

Expert Report of Stephen E. Siwek

On Behalf of

Securus Technologies, Inc.

WC Docket No. 12-375

March 25, 2013

1.0 Introduction and Background

- 1.1 My name is Stephen E. Siwek. I am a Principal at Economists Incorporated, a research and consulting firm with offices in Washington D.C. and in San Francisco. I have been active in research and consulting for over 30 years. During this period, I have frequently been asked to analyze economic, financial and accounting issues that arise in regulatory hearings, arbitrations and court proceedings. I have testified as an expert witness before such bodies on more than 80 occasions. My business address is Suite 1100, 2121 K Street, NW Washington, D.C. 20037.
- 1.2 I have been continuously involved in economic consulting since 1975. My areas of specialization include the assessment of commercial damages; the economic analysis of U.S. media and related industries that depend on copyright protection and the economic and financial assessment of rates for regulated services including telecommunications, public utility and postal services.
- 1.3 With respect to the telecommunications industry, I have testified on more than eighteen occasions before state public service commissions on issues relating to the costing and pricing of telecommunications facilities and services. I have also testified in arbitration and rate hearings relating to carrier interconnection, access charge levels and rate design. In addition, I have also participated in proceedings before this Commission's Markets Disputes Resolution office that focused on telecommunications issues.
- 1.4 With regard to inmate calling services ("ICS"), I have previously testified in a 2009 proceeding before the Public Regulation Commission of New Mexico. In that case, I pre-filed direct testimony with the New Mexico Commission and I participated directly in hearings as well.¹ My CV is attached herewith as Appendix I.
- 1.5 I have been retained by Securus Technologies, Inc. ("Securus") to present cost and traffic data from sites that Securus served in 2012. Securus installs and manages call management and communications systems for use by correctional facilities throughout the United States. Headquartered in Dallas, Texas, Securus employs more than 900

¹ New Mexico Public Regulation Commission, In the Matter of the Commission Inquiry into the Rates and Charges of Institutional Operator Service Providers, Case No. 07-00316-UT.

employees nationwide. The company serves approximately 2,200 correctional facilities in 45 states and the District of Columbia and more than 850,000 inmates nationwide.

2.0 Facility Groups

- 2.1 In the United States, Securus serves both state Department of Corrections (“DOC”) facilities and a variety of county and local detention facilities and jails (“non-DOC”). Securus maintains data that includes costs incurred, revenue brought in, and call traffic volumes such as number of minutes and number of distinct calls.
- 2.2 In order to present this data, the following procedure was established.
- 2.3 I reviewed Securus’s data, and determined that it would be useful to divide the non-DOC facilities into three groups. Each group contains ten facilities for which Securus provided ICS services in 2012. The three groups included the ten highest volume non-DOC customers (“High 10”), the ten medium volume non-DOC customers (“Medium 10”) and the 10 lowest non-DOC volume customers (“Low 10”) (collectively, the “10-10-10” methodology). For each customer, the volume used to determine membership in each group was based on total minutes.
- 2.4 In addition to these three groups, a fourth group was created consisting of all DOC facilities that Securus served in 2012, of which there are eight (8).
- 2.5 After review of the data provided for the 10-10-10 groups, it was decided to adjust the data as follows: First, a minimum contract revenue of \$1,000 was adopted for the Low 10 group. This adjustment removed facilities with extremely low revenue totals that likely reflected measurement periods of less than one year. Second, outlier facilities in the original High 10 group were replaced by alternative facilities. The three outlier facilities reported volume and/or ICS revenue data that for known reasons are not representative of the High 10 Group.
- 2.6 The actual facilities included in each of the four facilities groups are identified in Appendix II. This Appendix also reports interstate calling rates and the site commission percentages that were in effect for each of these facilities in 2012. Finally Appendix II identifies DOC and non-DOC facilities to which Securus made cash or prepaid payments to the facility in question.
- 2.7 The highest and lowest volumes in each of the 10-10-10 groups and in the DOC group are shown in Table 1. The annual number of minutes for the High 10 facilities ranged from a low of 6.1 million up to a high of 26.1 million minutes. Calling volumes for the High 10 group ranged from a low of 281,000 calls to a high of 1.19 million calls.

