS

*The Perception...*

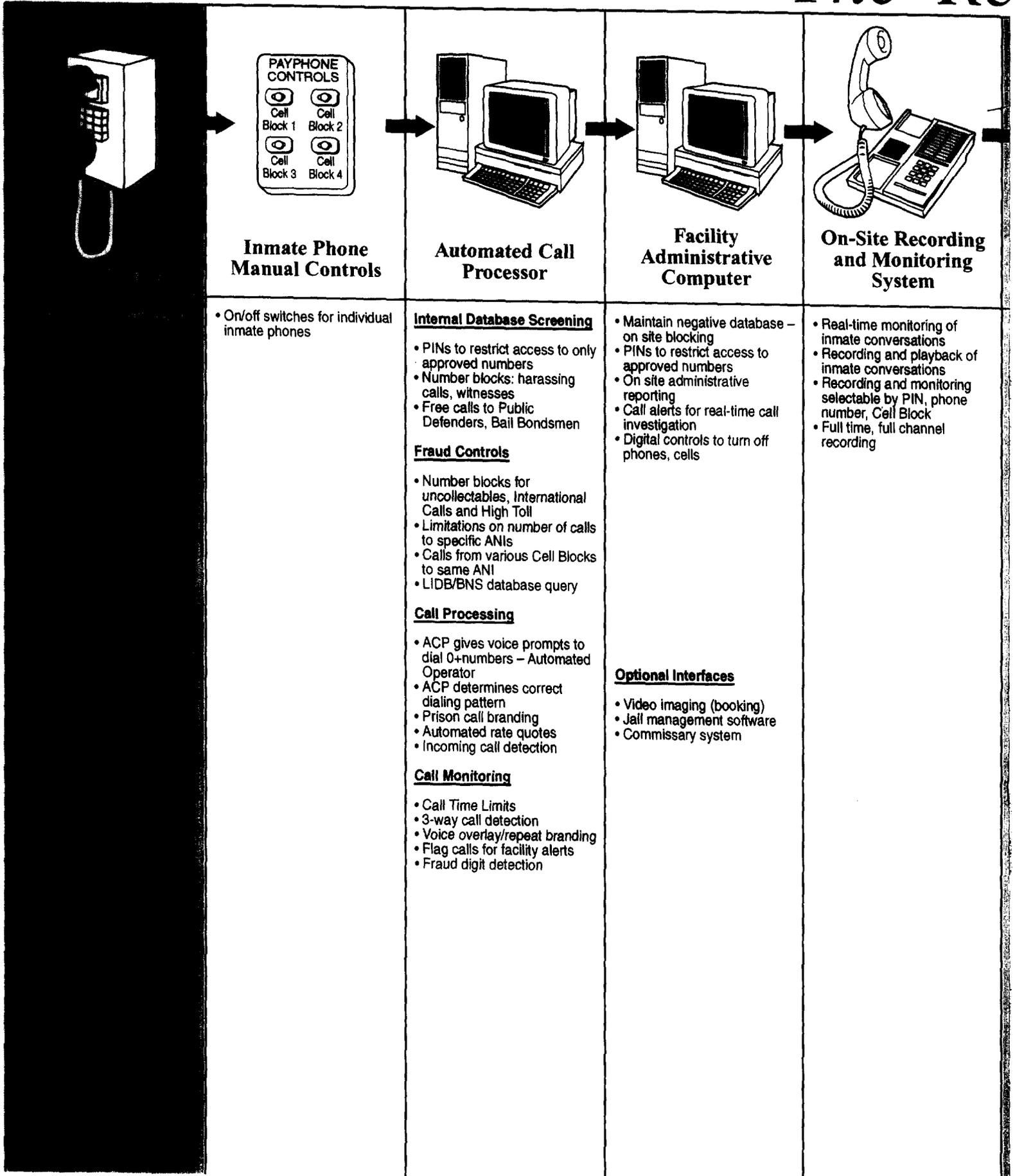


**Inmate Phone**

**Local Exchange Company**

**Called Party**

# The Re



## Inmate Phone Manual Controls

- On/off switches for individual inmate phones

## Automated Call Processor

- Internal Database Screening**
- PINs to restrict access to only approved numbers
  - Number blocks: harassing calls, witnesses
  - Free calls to Public Defenders, Bail Bondsmen

