EXHIBIT DJW-2

REDACTED

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WHILE THE FOLLOWING SECTION CONTAINS ONLY AGGREGATE DATA AND DOES NOT REVEAL (AND CANNOT BE USED TO DERIVE) THE CONFIDENTIAL INFORMATION OF ANY INDIVIDUAL PROVIDER, OUT OF AN ABUNDANCE OF CAUTION IT HAS BEEN MOVED TO THIS CONFIDENTIAL EXHIBIT. UNDERLYING CALCULATIONS FOLLOW THE TEXT.

Joint Providers (Securus, GTL, and Telmate) have presented a proposal with three basic elements: (1) ICS rates at all confinement facilities (including all types and sizes, from the smallest jails to the largest prisons) capped at $0.20 for debit and prepaid calls, and $0.24 for collect calls; (2) the elimination of site commissions; and (3) limitations on ancillary fees. Information provided by these three providers in response to the Mandatory Data Collection permits a better understanding of the implications of this proposal.

A review the call volumes for each call type reported by these three carriers reveals an aggregate mix of [redacted]% debit+prepaid and [redacted]% collect calling. Applying the proposed rates of $0.20 for debit+prepaid and $0.24 for collect suggests that the Joint Providers would receive an average of $[redacted]/MOU. Costs reported by these three carriers for all call types and locations average $[redacted]/MOU. As a result, the proposed rates exceed the reported costs of the Joint Providers by an average of $[redacted] (more than [redacted] cents per MOU). The aggregate number of annual MOUs reported by these three carriers totals [redacted]. Based on this total call volume and the rate/cost relationship proposed, the proposed rate caps would enable Securus, GTL, and Telmate to collectively receive $[redacted] per year in revenue in excess of their total reported cost to provide ICS. Rates at the proposed level, coupled with the proposal to eliminate the payment of site commissions, would yield

an annual windfall of over $200 million to these three providers; in other words, end users at facilities serviced by these three providers would be required to pay over $200 million more than the level required to permit recovery of the reported costs.

Further analysis of the Joint Providers' reported costs on a disaggregated basis reveals that the windfall is not equally generated by end users at all types and sizes of facilities. On an aggregate basis, under this rate proposal Securus, GTL, and Telmate would collectively face an annual shortfall of $[redacted] to serve jail facilities with an ADP of 0-99, an annual shortfall of $[redacted] to serve jail facilities with an ADP of 100-349, and an annual shortfall of $[redacted] to serve jail facilities with an ADP of 350-999. This $[redacted] aggregate annual shortfall must be recovered through the rates charged to end users at larger facilities served by the Joint Providers. Of course, the entire windfall amount would also be borne by the end users of the larger facilities (jails with an ADP of 1000+ and all prison locations), so that end users at these locations would be required to pay $[redacted] more per year than would be necessary for the recovery of the total costs reported by the Joint Providers.

If the Joint Providers' proposal is adjusted to eliminate the $200 million-plus annual windfall, the cross subsidy remains. If the average rate is set equal to the reported average per-MOU of the Joint Providers ($[redacted]), the annual windfall will be zero. But the shortfall at jail locations served by these three carriers will be increased: based on their reported costs for each facility size, the Joint Providers would experience an annual shortfall of $[redacted] to serve facilities with an ADP of 0-99, an annual shortfall of $[redacted] to serve facilities with an ADP of 100-349, an annual shortfall of $[redacted] to serve facilities with an ADP of 350-999, and an annual shortfall of $[redacted] to serve jail facilities with an ADP of 1000+. This

$[redacted] aggregate annual shortfall for jails would be made up in higher charges to end users at the Joint Providers' prison locations.

This analysis – based on the costs reported by the three Joint Providers with no adjustment – reveals that the Joint Provider Proposal will not result in cost-based rates to end users or fair compensation to these three providers. Instead, the proposed rate caps would result in a more than $200 million aggregate windfall for Securus, GTL, and Telmate, and excessive rates to the end users in the larger facilities (jails with an ADP of 1000+ and all prison locations) served by the Joint Providers. Even if the weighted average rate is reduced to the level of average per-MOU cost for ICS as reported by these providers, the proposal for a single rate to apply to all confinement locations of all types and sizes means that the end users of the Joint Providers' prison locations will pay excessive rates totaling almost $100 million annually.

The Joint Provider Proposal provides a clear illustration of the problems inherent in a single rate proposal. In order to effectively address both the windfall and cross-subsidy problems, any rate caps adopted for ICS must reflect the reported differences in the cost to provide the services at confinement facilities of different types and sizes. A record now exists for the Commission to develop and adopt cost-based rate caps on this basis.

Calculation of aggregate average revenue/MOU from proposed rates:

[redacted]

[redacted]

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[redacted]

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Calculation of aggregate cost/MOU:

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[redacted]

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[redacted]

Calculation of annual windfall (aggregate Joint Provider data):

[redacted]

[redacted]

Calculation of cross subsidy (assuming average rates set equal to average cost to eliminate windfall):

[redacted]

[redacted]