Table 1: Highest and Lowest Volumes by Facility Group				
Category	Highest Total Minute Volume	Lowest Total Minute Volume	Highest Total Number of Calls	Lowest Total Number of Calls
High 10	26,119,012	6,134,884	1,186,473	281,011
Medium 10	69,859	67,105	8,088	4,702
Low 10	1,668	885	284	113
State DOC	120,643,191	2,488,244	9,134,770	242,657

- 2.8 For the Medium 10 group, the differences between high and low minute and calling volumes were less dramatic than in the High 10 group. The highest minute volume reported in the Medium 10 group was 70,000 minutes while the lowest minute volume was 67,000 minutes. Similarly, the highest call volume in the Medium 10 group was 8,000 calls while the lowest call volume was 4,700 calls.
- 2.9 For the Low 10 Group, minute volumes range from a high of 1,668 minutes to a low of 885 minutes. For the Low 10 Group, the highest calling volume was 284 calls while the lowest calling volume was 113 calls.
- 2.10 For the DOC facilities, the lowest volume institution recorded nearly 2.5 million minutes while the highest volume DOC facility generated nearly 120.6 million minutes. Calling volumes for the DOC institutions ranged from a low of 242,000 calls to a high of 9.1 million calls.
- 2.11 As these statistics make clear, the facilities served by Securus differ dramatically in terms of the total ICS minutes and calls that they generate each year. For example, in the High 10 Group, the number of minutes generated by the highest volume customer (26.1 million minutes) is more than **four times** the number of minutes processed by the lowest volume customer in the High 10 Group (6.1 million minutes).
- 2.12 For the DOC facilities, the number of minutes generated by the highest volume customer (120.6 million minutes) exceeds the number of minutes processed by the lowest volume DOC customer by an even greater margin. At 120.6 million minutes, the highest volume DOC customer's volume exceeded that of the lowest volume DOC customer (2.49 million minutes) by more than **118 million** minutes.

3.0 Average Costs Per Minute and Per Call

- 3.1 The costs incurred by Securus for the provision of ICS services to a typical institution in each facility group are summarized in Table 2. The ICS cost figures reflect the average costs incurred by Securus to provide ICS service. The costs include site commissions, bad debt, billing and collection, telecom facilities and services, validation, field technicians, and customer services.²

Table 2: ICS Costs per Minute			
Category	ICS Costs	Total Minutes	ICS Costs per Minute
High 10 Simple Average	\$ 1,759,901	10,068,670	\$ 0.1748
Medium 10 Simple Average	\$ 34,258	68,403	\$ 0.5008
Low 10 Simple Average	\$ 2,207	1,290	\$ 1.7106
State DOC Simple Average	\$ 4,605,001	43,083,108	\$ 0.1069

- 3.2 In order to serve the average High 10 facility in 2012, Securus incurred ICS costs of nearly \$1.8 million. As shown in Table 2, the average High 10 facility would also have

² For purposes of Table 2, no distinction is made between correctional facilities where Securus paid site commissions and correctional facilities where Securus paid no site commissions. Site commissions are addressed directly later in this report.

generated calling demand of more than 10 million minutes in 2012. To put this figure in context, recall from Table 1 that the highest volume High 10 institution served by Securus generated 26.1 million minutes while the lowest volume High 10 facility processed 6.1 million minutes.

- 3.3 Based on the figures in Table 2, the average cost per minute incurred by Securus to serve a High 10 facility in 2012 was **\$0.1748** per minute.
- 3.4 Moving to the Medium 10 facility group, the average cost incurred by the company to serve a Medium 10 customer in 2012 was \$34,258 (See Table 2). Since the average number of minutes generated by a Medium 10 customer was 68,403, the average cost per minute incurred by Securus to serve a Medium 10 customer was **\$0.5008** per minute. This value is more than twice the average cost per minute reported above for the High 10 facilities.
- 3.5 For the Low 10 facility group, average costs per minute are higher still. In order to serve the average Low 10 institution, Securus incurs an average cost of \$2,207 (Table 2). In 2012, the average volume generated by a Low 10 facility was only 1,290 minutes. These figures imply that the average cost per minute needed to serve a Low 10 customer was **\$1.7106** per minute. This figure is nearly ten times the cost per minute required to process one minute of calling traffic from a High 10 customer.
- 3.6 For the DOC facilities served by Securus, the average cost incurred for a typical facility was \$4,605,001 (Table 2). On average, a DOC facility processes 43 million minutes per year. Taken together, these figures suggest that Securus incurs costs of **\$0.1069** per minute to provide ICS services to the average DOC facility.
- 3.7 As shown in Table 2, the average cost of ICS services varies significantly as calling volume changes. The costs per minute incurred by Securus to provide ICS services to high volume DOC and non DOC facilities range between \$0.11 and 0.18 per minute. By contrast, the costs per minute needed to serve Medium 10 and Low 10 facilities are between three and ten times higher.
- 3.8 The costs faced by Securus in providing ICS services can also be assessed on a per-call basis. As shown in Table 3, Securus incurred total ICS costs of **\$2.53** per call in serving the average High 10 facility. For Medium 10 facilities, the company incurred costs of **\$5.48** per call. For Low 10 institutions, on average, Securus faced ICS costs per call of **\$11.54** per call. Finally, for DOC facilities, the company's average ICS cost per call came to **\$1.51**.

