

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Implementation of the Pay Telephone)	CC Docket No. 96-128
Reclassification and Compensation Provisions of the)	
Telecommunications Act of 1996)	
)	
Petition for Rulemaking, or, in the Alternative,)	DA 03-4027
Petition to Address Referral Issues in)	
Pending Rulemaking)	

COMMENTS OF PAY TEL COMMUNICATIONS, INC.

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Table of Contents

Summary.....	ii
I. Background.....	2
II. The Administrative Procedure Act Requires the Issuance of a Notice of Proposed Rulemaking to Consider the Merits of the Alternative Wright Petition.....	3
III. The Focus of the Alternative Wright Petition Is Too Narrow and Ignores the Full Context of the Inmate Calling Services Market	4
IV. The ICS Market Today Is Substantially Different Than It Was in 1999	8
V. Any NPRM Should Consider the Costs of Equipment, Client Support, Customer Support, and Confinement Facility Administration	17
<i>ICS Equipment</i>	18
<i>ICS Client Support</i>	20
<i>ICS Customer Support</i>	23
<i>Facility System Administration</i>	24
Conclusion	28

Summary

The alternative petition for rulemaking filed by the Wright Petitioners takes a remarkably narrow view of inmate calling services (“ICS”). It should only be considered by the Commission in the context of a *complete* review of inmate calling services that analyzes all aspects of both local and long distance calls at both prisons and jails. Such a proper, complete review requires the issuance of a new notice of proposed rulemaking. Indeed, neither the Wireline Competition Bureau nor the Commission can grant the relief requested without the issuance of a proper notice of proposed rulemaking since it is clear that long distance benchmark rates are not a logical outgrowth of the *ICS NPRM* proceeding.

The Alternative Wright Petition’s exclusive focus on “inmate telephone services at private prison facilities” ignores more than 95% of *inmates*. By ignoring jails, by ignoring local and intrastate calls, and by ignoring government-run prison facilities, the Alternative Wright Petition actually seeks relief for less than 1% of all of the *calls* made by all of the inmates.

The Commission is well aware of the interrelationship between local and long distance calls in the ICS context. To satisfy Section 276’s mandate that payphone providers be “fairly compensated for each and every completed intrastate and interstate call,” the Commission has previously recognized that “the critical factor is that the costs must ultimately be recovered,” and it suggested that an ICS provider would **not** be “fairly compensated” if the

overall profitability of its payphone operations is deficient because the provider fails to recover its total costs from its aggregate revenues (including both revenues from interstate and intrastate calls).

Because most states impose price caps on a local call and because many of those capped rates are below the costs incurred to handle the call, ICS providers lose money in many states on every local call. Now the Wright Petitioners want the Commission to impose price caps on interstate calls as well. Plainly, the Commission could not even begin to consider imposing price caps on

interstate calls without also reviewing the current cost and revenue structure of intrastate calls and, in all probability, reconsidering whether it should establish rate benchmarks with guidelines for all calls. Short of such a comprehensive review, the Commission would surely run afoul of Section 276's "fair compensation" mandate.

The largest flaw in the Alternative Wright Petition is that much of the data the Wright Petitioners rely upon is based upon 1999 information placed in the record in 2000, not current data. But the ICS industry is substantially different than it was eight years ago, and the costs of providing ICS in confinement facilities took a markedly northward turn after September 11, 2001. Indeed, the Wright Petitioners seem unaware that the very largest phone companies—BellSouth, Qwest, AT&T, Verizon, Cincinnati Bell, and MCI—have all left the ICS business since 2002, following the seismic changes wrought by 9/11. The Alternative Wright Petition suggests that ICS providers are making boatloads of money off of inmates and their families, but it is axiomatic that corporations do not sell divisions with the hypothesized 85% profit margin. The fact is, Pay Tel's profit margin on ICS for the past two years has been a paltry 1.3%; Securus Technologies' 2006 profit margin, before debt servicing, was 2.28%, and, after debt service, Securus lost more than \$20 million last year. Were the Commission to order a reduction in interstate long distance rates without addressing the issue of local rates at the same time, Pay Tel, and probably other ICS providers as well, would be put out of business.

If the Commission launches a comprehensive review, it should examine in detail the manner in which ICS differs from traditional payphone services, both for local and long distance calls. The fact is, and as shown herein, there are numerous false assumptions about the cost structure of ICS in the Alternative Wright Petition which should be scrutinized, including, but not limited to, equipment costs, client support costs, customer support costs, and the so-called "commissions" to the confinement facilities.

Over the twenty-year history of ICS automated collect calling, for example, there have been no fewer than *six* different generations of ICS equipment. Each generation has required a total change-out in equipment to work effectively with then-current telecommunications network requirements. In other words, ICS system equipment becomes obsolescent approximately every 3.5 years. These costs have to be recovered.

In addition, most ICS providers maintain trained staff at operations centers 24 hours per day, 365 days per year. This staff is responsible for providing varying levels of support to the confinement facilities themselves, including coordinating the activities of the ICS provider's service technicians who maintain and service the ICS systems in the field. Moreover, to efficiently provide ICS today, the ICS provider must have highly skilled software, hardware, and networking engineers to design, develop, manufacture, and support ICS systems. The number of staff and the compensation necessary to obtain and support this highly skilled staff have increased substantially since the *ICS Order & NPRM* in 2002.

The decision by customers to move from using a traditional local telephone company wire line for local phone service to a CLEC or wireless carrier has totally changed how ICS providers bill and collect a portion of their receivables. Historically, ICS providers processed call records to the local phone company for inclusion in the customer's local phone bill. One billing tape would contain thousands of calls for hundreds of customers. The customer would pay their local phone bill, including the "ICS" charges, and the local phone company would pay the ICS provider. Now, however, ICS providers must establish billing arrangements with thousands of *customers*, individually, who choose to use an alternative local service provider, such as a CLEC or wireless carrier. ICS providers have invested significantly in software and hardware to identify these customers and have also invested heavily in the customer support staff necessary to assist them—one at a time—in establishing billing arrangements. These costs associated with developing software, manufacturing systems, creating bilingual customer

websites, and staffing bilingual customer service centers have increased dramatically. The ongoing costs to establish and support these individual accounts exceed the previous costs to bill calls through the local telephone company.

The Alternative Wright Petition, as did the *ICS Order & NPRM* before it, misunderstands the nature of the so-called “commissions” that ICS providers pay to confinement facilities. The term “commission,” in this context, is really a misnomer. While a portion of the “commission” paid in some states may be a locational rent or a subsidy for inmate welfare programs, a portion of the “commission” is actually a mechanism for the confinement facility to recover its own facility system administration costs involved in operating an ICS system for the benefit of its inmates and their families. Every confinement facility incurs costs related to the facility officers’ time to administer the ICS system. These duties focus on protecting the public from abuse and preventing criminal activity, while allowing inmates to place calls. Today’s sophisticated controls and monitoring features require significantly more officer time to administer the system. Thus, a portion of the so-called “commission” paid by ICS providers is, in reality, a Facility System Administrative Fee shared by ICS providers to recover the costs incurred by the confinement facility to administer the ICS system. If the Commission determines that the Alternative Wright Petition merits further consideration in a notice of proposed rulemaking, the Commission should examine fully the costs of facility ICS system administration and not merely assume a “commission” is a locational rent.

