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VIA ECFS AND ELECTRONIC MAIL

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Chairman Tom Wheeler
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Commissioner Michael O'Rielly
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Re: WC Docket No. 12-375, Rates for Interstate Inmate Calling

Dear Chairman and Commissioners:

Securus Technologies, Inc. ("Securus"), through counsel and pursuant to 47 C.F.R. § 1.1206(a)(1), submits this letter to apprise the Commission of the negative impact that Securus already is experiencing from the draft rates and rules summarized in the FCC Fact Sheet released September 30, 2015, in this docket.

FCC Fact Sheet Causes Standard & Poor's to Place Securus's Credit on CreditWatch

Standard & Poor's Rating Service notified Securus yesterday that it is placing Securus "on CreditWatch with negative implications."

After reviewing the FCC Fact Sheet, Standard & Poor's reached this conclusion: "The CreditWatch placement reflects the uncertainty surrounding the upcoming FCC vote to cap rates for inmate calling services, and the ultimate impact this will have on credit metrics for Securus. The fact sheet that the FCC released on Sept. 30, 2015, outlines a series of proposed rate caps for

inmate calling services and discourages facility commission payments, but it doesn't provide further clarity. We believe a FCC order that caps rates without a commensurate reduction or elimination of commissions could materially hurt the company's profitability and result in a materially higher debt to EBITDA[.]"

As you are aware, a credit rating is an evaluation of a company's creditworthiness and likelihood of default on debt. A "CreditWatch with negative implications" designation creates apprehension in the marketplace, and as a result a company's debt will likely trade lower.

This CreditWatch designation may also cause an increase to Securus's interest rates. An increase would have a tremendously negative financial impact on Securus, to the tune of approximately \$8 Million in additional, annual interest for every 1% increase in the interest rate.

Securus urges the Commission to amend the draft order. Specifically, Securus asks that (1) the draft rate caps be increased to cover the industry's reported, average cost of service,¹ and (2) the order include a cost recovery mechanism for correctional facilities that is additive to the per-minute rate caps. As Securus showed in its Second Ex Parte Submission, which was filed today and provided to you, the record strongly supports these rates and rules with both compelling legal precedent and concrete data.

We attribute S&P's placement of Securus's credit on CreditWatch with negative implications and the negative financial uncertainty that comes with this designation directly to the Commission's failure to (i) address a cap on site commissions; and (ii) set appropriate rate caps in the FCC's proposed rules in the Fact Sheet.

Thank you for your consideration. Please do not hesitate to contact me with any questions or requests: 202.857.6081.

Sincerely,

s/Stephanie A. Joyce

Counsel to Securus Technologies, Inc.

Attachment

Cc: Gigi Sohn, Counselor to Chairman Wheeler
Rebekah Goodheart, Legal Advisor to Commissioner Clyburn
Travis Litman, Legal Advisor to Commissioner Rosenworcel

¹ Securus, Global Tel*Link Corporation, and Telmate, LLC, who collectively "represented 85% of industry revenue in 2013," proposed rates of \$0.20 per minute for prepaid calls and \$0.24 per minute for collect calls. WC Docket No. 12-375, Letter from Securus, Global Tel*Link Corp., and Telmate, LLC to Chairman Wheeler and Commissioners Clyburn, Rosenworcel, Pai, and O'Rielly at 1, 2 (Sept. 15, 2014).

Nicholas Degani, Legal Advisor to Commissioner Pai
Amy Bender, Legal Advisor to Commissioner O’Rielly
Julie Veach, Chief, Wireline Competition Bureau
Pamela Arluk, Acting Deputy Chief, Pricing Policy Division, Wireline Competition Bureau
Lynne Engledow, Acting Deputy Chief, Pricing Policy Division, Wireline Competition Bureau
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All via electronic mail