Table 3: ICS Costs per Call			
Category	ICS Cost	Total Calls	ICS Cost per Call
High 10 Simple Average	\$ 1,759,901	694,324	\$ 2.53
Medium 10 Simple Average	\$ 34,258	6,251	\$ 5.48
Low 10 Simple Average	\$ 2,207	191	\$ 11.54
State DOC Simple Average	\$ 4,605,001	3,048,531	\$ 1.51

4.0 Site Commissions

- 4.1 The costs referenced thus far in this report comprise the costs incurred by Securus to provide ICS services to inmate facilities. These data include the costs of the site commissions that Securus must pay in order to remain competitive in the bidding process to serve inmate facilities. Securus must generate sufficient revenue to recover its site commission costs and all of the other costs needed to provide ICS services. In this section of the report, the magnitude of the site commissions that Securus pays to non-DOC and DOC facilities will be documented in detail.
- 4.2 In Table 4, the site commissions paid by Securus are presented for the four facility groups identified previously. For the average High 10 facility, the average site commission paid in 2012 was **\$1,326,530**. For the average Medium 10 facility, the average site commission paid out by Securus was **\$23,098**. For the average Low 10 facility, the typical site commission cost was **\$409**. Finally, for the average DOC facility, the average site commission paid by Securus in 2012 was **\$2,750,105**.

Category	Site Commission
High 10 Simple Average	\$ 1,326,530
Medium 10 Simple Average	\$ 23,098
Low 10 Simple Average	\$ 409
State DOC Simple Average	\$ 2,730,105

- 4.3 In Table 5 the average site commissions reported in Table 4 are divided by the total average costs required to provide ICS services for the facilities in each facility group. The ICS cost figures were previously reported in Table 2.

Category	Site Commission	ICS Costs	Site Commission as Percent of ICS Costs
High 10 Simple Average	\$ 1,326,530	\$ 1,759,901	75.4%
Medium 10 Simple Average	\$ 23,098	\$ 34,258	67.4%
Low 10 Simple Average	\$ 409	\$ 2,207	18.5%
State DOC Simple Average	\$ 2,730,105	\$ 4,605,001	59.3%

- 4.4 As shown in Table 5, for High 10 facilities, site commissions averaged **75.4%** of the total costs incurred by Securus to provide ICS services. For Medium 10 institutions, site commissions comprised **67.4%** of all ICS costs. In contrast to these figures, the site commission percentage for Low 10 facilities was only **18.5%**. Finally, for DOC facilities, site commissions averaged **59.3%** of total ICS costs.
- 4.5 In Table 6, the average site commissions from Table 4 are divided by the average ICS revenue generated by inmate facilities in each of the four facility groups. The resulting percentages demonstrate the magnitude of site commissions as a function of the average calling revenue earned by Securus in each facility group.

Category	Site Commission	ICS Revenue	Site Commission as Percent of ICS Revenue
High 10 Simple Average	\$ 1,326,530	\$ 2,260,788	58.7%
Medium 10 Simple Average	\$ 23,098	\$ 29,465	78.4%
Low 10 Simple Average	\$ 409	\$ 1,204	33.9%
State DOC Simple Average	\$ 2,730,105	\$ 5,742,182	47.5%

- 4.6 The site commission percentages reported in Table 6 are weighted averages. For each facility group, total site commissions for all facilities are summed and divided by total ICS revenue for the same facility. These site commission percentages are quite significant.
- 4.7 For High 10 Facilities, site commissions make up, on average, **58.7%** of revenue. For the Medium 10 Facilities, site commissions comprise **78.4%** of ICS revenue while for the Low 10 facilities site commissions represent **33.9%** of revenue. With respect to the DOC facilities, site commissions for the average facility comprise **47.5%** of total ICS revenue.
- 4.8 The significance of site commissions to the company can also be seen in the amount of ICS revenue that Securus must earn in order to pay for these costs. In fact, the impact of site commissions on the company would be devastating if Securus could no longer offset these costs in telephone rates. In Tables 9a and 9b, the impact of site commissions without revenue offsets is provided for DOC facilities (Table 7a) and for non-DOC facilities (Table 7b). With no revenue recovery of site commission costs, the gross margins earned from each facility group turn sharply negative.
- 4.9 In Table 7a, an amount equal to the site commission paid by the average DOC facility is subtracted from average DOC revenue. This calculation causes average DOC revenue to decline from \$5.7 million to \$3.0 million. This revenue decrease in turn results in a significant change in the average gross margin earned on these DOC customers. For the average DOC facility, gross margin falls from \$1.137 million to (\$1.593 million).