For the foregoing reasons, the Alternative Wright Petition should only be considered by the Commission in the context of a *complete* review of inmate calling services that analyzes all aspects of both local *and* long distance calls at both prisons *and* jails. Were the Commission to act on the rate structure of ICS in a piecemeal fashion and adopt the requested rate benchmarks, as the Wright Petitioners seek, the result would not only be contrary to the Commission’s own

interpretation of Section 276, but it would also be disastrous for ICS providers and their ability to provide telephone services in confinement facilities.

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COMMENTS OF PAY TEL COMMUNICATIONS, INC.

Pay Tel Communications, Inc. (“Pay Tel”), by its attorneys, submits these comments in response to the *Public Notice*, DA 07-961, released March 2, 2007, in the above-captioned proceeding.¹ For the reasons expressed herein, the alternative petition for rulemaking filed by Martha Wright *et al.* (the “Wright Petitioners”) on March 1, 2007, takes a remarkably insular view of inmate calling services (“ICS”). It should only be considered by the Commission in the context of a *complete* review of inmate calling services that analyzes all aspects of both local and non-local calls at both prisons and jails. Such a proper, complete review requires the issuance of a new notice of proposed rulemaking.

¹ Pay Tel, founded in 1986, is one of the nation’s leading inmate telephone service providers, serving 175 county confinement facilities in North Carolina, Georgia, Virginia, South Carolina, Tennessee, and Florida. Pay Tel was the first inmate calling services provider, beginning in 1991, to offer customer service dedicated solely to serving inmates’ families and was the first inmate calling services provider, also beginning in 1991, to offer in-house billing and prepaid calling plans with discounts on every call. Pay Tel’s founder and president, Vincent Townsend, is a recognized expert on fraud prevention in public communications and has served for many years as the payphone industry’s representative on the Telecommunications Fraud Prevention Committee of the Alliance for Telecommunications Industry Solutions.

I. Background

On February 21, 2002, the Commission released its *Order on Remand and Notice of Proposed Rulemaking* concerning whether the Commission should either preempt state rate caps on local collect calls or permit inmate calling service providers to collect an additional per-call surcharge above state rate caps on such calls.² The Commission determined to do neither “at this time”³ because it found inadequate evidence that ICS providers could not ultimately recover their costs through the *aggregate* revenues from both interstate and intrastate calls.⁴ Thus, in effect, the Commission permitted ICS providers to charge higher rates for interstate calls because it was unwilling to address the problems associated with intrastate calls. Accompanying this Order was an NPRM seeking additional data on cost and revenues related to *local* collect calls, comments on how *ICS providers* could improve their profitability without it being captured by the confinement facilities themselves in the form of higher commissions, and alternatives to collect calling, such as debit cards or commissary accounts, which could help *ICS providers* lower their costs.⁵

Five months after the comment period had closed on the *ICS NPRM*, the Wright Petitioners filed a petition for rulemaking seeking structural reform of ICS.⁶ The Wright Petitioners primarily sought a Commission rule to require private prison administrators to offer

² See *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, 17 FCC Rcd 3248 (2002) (hereinafter “*ICS Order & NPRM*”).

³ *ICS Order & NPRM* at ¶ 24.

⁴ See *ICS Order & NPRM* at ¶ 23.

⁵ See *ICS Order & NPRM* at ¶¶ 70-79.

⁶ See Martha Wright *et al.*, Petition for Rulemaking or, in the Alternative, Petition to Address Referral Issues in Pending Rulemaking, *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128 (filed Nov. 3, 2002) (“Wright Petition”).

multiple ICS provider options to inmates. However, the Wright Petitioners expressly limited their petition to “inmate telephone services at private prison facilities,”⁷ and structural reform was sought entirely in the context of long distance services.

Apparently concerned that their “initial ‘structural’ approach” raised too many “legal, technical, and engineering cost issues,” the Wright Petitioners have now filed an alternative rulemaking proposal.⁸ Now the Wright Petitioners ask the Commission to establish benchmark rates—essentially rate caps—for all interstate ICS with limits of “no more than \$0.20 per minute for debit calling and \$0.25 per minute for collect calling.”⁹

II. The Administrative Procedure Act Requires the Issuance of a Notice of Proposed Rulemaking to Consider the Merits of the Alternative Wright Petition

Whatever may be the merits of the relief sought in the Alternative Wright Petition, it is clear that neither the Wireline Competition Bureau nor the Commission can grant that relief without the issuance of a proper notice of proposed rulemaking. It appears that the Wright Petitioners recognize that fact since they have twice filed petitions for rulemaking. More importantly, the *Public Notice* issued in this matter cannot serve that function for at least two

⁷ Wright Petition at 4 n.4.

⁸ Martha Wright *et al.*, Petitioners’ Alternative Rulemaking Proposal, *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128 (filed Mar. 1, 2007) (“Alternative Wright Petition”) at 4.

⁹ Alternative Wright Petition at 5. The Wright Petitioners also are asking the Commission to require implementation of debit programs in prisons. Debit programs in jails present numerous obstacles, not the least of which is the high and rapid turnover rate. Pay Tel supports the provision of some form of prepaid account or prepaid cards in jails. In a new Notice of Proposed Rulemaking, the Commission should explore the feasibility of debit programs in prisons and prepaid programs in jails, keeping in view that the cost to set up prepaid accounts one at a time exceeds the cost to bill calls through the local telephone company and that, therefore, any rate caps established for debit programs in prisons would not cover the additional costs of other advance payment platforms.

reasons. *First*, the Chief of the Wireline Competition Bureau is not authorized to issue notices of proposed rulemaking, *see* 47 C.F.R. § 0.291(e), and the *Public Notice* was issued under delegated authority, not by the full Commission. *Second*, the *Public Notice* fails to satisfy the notice requirements of the Administrative Procedure Act. *See* 5 U.S.C. § 553(b); *Sprint Corp. v. FCC*, 315 F.3d 369, 374-75 (D.C. Cir. 2003).

That the *Public Notice* asserts that the Alternative Wright Petition “is responsive to the issues being examined” in the *ICS NPRM* cannot serve to shoe-horn in the very specific type of relief the Wright Petitioners seek here into that five-year old proceeding. As shown above, the *ICS NPRM* sought additional data on *local* collect calls and comments on how *ICS providers* could improve their profitability and cost structures. While the *ICS NPRM* did very generally seek to “explore” how the current regulatory regime is responsive to the needs of inmates,¹⁰ the focus was on revenues and costs of local calls, not long distance benchmark rates. Quite simply, long distance benchmark rates are not a logical outgrowth of the *ICS NPRM* proceeding as it has been framed by the Commission, and the *Public Notice* is insufficient as a matter of law for the Bureau or Commission to adopt any such benchmark rates without issuing a new notice of proposed rulemaking. *See Sprint Corp.*, 315 F.3d at 375-76; *MCI Telecommunications Corp. v. FCC*, 57 F.3d 1136 (D.C. Cir. 1995) (stating that an “agency may not turn the provision of notice into a bureaucratic game of hide and seek”).

