Attachment 2

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December 8, 2014

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VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Notice of Permitted *Ex Parte* Meeting, WC Docket No. 12-375

Dear Ms. Dortch:

On December 4, 2014, Securus Technologies, Inc. ("Securus"), represented by Richard Smith, Chief Executive Officer, Dennis Reinhold, Vice President and General Counsel, and the undersigned counsel, met with Commissioner Ajit Pai and Nicholas Degani, his Legal Advisor.

Securus provided large copies of the attached documents and discussed them in detail. The documents contain preliminary figures regarding elasticity of demand, significantly amending the draft figures that Securus had provided earlier this year.[1] After closer examination of call records, Securus has realized that overall demand has not increased more than a trivial amount. In October 2014, interstate minutes of use ("MOU") were higher than in October 2013, but intrastate MOU had decreased significantly at the same time. In addition, Securus has implemented approximately 35 initiatives to stimulate inmate call usage, and believes that the increase in interstate MOU is, to a meaningful degree, attributable to that work. Securus told the attendees that FTI Consulting will provide a more detailed and authoritative study regarding how Securus has experienced elasticity of demand since the Rate Caps became effective.

With regard to site commissions, Securus reiterated that the Industry Proposal filed September 15, 2014, does provide for a mechanism by which correctional facilities can recover the costs they incur in connection with Inmate Calling Services ("ICS"):

> The parties recognize, as the Commission acknowledged in the *Inmate Calling Report and Order and FNPRM*, that correctional facilities may incur administrative and security costs to provide inmates with access to ICS. The parties' proposal supports the

[1] WC Docket No. 12-375, Letter from Stephanie Joyce, Counsel to Securus, to Marlene H. Dortch, FCC, at 2 (May 15, 2014).

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> recovery of legitimate costs incurred by correctional facilities that are directly related to the provision of inmate calling services.[2]

The Industry Proposal also stated, however, that

> if the FCC determines that such admin-support payments to correctional facilities are appropriate, the amount or percentage of such payments will have a direct effect on ICS provider's costs to provide ICS, and therefore, the proposed per-minute rate caps may have to be increased, unless such admin-support payments or percentages are nominal.[3]

Securus also provided the attached handout regarding the many tasks that Securus performs at correctional facilities for the provision of ICS. This handout was created in response to a letter, a copy of which is also attached, that another ICS provider has sent to, Securus believes, hundreds of correctional facilities in which representations are made as to the work that the facilities do and why site commissions remain necessary to reimburse facilities for that work. The functions that are allegedly completed by the facilities are grossly overstated in the letter. Columbia County Detention Center (Appling, Georgia) and Judge Mary Horn of Denton County, TX each have filed this letter in somewhat modified form.

This disclosure is made in compliance with 47 C.F.R. § 1.1206(a)(1).

Please do not hesitate to contact me with any questions: 202.857.6081.

Sincerely,

s/Stephanie A. Joyce

Counsel to Securus Technologies, Inc.

Attachments

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[2] WC Docket No. 12-375, Letter from Brian Oliver, Chief Executive Officer, Global Tel*Link Corporation, Richard Smith, Chief Executive Officer, Securus Technologies, Inc., and Kevin O'Neal, President, Telmate, LLC, at 3 (Sept. 15, 2014) (citing *Inmate Calling Report and Order and FNPRM* at n.203).

[3] *Id*. at 4.

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Cc: Nicholas Degani, Legal Advisor to Commissioner Pai
Pamela Arluk, Acting Chief, Pricing Policy Division, Wireline Competition Bureau
Lynne Engledow, Acting Deputy Chief, Pricing Policy Division, Wireline Competition Bureau
All via electronic mail

Securus Handles Most Items for Facilities Related to ITS Use

Function	Securus Responsibility
• Maintaining phones and monitoring maintenance of phones	Yes
• Handling US Marshal inquiries regarding contract inmate phone calls, compliance and reporting	Yes
• Bandwidth costs for offering and administering inmate phone platform	Yes
• Storing of calls that are used for court	Yes
• Live alert transmission costs to call investigator	No
• Three-way call detection verification by staff	Yes
• Prosecuting or disciplining inmates for crimes committed while using the inmate phones and visitation phones	No
• Visitation phones (use the same recording and security features as the inmate phones)	Yes
• Indigent calling	Yes
• Free calls to public defenders, consulates, embassies and private counsel, ombudsmen	Yes
• Free calls to bail bond companies	Yes
• Free calls to facility commissary providers for ordering	Yes
• Free booking calls	Yes
• Bonding/holding phones	Yes
• Prison Rape Elimination Act (PREA) mandated voicemail systems, handling calls and reporting	Yes
• Customer service feature for inmates to report phone problems and grievances.	Yes
• Free inmate voice mail broadcast from facility staff and approved contact list	?
• Cell phone detection and interception systems	Yes
• Free customer service system for inmates – lightens workload of facilities staff	Yes
• Transporting inmates to phones and visitation phones	No
• Listening to calls. After implementing caps on rates, fees and single-payment products, inmate calling will most likely double resulting in doubling the costs of listening to calls and managing inmate calling privileges	Yes
• Providing call recordings to court	Yes
• Writing Requests for proposals and handling the bidding process	No
• Learning how to use the inmate phone system and the myriad of security features	Yes
• Litigation resulting from inmates or the public regarding use of the phone system	Yes

Securus handles most items for facilities related to ITS use.