**Fraud Controls**

- Number blocks for uncollectables, International Calls and High Toll
- Limitations on number of calls to specific ANIs
- Calls from various Cell Blocks to same ANI
- LIDB/BNS database query

**Call Processing**

- ACP gives voice prompts to dial 0+numbers – Automated Operator
- ACP determines correct dialing pattern
- Prison call branding
- Automated rate quotes
- Incoming call detection

**Call Monitoring**

- Call Time Limits
- 3-way call detection
- Voice overlay/repeat branding
- Flag calls for facility alerts
- Fraud digit detection

## Facility Administrative Computer

- Maintain negative database – on site blocking
- PINs to restrict access to approved numbers
- On site administrative reporting
- Call alerts for real-time call investigation
- Digital controls to turn off phones, calls

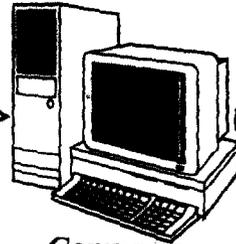
**Optional Interfaces**

- Video imaging (booking)
- Jail management software
- Commissary system

## On-Site Recording and Monitoring System

- Real-time monitoring of inmate conversations
- Recording and playback of inmate conversations
- Recording and monitoring selectable by PIN, phone number, Cell Block
- Full time, full channel recording

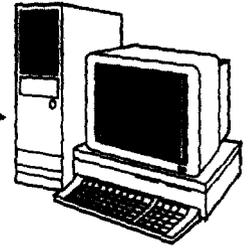
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**Company  
Operations Center  
Administrative  
Computer**



**Customer Service**



**Billing Systems**

**Negative Database Management**

- Traffic Analysis-Fraud Investigations
- Post-Call Velocity Checks
- Calling Patterns
- Number blocks for harassing calls, witnesses, facility staff

**Post-Call Fraud Control**

- Number blocking for International calls
- Number blocks for uncollectable calls
- Number blocks for High Toll calls
- Calls from various Cell Blocks to same ANI
- Multiple originating numbers to the same terminating number

**Facility Support**

- Call Detail Reports
- Service requests
- Monitor calling patterns and velocity checks

**Customer Support**

- Secure bill name and address from local exchange companies
- Contact customers to verify billing
- High Toll Program
- Credit applications
- Credit checks
- Direct billing and collection

- Processing billing records to LECs
- Monitor for off-net and Code 50 rejects
- Maintain blocking files for off-net and Code 50 rejects (CLECs with no collect call billing arrangements)
- Manually bill off-net and Code 50 rejects