III. The Focus of the Alternative Wright Petition Is Too Narrow and Ignores the Full Context of the Inmate Calling Services Market

If, after review of the comments filed in response to the *Public Notice*, the Commission desires to explore further the merits of the Alternative Wright Petition and issues an APA-compliant notice of proposed rulemaking, that NPRM should consider much more about

¹⁰ *ICS Order & NPRM* at ¶ 72.

the current operational reality of ICS than simply long distance rates in private prison facilities. While Pay Tel appreciates that the Wright Petitioners, personally, may be affected by interstate long distance rates in private prison facilities, such calls in such facilities are only a very small piece of the overall structure of ICS; indeed, inmates and their families, and presumably the Wright Petitioners themselves, are actually affected even more by intrastate long distance rates. Thus, the structure of ICS comprises both prisons *and* jails and both local *and* long distance calls, with all of these in the context of a penological environment with its own needs and requirements.

According to recent statistics, there were 1,446,269 adult inmates incarcerated in state and federal prisons at the end of 2005, and, of those, approximately 200,000 were incarcerated in federal prisons.¹¹ There were an additional 747,529 persons held in city and county jails at the end of 2005.¹² Therefore, 34.1% of adults held in confinement facilities were held in local jails, not prisons. In addition, of those incarcerated in prisons, 80,401 were state inmates held in privately-managed facilities and 27,046 were federal inmates held in privately-managed facilities.¹³ Thus, only 7.4% of prison inmates and only 4.9% of all adult inmates in jails *and* prisons were held in privately-managed facilities. Consequently, the Alternative Wright

¹¹ See Bureau of Justice Statistics, Bulletin, *Prisoners in 2005* (revised Jan. 18, 2007), at 1, available at <<http://www.ojp.usdoj.gov/bjs/pub/pdf/p05.pdf>>; Federal Bureau of Prisons, *Weekly Population Report* (Mar. 22, 2007), available at <http://www.bop.gov/locations/weekly_report.jsp> (stating there were 195,838 inmates incarcerated in federal prisons as of March 22, 2007).

¹² See *Prisoners in 2005* at 1.

¹³ See *Prisoners in 2005* at 1; but compare *Weekly Population Report* (stating that 19,480 federal inmates as of March 22, 2007, were held in privately-managed secure facilities).

Petition's exclusive focus on "inmate telephone services at private prison facilities"¹⁴ is extremely narrow, ignoring more than 95% of inmates.

But the focus is even narrower than that. Although complete industry data are not available, in February 2007, for example, Pay Tel's telephone call data from the jails in which it provides calling services reveals that, of all calls, 81.2% were local calls, 8.6% were intraLATA calls, 6.5% were interLATA calls, and 3.7% were interstate calls. Even more telling is that, although 81.2% of all calls were local, those calls generated only 53.6% of that month's revenue whereas the 3.7% of calls that were interstate generated 16.6% of the month's revenue. *See* Exhibit 1.

While Pay Tel's data are for jails, estimated call and revenue data for prisons tell a similar story for interstate calling. Based on available historical information, it appears that approximately 5.2% of calls are local, 50.3% are intraLATA, 32.2% are interLATA, and 12.3% are interstate. *See* Exhibit 2. Thus, whether in prisons or jails, only a small portion of phone calls are interstate, and the Alternative Wright Petition's focus on interstate long distance rates ignores the vast majority (more than 90%) of the calls made by inmates.

In fact, by ignoring jails, by ignoring local and intrastate calls, and by ignoring government-run facilities, the Alternative Wright Petition seeks relief for less than 1% of all of the calls made by all of the inmates. It is doubtful that this level of relief even warrants Commission attention.

Even assuming that the Wright Petitioners desire to expand their focus to include interstate long distance calls in state-run prison facilities, as well as in all privately-managed facilities housing state prisoners, by ignoring jails and by ignoring local and intrastate calls, the

¹⁴ Wright Petition at 4 n.4. There is no indication in the Alternative Wright Petition that it seeks to broaden the focus of the initial Wright Petition beyond private prison facilities.

Alternative Wright Petition's proposal would still only address about 12% of the calls made by inmates.

In short, any review of the provision of ICS in confinement facilities must include jails and must include local and intrastate calls, otherwise it is ignoring the vast majority of the marketplace.

Indeed, the Commission is well aware of the interrelationship between local and long distance calls in the ICS context. To satisfy Section 276's mandate that payphone providers be "fairly compensated for each and every completed intrastate and interstate call," the Commission recognized that "the critical factor is that the costs must ultimately be recovered," and it suggested that an ICS provider would **not** be "fairly compensated" if the

overall profitability of its payphone operations is deficient because the provider fails to recover its total costs from its aggregate revenues (including both revenues from interstate and intrastate calls).¹⁵

Because most states impose price caps on a local call and because many of those capped rates are below the costs incurred to handle the call, ICS providers lose money in many states on every local call. Now the Wright Petitioners want the Commission to impose price caps on interstate calls as well. Plainly, the Commission could not even begin to consider imposing price caps on interstate calls without also reviewing the current cost and revenue structure of intrastate calls and, in all probability, reconsidering whether it should establish rate benchmarks with guidelines for *all* calls.¹⁶ Section 276 gives the Commission just such authority. And, short of such a

¹⁵ *ICS Order & NPRM* at ¶ 23 (emphasis in original).

¹⁶ In fact, as the Commission is aware, the Inmate Calling Service Providers Coalition ("ICSPC") filed a Petition for Further Reconsideration of the *ICS Order* on March 25, 2002, challenging the *ICS Order*'s bifurcation of a service that is provided as an integrated whole, in contravention of the plain meaning of Section 276. That Petition for Further Reconsideration remains pending more than five years later.

comprehensive review, the Commission would surely run afoul of Section 276's "fair compensation" mandate for "each and every completed intrastate and interstate call."

IV. The ICS Market Today Is Substantially Different Than It Was in 1999

The largest flaw in the Alternative Wright Petition, and in the supporting declaration of its expert, Douglas Dawson, is that much of the data the Wright Petitioners rely upon is based upon information in the record from 1999, not current data. But the ICS industry is substantially different than it was eight years ago, and the costs of providing ICS in confinement facilities took a markedly northward turn after September 11, 2001.

The Alternative Wright Petition cites numerous times to filings by AT&T, MCI, and others, seemingly unaware that the very largest phone companies have all left the ICS business since 1999, indeed, since 2002, following the seismic changes wrought by 9/11. Thus BellSouth, Qwest, AT&T, Verizon, Cincinnati Bell, and MCI have all sold or transferred their ICS divisions. For example, AT&T unloaded its ICS operations on Global Tel*Link in 2005. Similarly, Verizon, having jettisoned its ICS business in 2005, became saddled with MCI's after their merger in early 2006, and, it initially had no offers for MCI's ICS business until it finally struck a deal with Global to take over that business at the end of 2006. SBC has tried—so far, unsuccessfully—to sell its ICS business several times since 2000 and remains anxious to exit the business. In addition, Evercom and T-Netix merged in 2004 to form Securus Technologies, Inc. to provide better economies of scale and to attempt to improve profitability by positioning that company as the largest ICS provider in the country.