Category	ICS Revenue	ICS Costs	Gross Margin	Gross Margin as Percent of ICS Revenue
State DOC Simple Average	\$ 5,742,182	\$ 4,605,001	\$ 1,137,181	19.8%
Category	Adjusted ICS Revenue (ICS Revenue less Site Commission)	ICS Costs	Adjusted Margin*	Adjusted Margin* as Percent of Adjusted ICS Revenue*
State DOC Simple Average	\$ 3,012,078	\$ 4,605,001	\$ (1,592,924)	-52.9%

- 4.10 Similar calculations for the non-DOC customers are provided in Table 7b. For each facility group, the loss of revenue to cover site commissions results in significant changes in gross margins. For High 10 facilities, the average margin declines from \$500,888 to (\$825,643). For Medium 10 and Low 10 facilities, the loss of site commission revenue transforms relatively modest losses into significant losses.

Table 7b: Average Gross Margins with and without Recovery of Site Commissions				
Category	ICS Revenue	ICS Costs	Gross Margin	Gross Margin as Percent of ICS Revenue
High 10 Simple Average	\$ 2,260,788	\$ 1,759,901	\$ 500,888	22.2%
Medium 10 Simple Average	\$ 29,465	\$ 34,258	\$ (4,793)	-16.3%
Low 10 Simple Average	\$ 1,204	\$ 2,207	\$ (1,003)	-83.3%
Category	Adjusted ICS Revenue (ICS Revenue less Site Commission)	ICS Costs	Adjusted Margin*	Adjusted Margin* as Percent of Adjusted ICS Revenue*
High 10 Simple Average	\$ 934,258	\$ 1,759,901	\$ (825,643)	-88.4%
Medium 10 Simple Average	\$ 6,367	\$ 34,258	\$ (27,891)	-438.0%
Low 10 Simple Average	\$ 796	\$ 2,207	\$ (1,411)	-177.3%

4.11 As Tables 9a and 9b demonstrate, site commissions still comprise a major cost for ICS providers like Securus. From the company’s perspective, these costs, like all other ICS costs, must be recovered in rates. If Securus were precluded from rate recovery of site commission costs, the financial impact of such a policy on the company, as shown in Tables 9a and 9b would be catastrophic.

5.0 Other Calculations

Bad Debt Costs

- 5.1 The analysis above demonstrates the significance of site commissions from the point of view of ICS providers like Securus. Site commissions are not, however, the only significant cost borne by ICS providers. Bad Debt is another significant cost element for ICS service.
- 5.2 Data on the bad debt expenses incurred by Securus for the provision of ICS services are provided in Table 8. For High 10 facilities, bad debt averages 3.8% of ICS revenue. This percentage rises with Medium 10 and in particular for Low 10 facilities. For Low 10 facilities, bad debt averages 17.6% of total ICS revenue. For DOC facilities, bad debt expenses average nearly 3.0% of ICS revenue.

Table 8: Average Bad Debt Costs as a Percent of ICS Revenue			
Category	Total Bad Debt Costs	ICS Revenue	Bad Debt as a Percent of ICS Revenue
High 10 Simple Average	\$ 85,090	\$ 2,260,788	3.8%
Medium 10 Simple Average	\$ 1,725	\$ 29,465	5.9%
Low 10 Simple Average	\$ 212	\$ 1,204	17.6%
State DOC Simple Average	\$ 167,573	\$ 5,742,182	2.9%

Average Duration of Interstate Calls

- 5.3 The Securus customer data base used in this presentation was not designed to record costs as a function of jurisdiction. For this reason, only certain, more limited calculations can be developed from jurisdictional data for interstate calling from Securus facilities. One of the more limited jurisdictional calculations that can be derived from the Securus data is an estimate of interstate call duration.
- 5.4 As shown in Table 9, the total number of interstate calls from all Securus facilities nationwide in 2012 was 9,122,432 calls. For the same year, the company processed 106,082,679 interstate minutes. Based on these two figures, the average length of an interstate call from a Securus facility in 2012 was **11.63** minutes.

Table 9: Interstate Calls, Minutes, and Minutes per Call			
	Total Interstate Calls	Total Interstate Minutes	Interstate Minutes per Call
High 10 Simple Average	198,407	2,080,285	10.48
Medium 10 Simple Average	532	5,561	10.45
Low 10 Simple Average	104	738	7.10
State DOC Simple Average	490,533	6,137,602	12.51
All Facilities Total	9,122,432	106,082,679	11.63

- 5.5 Table 9 also includes calculations of the average number of interstate minutes per call reported for the four facilities groups. These average call durations were: **10.48**, **10.45**, **7.10**, and **12.51** minutes per call for High 10, Medium 10, Low 10, and State DOC facilities, respectively.