**Inmate Daytime Local Collect Call**  
**July 1, 1998**  
**12-Minute Call**

**Local Usage Rates**

**Collect Call**

| State             | RBOC       | Init. Min# | Add'l Min/Notes                          | Surcharge | Total Cost |
|-------------------|------------|------------|--|-----------|------------|
| 1 New Hampshire   | NYNEX      | \$0.35     | \$0.24                                   | \$1.05    | \$ 4.14    |
| 2 Illinois        | Ameritech  | \$0.1445   | \$0.1275                                 |           | \$ 4.06    |
| 3 Kansas          | SW Bell    |            | Service charge in lieu of message charge |           | \$ 3.60    |
| 4 Indiana         | Ameritech  | detariffed | N/A                                      |           | \$ 3.35    |
| 5 Wisconsin       | Ameritech  | detariffed | N/A                                      |           | \$ 3.35    |
| 6 California      | SBC        | \$0.35     | includes \$.25 pay station fee           |           | \$ 3.25    |
| 7 Maine           | NYNEX      | \$0.35     | \$0.14                                   | \$1.30    | \$ 3.19    |
| 8 Texas           | SW Bell    |            | Service charge in lieu of message charge |           | \$ 3.00    |
| 9 Ohio            | Ameritech  | \$0.35     | N/A                                      |           | \$ 2.85    |
| 10 Georgia        | S Bell     | \$0.35     | includes \$.25 pay station fee           | \$2.45    | \$ 2.80    |
| 11 Kentucky       | S Bell     | \$0.35     |  | \$2.25    | \$ 2.60    |
| 12 Nebraska       | US West    | \$0.35     | N/A                                      | \$2.25    | \$ 2.60    |
| 13 North Dakota   | US West    | \$0.35     | N/A                                      | \$2.25    | \$ 2.60    |
| 14 Wyoming        | US West    | \$0.35     | N/A                                      | \$2.25    | \$ 2.60    |
| 15 Oklahoma       | SW Bell    |            | Service charge in lieu of message charge |           | \$ 2.55    |
| 16 South Dakota   | US West    | detariffed | N/A                                      | \$2.10    | \$ 2.45    |
| 17 Michigan       | Ameritech  | \$0.35     | N/A                                      | \$2.05    | \$ 2.40    |
| 18 Colorado       | US West    | \$0.35     | N/A                                      | 1.85      | \$ 2.20    |
| 19 Connecticut    | SNET       | detariffed |  | \$1.75    | \$ 2.10    |
| 20 Vermont        | NYNEX      | \$0.35     |  | \$1.65    | \$ 2.00    |
| 21 Missouri       | SW Bell    | \$0.35     | N/A                                      |           | \$ 1.95    |
| 22 Massachusetts  | NYNEX      | \$0.19     | \$0.09                                   | \$0.88    | \$ 1.86    |
| 23 New Mexico     | US West    | \$0.35     | N/A                                      | \$1.50    | \$ 1.85    |
| 24 Utah           | US West    | \$0.35     | N/A                                      | \$1.50    | \$ 1.85    |
| 25 New Jersey     | B Atlantic | \$0.35     | Init 4 min., \$.10 ea. add'l 4 min       | \$1.26    | \$ 1.81    |
| 26 Arkansas       | SW Bell    |            | Service charge in lieu of message charge |           | \$ 1.80    |
| 27 New York       | NYNEX      | \$0.25     | Init 3 min., \$.05 ea. add'l 2 min       | \$1.30    | \$ 1.80    |
| 28 Mississippi    | S Bell     | \$0.35     | N/A                                      | \$1.44    | \$ 1.79    |
| 29 Rhode Island   | NYNEX      | \$0.25     | Init. 5 min., \$.05 ea. add'l 3 min.     | \$1.35    | \$ 1.75    |
| 30 Idaho, No.     | US West    | \$0.35     | N/A                                      | \$1.30    | \$ 1.70    |
| 31 Montana        | US West    | detariffed |  | \$1.35    | \$ 1.70    |
| 32 Pennsylvania   | B Atlantic | \$0.35     | Init 10 min., \$.05 ea. add'l 3 min      | *\$1.30   | \$ 1.70    |
| 33 Louisiana      | S Bell     | \$0.35     | for first 5 mins, and each add'l 5 mins  | *\$0.83   | \$ 1.68    |
| 34 Arizona        | US West    | \$0.35     | N/A                                      | \$1.30    | \$ 1.65    |
| 35 Idaho, So.     | US West    | \$0.35     | N/A                                      | \$1.30    | \$ 1.65    |
| 36 Iowa           | US West    | \$0.35     | Actual rate set by subscriber            | \$1.30    | \$ 1.65    |
| 37 Minnesota      | US West    | \$0.35     | N/A                                      | \$1.30    | \$ 1.65    |
| 38 Oregon         | US West    | \$0.35     | N/A                                      | \$1.30    | \$ 1.65    |
| 39 Alabama        | S Bell     | \$0.35     |  | *\$1.25   | \$ 1.60    |
| 40 Hawaii         | GTE        | detariffed | N/A                                      | \$1.20    | \$ 1.55    |
| 41 Delaware       | B Atlantic | \$0.35     | N/A                                      | \$1.10    | \$ 1.45    |
| 42 Florida        | S Bell     | \$0.35     |  | \$1.10    | \$ 1.45    |
| 43 Nevada         | SBC        | \$0.35     | N/A                                      | \$1.00    | \$ 1.35    |
| 44 South Carolina | S Bell     | \$0.35     | Special Inmate rate                      | \$0.84    | \$ 1.19    |
| 45 Virginia       | B Atlantic | \$0.35     | N/A                                      | \$0.75    | \$ 1.10    |
| 46 North Carolina | S Bell     | \$0.35     | N/A                                      | \$0.70    | \$ 1.05    |
| 47 Washington     | US West    | \$0.35     | N/A                                      | \$0.65    | \$ 1.00    |
| 48 Maryland       | B Atlantic | \$0.35     | N/A                                      | *\$0.60   | \$ 0.95    |
| 49 West Virginia  | B Atlantic | \$0.35     | N/A                                      | *\$0.60   | \$ 0.95    |
| 50 Tennessee      | S Bell     | \$0.35     | N/A                                      | *\$0.50   | \$ 0.85    |