It is axiomatic that corporations do not sell divisions with the hypothesized 85% profit margin.¹⁷ The fact is, all of the large phone companies were *losing* money on their ICS

¹⁷ See Alternative Wright Petition, Dawson Declaration, at ¶¶ 27-28 (asserting that ICS providers achieve 85% profit margins).

divisions. Pay Tel has been more fortunate, in part because it focuses on a particular niche of the ICS business. Yet Pay Tel's own audited financial statements for the past ten years show that, in the high point year of 1996, Pay Tel's profit margin on inmate operations was only 7.5%. Pay Tel's profit margin in both 2005 and 2006 was only 1.3%. This is obviously far below the generally accepted return on investment of 11.25% that telecommunications providers have traditionally obtained.¹⁸ Of the remaining industry participants, only Securus has secured public funding and is required to file financial statements with the Securities and Exchange Commission, and so only Securus's financial data is available. According to Securus's 2006 annual report, Securus's profit margin, before debt servicing, was 2.28%. After debt service, Securus lost more than \$20 million in 2006.

The Wright Petitioners appear to believe—based on their reliance on stale data—that ICS providers are making money hand-over-fist and are doing so by gouging inmates and their families. The truth is, the provision of ICS is a very complicated business, one made even more complex as a result of heightened security needs following 9/11. ICS providers are lucky if they break even, and many do not even do that well. Were the Commission to order a reduction in interstate long distance rates without addressing the issue of local rates at the same time, Pay Tel, and probably other ICS providers as well, would be put out of business.

Although Pay Tel does not doubt the sincerity of the Wright Petitioners' intentions, it is nevertheless necessary to point out some of the numerous errors to which the Wright Petitioners subject themselves by their reliance on old data. Most fundamentally, the Wright Petitioners and Dawson rely on “data previously provided by inmate calling service providers,”¹⁹ but that is

¹⁸ See *ICS Order & NPRM* at ¶ 38 (stating that 11.25% is the accepted return on investment in the telecommunications industry).

¹⁹ Alternative Wright Petition at 17.

1999 data provided to the Commission in 2000,²⁰ and the very data that the Commission faulted in the *ICS Order*.²¹ In response to the *ICS Order & NPRM*, the ICSPC submitted a new cost study, pursuant to Commission guidelines, in May 2002, based on 2001 information.²² But even that cost study is now old, since it fails to account for the subsequent cost increases in the provision of ICS due to increased security needs post-9/11 and increased customer service requirements due to the migration of customers from incumbent local exchange carriers (“ILECs”) to alternative local service providers. Thus, Dawson examines ICS provider costs by citing the ICSPC 1999 data allegedly showing that the cost of providing an inmate local collect call was \$0.126 minute.²³ But that older study examined all jail facilities in selected states, not just marginal facilities, whereas the 2002 ICSPC cost study, using 2001 data, showed the average cost of a local call from marginal jail facilities—without paying a commission or covering the cost to facilities for administering ICS—to be \$2.44.²⁴ And since the average length of a call at these marginal locations was 7.42 minutes, the average per minute cost for a local call, *before the post-9/11 security enhancements*, was \$0.329 per minute.

Based on 2006 internal data at Pay Tel, however, we find that nearly all categories of costs have increased substantially since 1999:

²⁰ Pay Tel reminds the Commission that it was part of the Inmate Calling Service Providers Coalition throughout the earlier proceedings.

²¹ *See, e.g., ICS Order & NPRM* at ¶¶ 37-38.

²² *See* Comments of the Inmate Calling Service Providers Coalition, CC Docket No. 96-128 (filed May 24, 2002).

²³ *See* Alternative Wright Petition, Dawson Declaration, at ¶ 25.

²⁴ *See* Comments of the Inmate Calling Service Providers Coalition, CC Docket No. 96-128 (filed May 24, 2002), at Attachment 1, Inmate Phone Local Call Cost Study.

**Percentage Change in Pay Tel ICS Costs
from 1999 to 2006²⁵**

Local Service Charges	14%
Billing and Collection Fees	22%
Validation Fees	-15%
Maintenance	141%
Equipment Depreciation	115%
Overhead Total	273%
Unbillables	-80%
Uncollectibles	34%

Local service charges have increased because of the addition of broadband service to provide real time access to validation services. Billing and collection fees have increased as a result of take-it-or-leave-it rate increases from ILECs. Validation costs have modestly decreased, and that is a result of Pay Tel's ability to enter into a more favorable contract with a different company offering validation services. Maintenance costs have increased because technicians need a greater skill set to maintain and repair the more sophisticated telecommunications equipment. Equipment costs, and hence equipment depreciation, have increased because of the necessity for more sophisticated equipment, particularly monitoring capabilities, since 9/11. Overhead costs have increased dramatically because of the need to support the facilities' use of this newer, more sophisticated equipment and because of the need to assist customers 24 hours a day, seven days a week, particularly inmates' families and friends in establishing prepaid or direct bill accounts. Regrettably, uncollectibles have increased because there are a growing number of customers that attempt to avoid paying for calls they have accepted. This problem is pervasive regardless of the

²⁵ The payment of a flex ANI charge has been completed and does not apply today. The average length of a call for the 2006 cost data is 7.60 minutes.

price of the call. Coupling this problem with the increasing failure of LECs to notify ICS providers of delinquent accounts has resulted in uncollectibles rising dramatically. Unbillables have declined to 1% of revenues with more reliable validation services. Unfortunately, post-billing adjustments (“PBAs”) have increased to 4% of revenues, offsetting the improvement of lower unbillables. Today, for example, one large LEC in Pay Tel’s service area is allowing customers to continue accepting collect calls without paying for the calls for as long as nine months without notifying Pay Tel. The customer, at that point in time, “denies all knowledge” of the calls, and the LEC charges back all nine months of calls to Pay Tel as PBAs.

Operating in an environment with these types of cost constraints—plus the all-important thumb-on-the-scale of non-compensatory (below-cost) state rate caps on local calls—it is not too difficult to see that the assumptions upon which Dawson, and, by necessity, the Wright Petitioners, rely simply do not reflect current reality. But the long distance rate benchmarks that the Wright Petitioners seek suffer from many other methodological flaws, besides stale data. It is necessary to point out several of these to show why the Wright Petitioners’ hoped-for rate benchmarks are unrealistic and why the Commission must examine these issues in a comprehensive, rather than piecemeal, fashion.