Table 10: Tariffed Prices for Interstate Calls of Average Duration		
Category	Assumed Call Duration (minutes)	Calculated Price per Call
High 10 Simple Average	11	\$ 12.03
Medium 10 Simple Average	11	\$ 11.88
Low 10 Simple Average	8	\$ 8.77
State DOC Simple Average	13	\$ 6.02

- 5.6 Table 10 reports the calculated price per call that would apply for an interstate call of average duration that was generated by an average facility in one of the four facility groups. Note that the average call lengths assumed in Table 10 closely track the calculated average call lengths for the four facility groups.

Competition

- 5.7 In deciding how to respond to a Request for Proposal (“RFP”) from an inmate facility, Securus must carefully evaluate the technical and financial specifications that are set forth in the RFP. In addition to telecommunications features and functions, these specifications generally include requests that the successful ICS bidder provide site

commissions to the inmate facility in question. These requirements are made available to all bidders and potential bidders as part of the competitive process. In his proposal, a bidder may choose to disregard RFP requirements knowing that this decision may well serve to eliminate that bidder from the contract award. For any given RFP, a bidder can also decide to ignore the RFP process entirely. Nevertheless, as explained in the Declaration of Mr. Hopfinger, Securus typically faces many other bidders as it seeks to provide ICS services to states, county and city inmate facilities.³ In my opinion, this vigorous and well attended bidding process provides good evidence that ICS services in the United States are generally provided competitively.

- 5.8 A competitive bidding system ensures that high quality ICS services are provided at low cost. Even the most competitive bidding system however, is not likely to permit bidders to ignore the bid specifications that were set forth in the facility's RFP. If those specifications had included a requirement that the provider pay site commissions, the bids generated through the competitive process would specify the site commissions that the bidder was willing to pay. These competitive bids would also permit bidders to recover their cost outlays for site commissions. A competitive bidding system provides for the efficient selection of ICS providers at low cost. Such a system however, is not intended to force bidders to propose ICS service offerings at below cost prices.

³ Declaration of Curtis L. Hopfinger, WC Docket No. 12-375, Para. 4-5.

APPENDIX 1

Curriculum Vitae

APPENDIX 1

STEPHEN E. SIWEK

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Education

B.A. (Economics) Boston College, 1973

M.B.A. George Washington University, 1975

Present Position

Principal, Economists Incorporated

Previous Employment

Senior Consultant, Snavelly, King & Associates Inc. (1975-1983)

Consulting Specialties

Development and provision of expert witness testimony in connection with economic, financial and accounting issues for regulated industries including communications, energy and postal concerns.

Economic and financial consulting and expert witness testimony in antitrust, contract and bankruptcy litigation. Particular emphasis on the estimation of lost profit damages.

Economic analysis of international trade issues relating to media and copyright industries.

Books

International Trade in Computer Software, Stephen E. Siwek and Harold W. Furchtgott-Roth, Quorum Books, Westport, Connecticut, London, 1993, ISBN: 0-89930-711-6.

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The Audiovisual Services Sector in the GATS Negotiations, Patrick A. Messerlin, Stephen E. Siwek, and Emmanuel Cocq, AEI Press, 2004. Chapter only.

Papers and Articles

“Telecommunications and Entertainment: Trade in Films and Television Programming,” (with Steven S. Wildman) presented at *Trade in Services and the Uruguay Round Negotiations*, the Civils, London, England, July 8, 1987 and Centre D’Etudes Pratiques De La Negociation Internationale, Geneva, Switzerland, July 10, 1987.

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Siwek and Furchtgott-Roth, *Copyright Industries in the U.S. Economy: 1977 – 1993* (released in January 1995).

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The True Cost of Sound Recording Piracy to the U.S. Economy, Policy Report 188, by Stephen E. Siwek for Institute for Policy Innovation, August 2007.

The True Cost of Copyright Industry Piracy to the U.S. Economy, Policy Report 189, by Stephen E. Siwek for Institute for Policy Innovation, October 2007.

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Continuing Legal Education Programs

Panelist, *Monopolization Issues Affecting Computer Software*, D.C. Bar, Antitrust, Trade Regulation and Consumer Affairs Section, June 21, 1994.

Panelist, *Basic Antitrust Law*, D.C. Bar/George Washington University National Law Center.

Billing and Collection for 900-Number Calls: A Competitive Analysis, by Stephen E. Siwek and Gale Mosteller for the Billing Reform Task Force, September 1999.

Other

Moderator, *Economic Loss Panel*, International AntiCounterfeiting Coalition, Fall Meetings, Washington, D.C. November 14, 1994.

Panelist, *The Economics of Counterfeiting: A Supply and Demand Look into this Multi Billion Dollar Problem*, International Anti-Counterfeiting Coalition, Annual Conference, May 21, 1999.

Advisor to the Special Master, *Aggregate Products, Inc. v. Granite Construction Company*, U.S. District Court for Southern District of California, Civil No. 98-0900 E (AJB).