Average

Average= \$ 2.07

Note: Due to deregulation, the message charges shown are now market based. Tariff revisions may not reflect this. SWB-SBC, BellSouth, Bell Atlantic & Nynex VT have announced increases to \$0.35.

N/A =rate is a per msg rate

\*Bell Local Surcharge includes additional inmate service fee

\* Note: Reduced Inmate Collect Surcharge required by state regulation.

\*\*Note: Up to \$0.90 Inmate Service Fee is added to local collect call rate with rate not to exceed average of all state rates.

**NORTH CAROLINA - INMATE COLLECT CALLS - BELL SOUTH  
LOCAL COLLECT CALL COST EXHIBIT - 12 MINUTE CALL**

Nc1oin2

|  |    |                                 |   |
|--|----|---------------------------------|---|
| \$ .35 LOCAL CALL                          |    | <b>BELL SOUTH RATE</b>          |   |
| \$0.80 REGULAR COLLECT SURCHARGE           |    | <b>LOCAL</b>                    |   |
|  |    | <b><u>\$0.35 + LOCAL SC</u></b> |   |
| <b>REVENUE</b>                             | \$ | <u>1.150</u>                    |   |
| <b>PHONE COMPANY CHARGES:</b>              |    |                                 |   |
| MONTHLY LINE CHARGE                        | \$ | 0.056                           | 1 |
| MEASURED SERVICE                           | \$ | 0.215                           | 2 |
| BILLING AND COLLECTION FEES                | \$ | 0.221                           | 3 |
| VALIDATION                                 | \$ | 0.207                           | 4 |
| <b>OPERATING COSTS:</b>                    |    |                                 |   |
| SITE OWNER COMMISSION                      |    |                                 |   |
| LOCAL CALLS (30%)                          | \$ | 0.345                           |   |
| BAD DEBT - 15%                             | \$ | 0.173                           |   |
| MAINTENANCE & REPAIRS                      | \$ | 0.048                           | 5 |
| EQUIPMENT AMORTIZATION                     | \$ | 0.091                           | 6 |
| <b>OVERHEAD</b>                            | \$ | 0.151                           | 7 |
| <b>TAXES:</b>                              |    |                                 |   |
|  |    | -                               |   |
|  |    | -                               |   |
| <b>Total Costs</b>                         | \$ | <u>1.506</u>                    |   |
| <b>PROFIT/(LOSS) PER CALL BEFORE TAXES</b> | \$ | <u>(0.356)</u>                  |   |

- 1) Based on \$32.62 per month line charge (including \$8.17 EUCL and \$2.75 PICC) divided by an average of 585 calls per month. (468 local calls)
- 2) Measured service based on a 12 minute call with 50%/50% peak/off-peak mix and 1 Answered/Not Accepted call per Answered/Accepted.
- 3) Bell South billing and collection fees of \$0.221 per message.
- 4) 3 validation queries at \$.0691 each for each billable call (1 No Answer/Busy, 1 Answered/Not-Accepted, 1 Answered/Accepted).
- 5) Maintenance and Repairs includes: 1 Technician with benefits and a 44-hour week servicing 150 lines, 1 vehicle and all parts - \$27.86 per month per line.
- 6) \$1,908 per line for equipment amortized over 36 months and an average of 585 calls per line per month.
- 7) Overhead based on \$88.45 per month with 585 calls per line.