The Wright Petitioners rely extensively on the Federal Bureau of Prisons debit rate, but they ignore altogether the FBOP’s collect call rate of a \$2.45 per-call surcharge plus \$0.40 per minute.²⁶ Similarly, the Wright Petitioners cite state DOC debit program rates for 20 minute

²⁶ See, e.g., Alternative Wright Petition at 18. Indeed, the Wright Petitioners state: “Because the adjusted debit account rate applicable to federal prison inmates necessarily reflects security functions similar to those required at other prison facilities . . . , the adjusted federal debit account rate provides significant guidance in setting the maximum benchmark rate for inmate debit calling rates generally.” *Id.* Following this reasoning, the FBOP *collect call rate* should “provide significant guidance in setting that maximum benchmark rate.”

calls,²⁷ but not all states will allow calls of 20 minutes, and jails, as a general rule, do not allow 20 minute calls at all. In fact, in jails inmates actually make more calls, but with shorter durations. The FBOP collect call rate and the reality of more calls of shorter duration demonstrate the necessity for a per-call surcharge.²⁸ It is simply impossible to recover the upfront billing costs of very short collect calls with a \$0.25 per minute rate with no surcharge. For example, the total of Pay Tel’s current costs only for billing and collection, validation, uncollectibles, unbillables, and PBAs on a \$2.50 ten-minute call (which the Wright Petition equates with \$0.25 per minute) exceed \$1.00, not the \$0.05 per minute (or \$0.50 for a ten-minute call) that the Wright Petitioners and Dawson estimate.²⁹ In addition to this \$1.00 in upfront costs, there is additional staff time in monitoring call activity to prevent theft of service as well

²⁷ *See id.* at 19.

²⁸ In fact, Pay Tel data on the duration of calls using its prepaid cards with a flat \$0.45 per-minute charge show the following:

Duration of Call	Percentage of All Calls
1 minute	16.5%
2 minutes	21.8%
3 minutes	16.0%
4 minutes	11.6%
5 minutes	8.6%
6 - 10 minutes	25.5%

Thus, 74.5% of all prepaid card calls are 5 minutes or less, and 54.3% are 3 minutes or less. Inmates understand that they can make several short calls for less than \$1.00, instead of paying for one collect call for \$1.00 or more. This scheme is widely promoted by inmates, and, while it is beneficial to inmates, it shows that there is no way for an ICS provider to recover its upfront collect call costs without an additional per-call surcharge.

²⁹ Alternative Wright Petition at 21 (“The additional billing and uncollectibles costs should account for no more than an additional \$.05 per minute over debit calling rates.”).

as the time accounting staff spends in attempting to collect the receivables. Indeed, as the Wright Petitioners acknowledge, even Colorado and Nebraska have per-call surcharges of \$1.25 and \$0.60, respectively.³⁰

The Wright Petitioners state that there should be “very little difference between inmate debit and collect calling rates.”³¹ But this statement fails to account for the very real differences in how these two calling platforms work. Indeed, this misunderstanding is compounded by the Wright Petitioners’ erroneous assertion that “[c]ollect calling does not require additional network functions or make use of a different network architecture from debit calling.”³² An inmate using a state department of corrections (“DOC”) debit program will pay for the call in advance by accessing a commissary account using a PIN to place calls to a number on a pre-approved calling list. By contrast, a collect call does not start with a pre-approved calling list; instead, it requires the additional functionality of validation checks with their attendant costs: The ICS provider must check internal administrative blocks, must check external customer blocks, must check system blocks for non-payment, must validate the call with the national line information data base (“LIDB”) for every call, and must look-up the bill name and address and in-service date for every billed number to make sure it can bill the call. Also significantly, the ICS provider will have no credit history on the called party, raising exponentially the risk of the call being uncollectible.

The Wright Petitioners complain about the increasing frequency of call blocking; indeed, they place the blame on ICS providers as “increasingly unable or unwilling to enter into billing

³⁰ *See id.*

³¹ *Id.*

³² *Id.*

arrangements with LECs.”³³ But the fact of the matter is that CLECs and wireless carriers refuse to enter into billing arrangements with ICS providers. In fact, the evidence is that some inmate families and friends are intentionally choosing to use local service providers, including prepaid wireless and prepaid local service, in an attempt to mask their identity and avoid payment for collect calls altogether. The Commission is well aware that ICS providers previously asked it to assist with this problem by requiring all local service providers to populate LIDB and to enter into billing and collection agreements with ICS providers.³⁴ Today, this billing problem is exacerbated by local number portability and wireless carriers’ refusal to populate LIDB with the correct billing company.

The Wright Petitioners simplistically state that “[s]ecurity concerns can be addressed by issuing every inmate a PIN.”³⁵ But that statement can, at best, only apply to prisons—and not to the 34% of people incarcerated in jails. The majority of jails do not utilize PINs for the simple reason that the inmate population turns over too fast.

The Dawson Declaration likewise contains numerous misunderstandings about the ICS business. Thus, Dawson appears to confuse long distance retransmission costs with local costs³⁶ and otherwise substitutes long distance costs for the ICSPC’s “local service charges,”³⁷ apparently not recognizing that local service charges include the cost for the local phone line and

³³ *Id.* at 23.

³⁴ See Comments of the Inmate Calling Service Providers Coalition, CC Docket No. 96-128 (filed May 24, 2002), at 8-9.

³⁵ Alternative Wright Petition at 24.

³⁶ See Alternative Wright Petition, Dawson Declaration, at ¶ 25 (citing Dawson Affidavit, ¶ 72).

³⁷ See Alternative Wright Petition, Dawson Declaration, at ¶ 25 (citing Dawson Affidavit, ¶ 72).

local measured service. While Dawson acknowledges that an ICS system has extra costs due to its “security and other penological features,”³⁸ he ignores the fact that those “other” features carry with them facility administrative costs to protect the public from abuse and prevent criminal activity while inmates use the telephone. Additionally, officers work every day to assist inmates and their families by answering inquiries on how to establish services for CLEC and wireless numbers, by collecting money to open accounts, or by selling prepaid cards, among many other duties. Dawson, too, falls for making simplistic statements such as “the only difference between a debit call and a collect call is who pays for the call.”³⁹ Of course, as noted above, that is *not* the only difference. Debit plans use PINs and pre-approved call lists; in contrast, the ICS provider does not know who the recipient of the collect call is and has no idea if it will be paid for the call.

The defects in the Alternative Wright Petition are serious. However, with more current cost data; a greater appreciation for newer security functions post-9/11 and their concomitant facility administrative costs; a better comprehension of the increase in an ICS provider’s costs to assist inmate families in establishing billing arrangements when they choose to use an alternative local service provider; a better understanding of the true differences between debit and collect platforms, as well as due consideration of prepaid collect and prepaid account platforms; and a broader examination of the entirety of the ICS universe, to include intrastate calling and jails, it is not unreasonable to expect that the Wright Petitioners and other inmate advocates will be able to see some—perhaps even substantial—relief from the long distance rates that some inmates and their families pay for some interstate calls today. But such an outcome will require a fuller record than currently exists in this docket, a record that should be developed pursuant to the

³⁸ Alternative Wright Petition, Dawson Declaration, at ¶ 34.