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December 1, 2015

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

Re: WC Docket No. 12-375 Second Further Notice of Proposed Rulemaking (Inmate Calling Services)

Dear Ms. Dortch,

Our local government is in support of reasonable inmate calling rate and fee reforms and appreciates the efforts of the FCC to protect inmates and their families from paying excessive rates, fees and third-party billed products. Of concern to us, however, is the potential elimination of commission payments which are a vital part of our budget to ensure inmates have unlimited use of the inmate telephones which we provide as a privilege. We are aware of recent rules implemented in the state of Alabama that require reasonable rates and funding fees, but also allow for continued payment of commissions to jails and prisons. We urge the FCC to consider mirroring the overall regulation implemented in that state.

Below are just a few of the costs we incur in offering inmate phone services to our inmates:

- Maintaining phones and monitoring maintenance of phones
- Handling US Marshal inquiries regarding contract inmate phone calls, compliance and reporting
- Bandwidth costs for offering and administering inmate phone platform.
- Storing of calls that are used for court
- Live alert transmission costs to call investigator
- Three-way call detection verification by staff
- Prosecuting or disciplining inmates for crimes committed while using the inmate phones and visitation phones
- Visitation phones (use the same recording and security features as the inmate phones)
- Indigent calling
- Free calls to public defenders, consulates, embassies and private counsel, ombudsmen
- Free calls to bail bond companies
- Free calls to facility commissary providers for ordering
- Free booking calls
- Bonding/holding phones
- Prison Rape Elimination Act (PREA) mandated voicemail systems, handling calls and reporting
- Customer service feature for inmates to report phone problems and grievances.
- Free inmate voice mail broadcast from facility staff and approved contact list
- Cell phone detection and interception systems
- Free customer service system for inmates – lightens workload of facilities staff
- Transporting inmates to phones and visitation phones

- Listening to calls. After implementing caps on rates, fees and single-payment products, inmate calling will most likely double resulting in doubling the costs of listening to calls and managing inmate calling privileges.
- Providing call recordings to court
- Writing Requests for proposals and handling the bidding process
- Learning how to use the inmate phone system and the myriad of security features
- Litigation resulting from inmates or the public regarding use of the phone system

We would like to make mention that a few inmate phone providers proposed that the FCC eliminate commissions, but we feel that recommendation was in their best interest and not in the best interest of the inmates and the jails. Thank you for understanding our concerns and complexities involved in offering phone services to our varying level of inmates…maximum security, medium and low level security and our juvenile detainees.

Sincerely,

Elasticity of Demand With Respect to Price

ITS Sector

October 2013 vs. October 2014 (Same Store)

Interstate Minutes
- +83%

Interstate Revenue
- +23%

Interstate Rate per Minute
- (33%)

Questions: Why have interstate minutes increased?

Response: Here are the reasons:

1) Intrastate MOU Movement to Interstate — ≈ +60%

2) Securus Initiatives — ≈ +15%

a) Penetration of Commissary Order by Phone
b) Increase in commissary agreements and integrations
c) Creation and penetration of Prepaid card vending machines
d) Reduction of minimum funding fees to $25
e) Reduction of minimum funding fees to $0
f) Implementation of Inmate Debit
g) Western Union refund process
h) Kiosk penetration with TouchPay
i) Kiosk penetration with EZ Card
j) MoneyGram integration
k) Online account creation
l) Enablement of web payments
m) AutoPay
n) TextPay
o) Modernization of website (mobile responsive)
p) Account Activator penetration
q) Account Activator Promo Calls
r) Free Call Messages in SCP
s) More validation codes to Instant Pay
t) Dialers
u) Account Balance Notifications
v) Instant Pay Program
w) Credit Card on File
x) Reduction of Credit Card Risk Rules
y) Separation of phone account and video visitation payments from Visa risk rules
z) Consumer email marketing programs
aa) Consumer educational material (Posters and brochures) in correctional lobbies
bb) Collateral installation kits for facilities
cc) SCP Marketing message system
dd) Lowered call rates
ee) AIS penetration to fund accounts
ff) Development and migration of Instant Pay calls to new Captivate Platform
gg) Installation of free booking phones
hh) Booking only prepaid cards
ii) Elimination of chirping by inmates

3) FCC Direct Implementation of Rate Caps — ≈ +8%

Total Increase in Interstate MOU — ≈ +83%

Preliminary: Results in interstate revenue decrease of ≈ 26%.

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