**Inmate Daytime Local Collect Call**  
**July 1, 1998**  
**12-Minute Call**

| State             | RBOC       | Init. Min# | Add'l Min/Notes                          | Collect Call |            |             |
|-------------------|------------|------------|--|--------------|------------|-------------|
|                   |            |            |  | Surcharge    | Total Cost | Service Fee |
| 1 New Hampshire   | NYNEX      | \$0.35     | \$0.24                                   | \$1.05       | \$ 4.14    | \$4.14      |
| 2 Illinois        | Ameritech  | \$0.1445   | \$0.1275                                 |              | \$ 4.06    | \$4.06      |
| 3 Kansas          | SW Bell    |            | Service charge in lieu of message charge |              | \$ 3.60    | \$3.60      |
| 4 Indiana         | Ameritech  | detariffed | N/A                                      |              | \$ 3.35    | \$3.35      |
| 5 Wisconsin       | Ameritech  | detariffed | N/A                                      |              | \$ 3.35    | \$3.35      |
| 6 California      | SBC        | \$0.35     | includes \$.25 pay station fee           |              | \$ 3.25    | \$3.25      |
| 7 Maine           | NYNEX      | \$0.35     | \$0.14                                   | \$1.30       | \$ 3.19    | \$3.19      |
| 8 Texas           | SW Bell    |            | Service charge in lieu of message charge |              | \$ 3.00    | \$3.00      |
| 9 Ohio            | Ameritech  | \$0.35     | N/A                                      |              | \$ 2.85    | \$2.85      |
| 10 Georgia        | S Bell     | \$0.35     | Includes \$.25 pay station fee           | \$2.45       | \$ 2.80    | \$2.80      |
| 11 Kentucky       | S Bell     | \$0.35     |  | \$2.25       | \$ 2.60    | \$2.60      |
| 12 Nebraska       | US West    | \$0.35     | N/A                                      | \$2.25       | \$ 2.60    | \$2.60      |
| 13 North Dakota   | US West    | \$0.35     | N/A                                      | \$2.25       | \$ 2.60    | \$2.60      |
| 14 Wyoming        | US West    | \$0.35     | N/A                                      | \$2.25       | \$ 2.60    | \$2.60      |
| 15 Oklahoma       | SW Bell    |            | Service charge in lieu of message charge |              | \$ 2.55    | \$2.55      |
| 16 South Dakota   | US West    | detariffed | N/A                                      | \$2.10       | \$ 2.45    | \$2.45      |
| 17 Michigan       | Ameritech  | \$0.35     | N/A                                      | \$2.05       | \$ 2.40    | \$2.40      |
| 18 Colorado       | US West    | \$0.35     | N/A                                      | 1.85         | \$ 2.20    | \$2.20      |
| 19 Connecticut    | BNET       | detariffed |  | \$1.75       | \$ 2.10    | \$2.10      |
| 20 Vermont        | NYNEX      | \$0.35     |  | \$1.65       | \$ 2.00    | \$2.07      |
| 21 Missouri       | SW Bell    | \$0.35     | N/A                                      |              | \$ 1.95    | \$2.07      |
| 22 Massachusetts  | NYNEX      | \$0.19     | \$0.09                                   | \$0.88       | \$ 1.88    | \$2.07      |
| 23 New Mexico     | US West    | \$0.35     | N/A                                      | \$1.50       | \$ 1.85    | \$2.07      |
| 24 Utah           | US West    | \$0.35     | N/A                                      | \$1.50       | \$ 1.85    | \$2.07      |
| 25 New Jersey     | B Atlantic | \$0.35     | Init 4 min., \$.10 ea. add'l 4 min       | \$1.26       | \$ 1.81    | \$2.07      |