³⁹ Alternative Wright Petition, Dawson Declaration, at ¶ 40.

issuance of a new NPRM. And, as an ICS provider acutely aware of the cost environment in which it is operating, with its razor-thin margins, Pay Tel submits that it cannot be at the rate benchmarks requested by the Wright Petitioners, especially without any per-call surcharge for collect calls.⁴⁰

V. Any NPRM Should Consider the Costs of Equipment, Client Support, Customer Support, and Confinement Facility Administration

Were the Commission to launch a comprehensive review, it should examine in detail the manner in which ICS differs from traditional payphone services, both for local and long distance calls. The fact is, and as shown above in part, there are numerous false assumptions about the cost structure of ICS in the Alternative Wright Petition which should be scrutinized, including, but not limited to, equipment costs, client support costs, customer support costs, and the so-called “commissions” to the confinement facilities.⁴¹ Pay Tel briefly outlines several of these

⁴⁰ As the Wright Petitioners and Dawson have put forth a detailed argument as to why ICS providers will allegedly be appropriately compensated for *interstate* collect calls at \$0.25 per minute, or \$2.50 for a 10-minute call, it stands to reason, based on their own statements, that the Wright Petitioners and Dawson should agree that Pay Tel is *losing* money when it charges state PUC-mandated rates of less than \$2.50 for a ten-minute *local* collect call. *See* Alternative Wright Petition, Dawson Declaration, Exhibit 2 (Dawson Affidavit of Oct. 29, 2003), at ¶ 72 (“The basic costs for providing local inmate collect calls are very similar to the costs of providing long distance inmate calls.”). Currently, the average rate charged by Pay Tel for all local collect calls (81.2% of total calls) is \$1.68, which is 33% below the rate proposed by the Wright Petitioners and Dawson. If the Wright Petitioners truly believe in their rate proposal, they must necessarily agree that Pay Tel is not being “fairly compensated” for local collect calls. Regrettably, Pay Tel has been forced to raise its interstate long distance rates to make up for the losses from below-cost local collect call rates. It is Pay Tel’s hope that the Commission, in an appropriate rulemaking proceeding, will finally implement Congress’s 1996 mandate—fair compensation for “each and every completed intrastate and interstate call.” 47 U.S.C. § 276(b)(1)(A).

⁴¹ In fact, Dawson, the Wright Petitioners’ own consultant, acknowledged in his original affidavit that “[b]ecause of the unavoidable inefficiencies of serving extremely small facilities, this analysis may not apply to locally-administered jails and other low-capacity prison facilities”—that is, to more than one-third of all incarcerated adults! Alternative Wright Petition, Dawson Declaration, Exhibit 2 (Dawson Affidavit of Oct. 29, 2003), at 37 n.46.

issues pertaining to cost structure here to enable the Commission to develop a comprehensive notice of proposed rulemaking.

ICS Equipment

ICS providers are constantly having to update and modify ICS platforms. Over the twenty-year history of ICS automated collect calling, for example, there have been no fewer than *six* different generations of ICS equipment. Each generation has required a total change-out in equipment to work effectively with then-current telecommunications network requirements. In other words, ICS system equipment becomes obsolescent approximately every 3.5 years. These costs have to be recovered.

Today, most ICS equipment contains or performs the following **basic functions**:

- Automated Call Processor (“ACP”)
- ACP Automated Operator provides voice prompts in multiple languages
- Inmate states name and dials number
- Internal database screening
- Number blocking (harassing calls, witnesses)
- Free calls to public defenders
- LIDB/BNS database validation query
- LIDB identifies unbillable calls to CLEC and wireless numbers, billed number screening (“BNS”), and operating company number (“OCN”) of LEC
- In-service date and bill name and address query
- ACP determines correct call routing
- 0+ to 1+ call conversion
- Call completion
- Call branding with name of facility and inmate’s name

- Called parties with CLEC and wireless numbers are notified to open an account to receive calls
- Automated rate quotes
- Call time limits
- 3-way call detection
- Voice overlay/repeat branding
- Incoming calls blocked
- Fraud digit detection to prevent secondary dial tone

Most ICS equipment also performs recording and monitoring functions:

- Full-time, full-channel recording and archiving of conversations
- Real-time monitoring of inmate conversations
- Flag calls for alerts to monitor conversations in real time
- Playback of inmate conversations
- Monitor calls by PIN, phone number, or cell block
- Voice recognition
- Key word search

In addition, most ICS equipment provides for **administrative terminal functions** such as:

- Allow facility to have direct control and access to databases and information
- Administer security levels and clearance codes
- Digital and mechanical controls to turn off individual phones or cell blocks
- Provide administrative and statistical reporting
- Implement and remove administrative blocks
- Flag calls to specific called numbers

- Flag calls from various cell blocks to same called numbers
- Implement call alerts for real-time call monitoring and investigation
- Administer PINs to restrict access to approved numbers only

ICS Client Support

Most ICS providers maintain trained staff at operations centers 24 hours per day, 365 days per year. This staff is responsible for providing varying levels of support to the confinement facilities themselves. For example, for small facilities with limited officer resources, the ICS provider's staff will:

- Monitor automatic polling/blocking cycles 24/7
- Provide call detail reports on requested numbers
- Block/unblock phone numbers
- Change dial patterns for local/long distance calls
- Analyze line usage to maintain phone availability
- Make test calls to requested bill-to numbers
- Place call alerts
- Provide frequently called number reports
- Assist with investigations

The ICS provider's operations staff also coordinates the activities of the ICS provider's service technicians who maintain and service the ICS systems in the field. Responsibilities of these technicians include:

- Provide on-going training of facility officers on ICS system function and administration as officers are re-assigned
- Repair/replace handsets/keypads/hook switches on phones in cell blocks
- Troubleshoot network connectivity issues and repair them

- Install high-speed modems and maintain functionality
- Reset/reboot automated call processors when necessary
- Upgrade functions of software and hardware when necessary
- Repair and replace defective equipment

For medium-to-large facilities, significant time is spent training facility officers on how to administer the ICS system. The ICS provider's operations staff will regularly assist officers with:

- Maximizing officer expertise on administrative terminal functions
- Training facility officers to monitor recorded conversations and to burn CDs
- Responding to subpoenas for explanation of ICS system features, call detail records, and call recordings
- Archiving back-up recordings

ICS providers also provide support to confinement facilities with respect to installation and expansion of an ICS system, as well as new facility construction, including:

- Provide a detailed site survey for expanding/new sites
- Phone recommendations based on average daily population ("ADP") of inmates and a site survey
- Establishing network connectivity of individual inmate phones and facility administrative terminals
- Order all phone lines and network connections
- Install and maintain all planned phones, wiring, and administrative terminals at no cost to the facility
- Coordinate ICS transition to minimize loss of service
- Training of facility officers on ICS system function and administration
- Pull wire for new phones and install phones

- Provide expertise and consultation from initial new facility planning to final construction on how to set up the facility for implementation of an ICS system
- Coordinate with contractors to ensure phones, wiring, and equipment are within local, state, and federal regulations and guidelines, including compliance with the Americans with Disabilities Act
- Consult with facility officers during the preconstruction phase on wiring provisioning and placement, plus individual phone requirements and placement based on projected ADP of inmates

In addition to the foregoing obligations of the ICS provider's operations staff, the other primary responsibility of the operations staff is to make certain the ICS system is functioning properly 24 hours per day. Multiple computers in the operations center are constantly monitoring each ICS system in the field to verify that the system is functioning properly and completing calls. Call records are retrieved periodically throughout the day and checked for accuracy. If, at any point, a system malfunction is determined or suspected, an operations specialist will call into the system to perform remote diagnostics. If a problem cannot be resolved, a service technician will be dispatched to the facility to trouble-shoot the problem and replace the equipment if necessary.