Other (continued)

Invited Expert, WIPO Working Group of Experts on the Preparation of a WIPO Handbook on Survey Guidelines for Assessing the Economic Impact of Copyright and Related Rights, Helsinki, Finland, July 2-5, 2002.

Advisor to Hungarian Patent Office. Re: Study of the Economic Contribution of Copyright-Based Industries in Hungary. Released October, 2005.

Advisor to Russian Federation, Federal Service for Intellectual Property, Patents, and Trademarks. Re: Study of the Economic Contribution of Copyright-Based Industries in Russia April 2005.

COURT TESTIMONY AND APPEARANCES

Jurisdiction	Case	Subject
U.S. District Court for Eastern District of Virginia, Alexandria Division	Eden Hannon & Co. v. Sumitomo Trust & Banking Co. (USA) Civil Action No. 89-0312A	Analysis of Financial Models, Cash Flow Analysis
Circuit Court for Pinella County, Florida	Home Shopping Network Inc. v. GTE, GTE FLA., Inc. and GTE Communications Corp. CT. Civ. 87-014199-7	Relevance of Planning & Budgeting Reports to the Analysis of Damages
U.S. District Court for Western District of Oklahoma	Banner Industries, Inc. v. Pepsico, Inc. CIV-85-449-R	Financial Plans Financial Viability (Deposition Testimony Only)
Circuit Court for Baltimore City	Pulse One Communications Inc. v. Bell Atlantic Mobile Systems Inc. Case No. 90108057/CC112199	Damages (Deposition Testimony Only)
Supreme Court of the State of New York County of New York	Scandinavian Gourmet Provisions, d/b/a Fredricksen & Johannesen v. Jurgela, aka Al Jurgela, aka Constantine Jurgela, aka C.R. Jurgela, Valco Equities Ltd. Charles Earle, Valco Development Corp., Chase Manhattan Bank, Clinton Barrow, Franklin Investors and Harold L. Goerlich Index No. 22891/90	Damages

COURT TESTIMONY AND APPEARANCES

Jurisdiction	Case	Subject
Chancery Court of Davidson County, Tennessee	MCI Telecommunications Corp. v. Dudley W. Taylor etc. et al. No. 88-1227-III	Tax Treatment of Telephone Access Charges
Superior Court of the District of Columbia Civil Division	Robert H. Kressin, General Partner, Cellular Phone Stores Limited Partnership v. Bell Atlantic Mobile Systems, Inc. Civil Action No. 02258-91	Damages, Cellular Telephone Industry
Court of Common Pleas First Judicial District of Pennsylvania	Shared Communications Service of 1800-80 JFK Boulevard Inc. v. Bell Atlantic Properties, Inc. et al. September Term 1900, No. 775	Damages, Telecommunications Industry
United States District Court for the Northern District of Illinois	JamSports and Entertainment, LLC, Plaintiff v. ParadamaProductions, Inc., et al. Case No. 02C 2298	Damages
Superior Court of New Jersey, Law Division, Essex County	Bell Atlantic Network Services, Inc. v. P.M. Video Corp., Docket No. L-6602-91	Damages (Deposition Testimony Only)
U.S. District Court for the District of Columbia	FreBon International Corp. v. Bell Atlantic Corp. et al. Civil Action No. 94-324	Damages (Deposition Testimony Only)
U.S. District Court for the Eastern District of New York	Universal Contact Communications Inc. v. PageMart Inc.	Damages (Deposition Testimony Only)

COURT TESTIMONY AND APPEARANCES

Jurisdiction	Case	Subject
U.S. District Court for District of Maryland	Integrated Consulting Services, Inc. v. LDDS	Damages (Deposition Testimony Only)
U.S. District Court Eastern District of Virginia, Alexandria Division	Mexinox, S.A. et al. v. Acerinox	Antitrust Damages (Deposition Testimony Only)
U.S. District Court Eastern District of North Carolina	Broad Band Technologies, Inc. v. General Instrument Corp.	Patent Damages (Deposition Testimony Only)
International Chamber of Commerce International Court of Arbitration	WorldSpan L.P. v. Abacus Distribution Systems Pte Ltd. And Other Case No. 9833/FMS	Damages and License Valuation
U.S. District Court for Western District of Washington at Seattle Case No. C97-10732	Arbitration between Electric Lightwave, Inc., Plaintiff v. USWest Inc., Defendant	Damages
U.S. District Court for District of Maryland Civil Case No. PJM 03-307	Final Analysis Communication Services, Inc. v. General Dynamics Corp., et al.	Damages (Rebuttal Only)
U.S. District Court for the Western District of Oklahoma	Eateries, Inc. and Fiesta Restaurant, Inc. v. J.R. Simplot Company No. CIV-99-1330-C	Damages (Deposition Testimony Only)
American Arbitration Association	Arbitration Between Avecia Inc., Claimant v. Mareva Poscines Et Filtrations, S.A. Respondent	Allocation of FIFRA Data Costs