| 26 Arkansas       | SW Bell    |            | Service charge in lieu of message charge |              | \$ 1.80    | \$2.07      |
| 27 New York       | NYNEX      | \$0.25     | Init 3 min., \$.05 ea. add'l 2 min       | \$1.30       | \$ 1.80    | \$2.07      |
| 28 Mississippi    | S Bell     | \$0.35     | N/A                                      | \$1.44       | \$ 1.79    | \$2.07      |
| 29 Rhode Island   | NYNEX      | \$0.25     | Init. 5 min, \$.05 ea. add'l 3 min.      | \$1.35       | \$ 1.75    | \$2.07      |
| 30 Idaho, No.     | US West    | \$0.35     | N/A                                      | \$1.30       | \$ 1.70    | \$2.07      |
| 31 Montana        | US West    | detariffed |  | \$1.35       | \$ 1.70    | \$2.07      |
| 32 Pennsylvania   | B Atlantic | \$0.35     | Init 10 min., \$.05 ea. add'l 3 min      | *\$1.30      | \$ 1.70    | \$2.07      |
| 33 Louisiana      | S Bell     | \$0.35     | for first 5 mins, and each add'l 5 mins  | *\$0.63      | \$ 1.68    | \$2.07      |
| 34 Arizona        | US West    | \$0.35     | N/A                                      | \$1.30       | \$ 1.65    | \$2.07      |
| 35 Idaho, So.     | US West    | \$0.35     | N/A                                      | \$1.30       | \$ 1.65    | \$2.07      |
| 36 Iowa           | US West    | \$0.35     | Actual rate set by subscriber            | \$1.30       | \$ 1.65    | \$2.07      |
| 37 Minnesota      | US West    | \$0.35     | N/A                                      | \$1.30       | \$ 1.65    | \$2.07      |
| 38 Oregon         | US West    | \$0.35     | N/A                                      | \$1.30       | \$ 1.65    | \$2.07      |
| 39 Alabama        | S Bell     | \$0.35     |  | *\$1.25      | \$ 1.60    | \$2.07      |
| 40 Hawaii         | GTE        | detariffed | N/A                                      | \$1.20       | \$ 1.55    | \$2.07      |
| 41 Delaware       | B Atlantic | \$0.35     | N/A                                      | \$1.10       | \$ 1.45    | \$2.07      |
| 42 Florida        | S Bell     | \$0.35     |  | \$1.10       | \$ 1.45    | \$2.07      |
| 43 Nevada         | SBC        | \$0.35     | N/A                                      | \$1.00       | \$ 1.35    | \$2.07      |
| 44 South Carolina | S Bell     | \$0.35     | Special Inmate rate                      | \$0.84       | \$ 1.19    | \$2.07      |
| 45 Virginia       | B Atlantic | \$0.35     | N/A                                      | \$0.75       | \$ 1.10    | \$2.00      |
| 46 North Carolina | S Bell     | \$0.35     | N/A                                      | \$0.70       | \$ 1.05    | \$1.95      |
| 47 Washington     | US West    | \$0.35     | N/A                                      | \$0.65       | \$ 1.00    | \$1.80      |
| 48 Maryland       | B Atlantic | \$0.35     | N/A                                      | *\$0.60      | \$ 0.95    | \$1.85      |
| 49 West Virginia  | B Atlantic | \$0.35     | N/A                                      | *\$0.60      | \$ 0.95    | \$1.85      |
| 50 Tennessee      | S Bell     | \$0.35     | N/A                                      | *\$0.60      | \$ 0.85    | \$1.75      |

Average

Note: Due to deregulation, the message charges shown are now market based. Tariff revisions may not reflect this. SWB -SBC, Average= \$ 2.07

BellSouth, Bell Atlantic & Nynex VT have announced increases to \$0.35.

N/A =rate is a per msg rate

=Bell Local Surcharge includes additional inmate service fee

\* Note: Reduced Inmate Collect Surcharge required by state regulation.

\*\*Note: Up to \$0.90 Inmate Service Fee is added to local collect call rate with rate not to exceed average of all state rates.