To efficiently provide ICS today, the ICS provider must have highly skilled software, hardware, and networking engineers to design, develop, manufacture, and support ICS systems. The ICS provider must employ proficient technical staff 24/7 to support the facilities served. The ICS provider must also utilize experienced website developers to create and maintain a website that allows detention officers the ability to report and track service requests and have access to call detail records and recordings. The number of staff and the compensation necessary to obtain and support this highly skilled staff have increased substantially since the *ICS Order & NPRM* in 2002.

ICS Customer Support

The goal of every ICS provider is to complete every billable call. Blocked calls do not benefit anyone. In today's society an ever-increasing number of customers (the party the inmate is calling) are choosing to use alternative carriers for local phone service, such as CLECs and wireless carriers who refuse to bill calls for other carriers.⁴²

The decision by customers to move from using a traditional local telephone company wire line for local phone service to a CLEC or wireless carrier has totally changed how ICS providers bill and collect a portion of their receivables. Historically, ICS providers processed call records to the local phone company for inclusion in the customer's local phone bill. One billing tape would contain thousands of calls for hundreds of customers. The customer would pay their local phone bill, including the "ICS" charges, and the local phone company would pay the ICS provider.

Now, however, ICS providers must establish billing arrangements with thousands of *customers*, individually, who choose to use an alternative local service provider, such as a CLEC or wireless carrier. ICS providers have invested significantly in software and hardware to identify these customers and have also invested heavily in the customer support staff necessary to assist them—one at a time—in establishing billing arrangements.

Bilingual customer service staff must be available 24 hours a day, seven days a week, to assist these customers in opening direct bill or prepaid accounts using multiple payment options. Since approximately 47% of inmates in local jails are released in less than 24 hours and approximately 73% are released within two days, it is absolutely critical that ICS providers have

⁴² As noted above, the Alternative Wright Petition is simply wrong to suggest that it is the ICS provider that will not enter into a collections/billing arrangement with the CLECs and wireless carriers.

systems and staff in place to enable customers to open accounts and make connection with loved ones as quickly as possible.

ICS providers must be accountable to customers by providing multiple ways for customers to check their account balance and keep track of call activity and costs. ICS providers are incurring significant new costs to provide customers with balance inquiry by phone and regular account statements available on company websites or through the mail.

Also today, every local telephone company (LEC) routinely refuses to provide the delinquent status for ICS collect calls billed on the customer's local phone bill. ICS providers are severely financially handicapped without information about delinquent accounts from LECs. ICS providers do not find out who has not paid for their calls until the outstanding customer account balances have gone through the LEC's collection treatment process approximately nine months after the calls are billed. As a result, ICS providers have had to develop internal systems and policies to limit exposure to bad debt and fraud, including establishing billing limits for calls billed through each LEC based on the bad debt experience with the LEC. ICS providers have also developed software and hardware to notify customers approaching a LEC billing limit and have employed additional customer service representatives to assist them one at a time in establishing an alternate billing arrangement when they reach the billing limit.

The costs associated with developing software, manufacturing systems, creating bilingual customer websites, and staffing bilingual customer service centers have increased dramatically. The ongoing costs to establish and support these individual accounts exceed the previous costs to bill calls through the local telephone company.

Facility System Administration

The Alternative Wright Petition, as did the *ICS Order & NPRM* before it, misunderstands the nature of the so-called "commissions" that ICS providers pay to confinement facilities. The

term “commission,” in this context, is really a misnomer. While a portion of the “commission” paid in some states or counties may be a locational rent or a subsidy for inmate welfare programs, another portion of every “commission” is actually a mechanism for the confinement facility to recover its own facility system administration costs involved in operating an ICS system for the benefit of its inmates and their families.

Every confinement facility incurs costs related to the facility officers’ time to administer the ICS system. These duties focus on protecting the public from abuse and preventing criminal activity, while allowing inmates to place calls. Today’s sophisticated controls and monitoring features require significantly more officer time to administer the system.

Facility officers perform several duties with respect to the basic operation of the ICS system. Thus, one or more facility officers per shift must:

- Be trained on operation of the ICS system
- Answer questions from inmates and family members (how calls are billed, why calls are blocked, how to open an account to receive calls to CLEC and wireless carrier numbers)
- Maintain and administer the list of numbers to be blocked (facility numbers, officers’ numbers, judges’ number, witnesses’ numbers, victims’ numbers, jurors’ numbers)
- Take requests from the public to have numbers blocked
- Administer prepaid cards, if utilized
- Administer a debit system, if utilized (set up debit accounts, receive payments, refund unused funds)
- Administer a PIN system, if utilized
- Maintain an approved number list, if utilized
- Contact the ICS provider for service issues
- Accompany ICS technicians while in the facility to service inmate phone systems

Facility officers also have responsibilities to manage call traffic, requiring one or more officers per shift to:

- Maintain negative databases of blocked numbers
- Initiate call traffic reviews
- Flag calls to specific phone numbers for review
- Flag calls from various cell blocks to same phone numbers

Facility officers also have responsibilities to record and monitor calls to protect the public from abuse and to prevent criminal activity when inmates make telephone calls. These responsibilities frequently require two or more officers per shift:

- Flag calls for system alerts for real-time call monitoring and investigations
- Conduct real-time monitoring of inmate conversations
- Record and playback inmate conversations
- Burn CDs of conversations for further review
- Respond to subpoenas for call detail records and recordings
- Catalog and archive backup recordings

In addition, facility officers have responsibilities to manage the ICS system, including:

- Increased educational requirements for officers to learn to use the complex ICS system
- Facility officers having full access and control of the ICS system
- Establishing security levels and clearance codes for various officers
- Removing and implementing administrative blocks
- Generating reports and statistical analyses
- Researching and identifying call traffic patterns

Today's sophisticated ICS equipment requires more technically proficient and experienced facility officers. Inmate phone service can only be provided when trained facility

officers can daily monitor and review vast amounts of information to protect the public from abuse and prevent criminal activity.

Thus, a portion of the so-called “commission” paid by ICS providers is in reality a Facility System Administrative Fee shared by ICS providers to recover the costs incurred by the confinement facility to administer the ICS system. Under long-established cost causation principles, these are true costs that should be borne by users of the system, the inmates and the recipients of their phone calls.⁴³ If confinement facilities cannot recover their own ICS costs, then some administrators will simply opt to go the route of the Texas Department of Criminal Justice and limit significantly or eliminate altogether ICS in their facilities. Neither Pay Tel nor, it presumes, the Wright Petitioners are eager to see that result.

In sum, if the Commission determines that the Alternative Wright Petition merits further consideration in a notice of proposed rulemaking, the Commission should examine fully the costs of facility ICS system administration and not merely assume a “commission” is a locational rent.

* * *

As this brief outline demonstrates, ICS systems are far more complex and involve far more hands-on manpower than other telephone switching systems. It is wholly unreasonable to assume that the costs associated with handling calls in the confinement facility environment are

⁴³ See, e.g., *Telephone Number Portability*, First Report and Order and Further Notice of Proposed Rule Making, 3 Comm. Reg. (P & F) 600 (1996), at ¶ 131 (“Ordinarily, the Commission follows cost causation principles, under which the purchaser of a service would be required to pay at least the incremental cost incurred in providing that service.”); *Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, Report and Order, 4 Comm. Reg. (P & F) 938 (1996), at ¶ 85 (refusing to take action that “would not be borne either by the primary economic beneficiary of payphone calls or the cost causer”).

comparable to those of traditional off-the-shelf switching systems, let alone those of commercial collect call plans such as 1-800-COLLECT or of prepaid calling cards.