COURT TESTIMONY AND APPEARANCES

Jurisdiction	Case	Subject
American Arbitration Association	Arbitration Massillon Cable TV, Inc., Claimant v. Fox Sports Net Ohio LLC	Licensing Fees For Regional Sports Programming
Commonwealth of Massachusetts, Middlesex Superior Court	Netrix, Inc and Proteon, Inc. v. Digital Equipment Corp. and Cabletron Systems, Inc. CIV No. MICX 98-01533	Valuation of Software License
Circuit Court for the City of Richmond, VA	Interactive Return Service, Inc. v. Virginia Polytechnic Institute and State University Case No LM 870-3	Damages (Deposition and Testimony before Judge Only)
State of Connecticut Superior Court Complex Litigation Docket	Alan M. Glazer et al. v. The Dress Barn, Inc. Case No. (X02) CV-01-0169075 S	Damages
Circuit Court of the County of St. Louis, State of Missouri	Biomedical Systems Corp. v. Mead Johnson & Company Cause No. 01CC-003428	Damages (Deposition Testimony only)
Private Arbitration	Dennis M. Donovan v. Raytheon Company	Valuation of Pension Benefits
World Trade Center, Victims Compensation Fund	Raymond Murphy	(Oral Testimony and Report)
World Trade Center Victims Compensation Fund	Dennis McHugh	(Oral Testimony and Report)
World Trade Center Victims Compensation Fund	Robert Crawford	(Oral Testimony and Report)

COURT TESTIMONY AND APPEARANCES

Jurisdiction	Case	Subject
World Trade Center Victims Compensation Fund	James Corrigan	(Report)
World Trade Center Victims Compensation Fund	John Moran	(Report)
World Trade Center Victims Compensation Fund	Nathaniel Webb	(Report)
U.S. District Court for the Northern District of Illinois, Eastern Division, No. 01-C 0067	ChoiceParts, LLC v. General Motors Corporation et al.	(Deposition and Report)
Commonwealth of Massachusetts, Middlesex, ss. Superior Court, Civil Action No. 01-2590	DataSafe, Inc. and David F. Muller v. Federal Express Corporation et al.	(Deposition and Report)
United States District Court Southern District Of Texas	Enron Creditors Recovery Corp. v. St. Paul Fire & Marine Insurance Company, Federal Insurance Company, The Greater American Insurance Company	(Deposition and Report)

REGULATORY COMMISSION TESTIMONY AND APPEARANCES

Commission	Docket No.	Subject
Arizona	U-3021-96-448 et al.	Cost of Local Service
Utah	94-999-01	Investigation into collocation and expanded interconnection
Connecticut	96-02-22	Cost of Local Service
Wyoming	70000-TR-96-323	US WEST Phase II Price Regulation Plan

REGULATORY COMMISSION TESTIMONY AND APPEARANCES

Commission	Docket No.	Subject
Pennsylvania	1-00960066	Financial Analysis
Pennsylvania	A-310203 F0002 et al.	Cost of Local Service
West Virginia	96-1516-T-PC et al.	Cost of Local Service
Minnesota	P-442, 5321 et al.	Generic Investigation of US WEST's Communications Cost
Iowa	RPU-96-9	Generic Investigation of US WEST's Communications Costs
Illinois	80-0511	Rate Base, Expenses, Forecasting
Maryland	7222	Power Plant Certificate Issues
District of Columbia*	777	Telephone Advertising and Parent Company Transactions
Illinois	82-0082	Gas Rate Design
Pennsylvania	M-810294	Energy Costs and Rate Design
Pennsylvania	R-822169	Nuclear Plant Economics
New Jersey	8011-827	Water and Sewerage Forecast
District of Columbia	798	Telephone Price Elasticity, Centralized Costs, Working Capital
California	83-06-65	Telephone Access Charges
Illinois	83-0142	Telephone Access Charges
U.S. International Trade Commission	731-TA-457	Handtools from People's Republic of China

* Prefiled but not sworn. Case Settled April, 1982.