Conclusion

For the foregoing reasons, the Alternative Wright Petition should only be considered by the Commission in the context of a *complete* review of inmate calling services that analyzes all aspects of both local *and* long distance calls at both prisons *and* jails. Pursuant to the APA, a proper, complete review requires the issuance of a new notice of proposed rulemaking.

Respectfully submitted,

PAY TEL COMMUNICATIONS, INC.

/s/

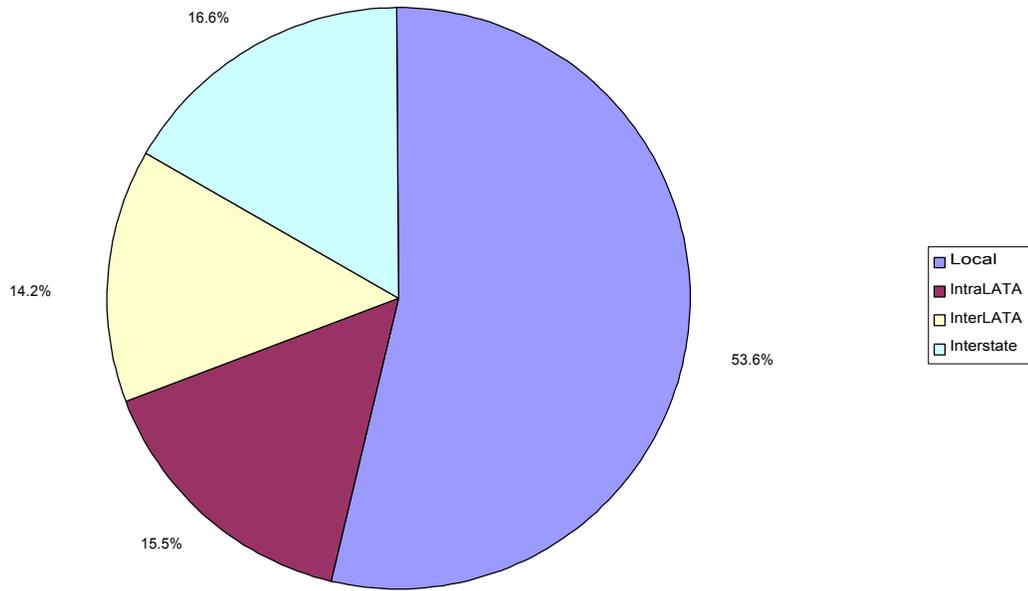
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May 2, 2007

EXHIBIT 1

COUNTY JAILS CALL REVENUE AVERAGES



COUNTY JAILS CALL TRAFFIC AVERAGES

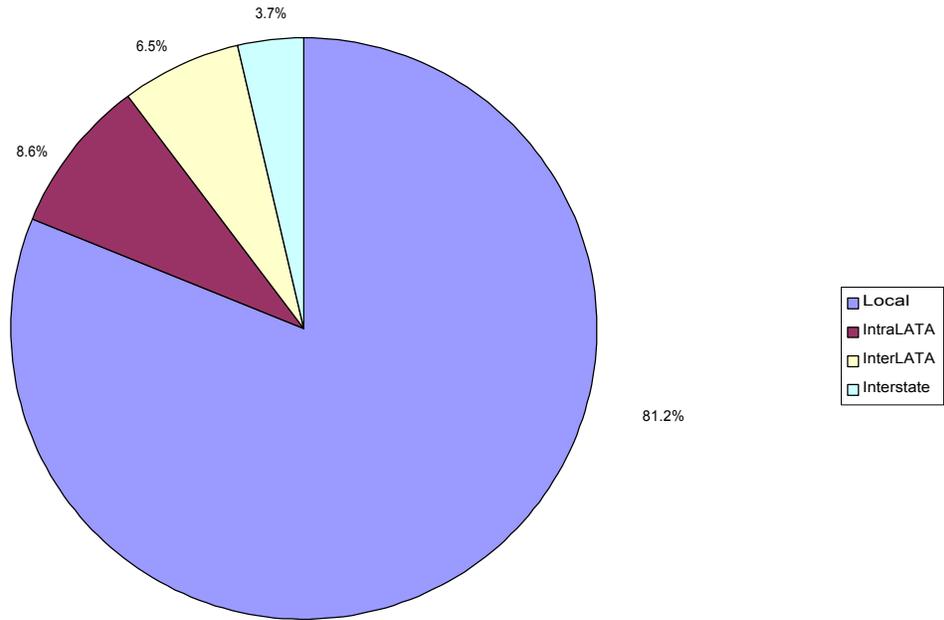
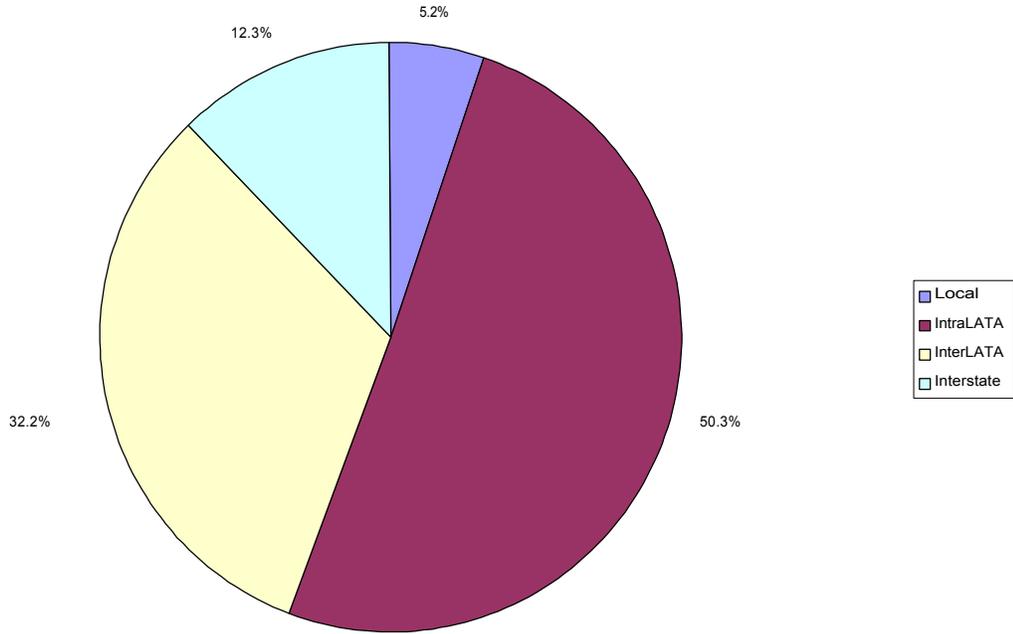


EXHIBIT 2

PRISONS CALL TRAFFIC AVERAGES



PRISONS CALL REVENUE AVERAGES