REGULATORY COMMISSION TESTIMONY AND APPEARANCES

Commission	Docket No.	Subject
U.S. Postal Rate Commission	R 83-1	Financial Viability for Electronic Mail Service
U.S. Postal Rate Commission	R 84-1	Class Revenue Requirement, Demand Projections
U.S. Postal Rate Commission	R 87-1	Pricing of Third Class Mail
U.S. Postal Rate Commission	R 90-1	Pricing of Third Class Mail
U.S. Postal Rate Commission	R2000-1	Pricing and Costing of Bound Printed Matter
Maryland	6807, Phase I	Utility Forecasting
New Jersey	762-194	Utility Forecasting
District of Columbia	685	Utility Forecasting
District of Columbia	827	Econometric Demand Modeling for Coin Telephone Service
Maryland	7149	Utility Forecasting & Promotional Activities
Maryland	7300	Utility Forecasting
Maryland	7348	Utility Forecasting
Maryland	7427	Utility Forecasting
District of Columbia	737	Utility Forecasting
Maryland	7305	Telephone Advertising
Maryland	7163	Service Terminations
Maryland	7070	Utility Promotional Activities

REGULATORY COMMISSION TESTIMONY AND APPEARANCES

Commission	Docket No.	Subject
District of Columbia	729	Telephone Advertising & Parent Company Transactions
Maryland	6807, Phase II	Utility Emergency Procedures
Maryland	7467	Telephone Advertising, Parent Company Transactions
Maryland	7466	Gas Utility Advertising
New Hampshire	79-18	Industrial Conservation
Maryland	7236	Utility Promotional Activities
District of Columbia	834	Electric Utility Load Management Evaluation
California	85-01-034	Telephone Rate Design, Cost of Service
Massachusetts	86-213	Paging Company; Financial Viability, Pricing Analysis
District of Columbia	869	Fuel Price and Electric Demand Forecasts
Louisiana	U-17949 B	Customer Owned Coin Operated Telephones
New Jersey	TO92030358	Yellow Pages/Directory Services
Delaware	41	Development of Rules for the Implementation of Price Cap Regulation
Utah	94-999-01	Cost of Local Service
Connecticut	97-04-01	Cost of Local Service
New Mexico	97-35-TC	Cost of Local Service

REGULATORY COMMISSION TESTIMONY AND APPEARANCES

Commission	Docket No.	Subject
Maine	97-505	Cost of Local Service
Vermont	5713	Cost of Local Service
New York	94-C-0095	Access Charges/Financial Analysis
New Jersey	TX95120631	Access Charges/Financial Analysis
New Hampshire	DE97-171	Cost of Local Service
Colorado	97F-175T	Access Charges/Financial Analysis
Utah	97-049-08	Access Charges/Financial Analysis
Connecticut	98-04-03	Joint and Common Costs
Rhode Island	2681	Cost of Local Service
Arkansas	99-015-U	Arbitration of Interconnection Rates
Connecticut	00-01-02	Non-recurring and Recurring Costs

WRITTEN TESTIMONY ONLY

Jurisdiction	Case	Subject
U.S. District Court of Southern District of New York	In Re “Apollo” Air Passenger Computer Reservation System (CRS) MDL DKT. No. 760-M-21-49-MP	Liquidated Damages, Actual Damages

WRITTEN TESTIMONY ONLY

Jurisdiction	Case	Subject
Supreme Court of the Republic of Palau	Orion Telecommunications, Ltd. v. Palau National Communications Corporations, Civil Action No. 835-88	Lost Profit Damages
U.S. District Court for the District of Columbia	A&S Council Oil Company, Inc. et al. v. Patricia Saiki, et al. Civil, Action No. 87-1969-OG	Damages
U.S. District Court for Eastern District of Texas	R & D Business Systems, et al. v. Xerox Corp. Civil Action No. 2: 92-CV-042	Valuation of Non-Monetary Provisions of Stipulation of Settlement
U.S. District Court Eastern District of Michigan, Southern Division	Little Caesar Enterprises, Inc. v. Gary G. Smith, et al. Civil No. 93-CV-73354-DT	Class Certification (Joint Declaration with Philip Nelson)
FCC	Various	Cellular Radio Pricing: Critique of Competing Applications for Cellular in Seattle, Miami, Denver and Detroit
FCC Pricing	83-1145	Directory Data Base and Access

WRITTEN TESTIMONY ONLY

Jurisdiction	Case	Subject
U.S. District Court for the District of Columbia	American Association of Cruise Passengers v. Host Marriott Corp. et al.	Damages
U.S. District Court for Eastern District of Texas	Jason R. Searcy et al. v. Philips Electronics North America Corp. et al. Consolidated Civil Action No. 1:95-CV 363, 364	Damages
U.S. District Court for Eastern District of Texas Beaumont Division	USA ex. rel. Lloyd Bortner v. Phillips Electronics	Penalties under False Claims Act
FCC	In Re: Applications of Motorola, Inc.; Motorola SMR, Inc.; and Motorola Communications and Electronics, Inc. and FCI 900, Inc. For Consent to Assignment of 900 MHz Specialized Mobile Radio Licenses DA 00-2352	Wireless Dispatch Services (with Michael Baumann)
FCC (Market Disputes Resolution)	McLeodUSA Publishing Company v. Wood County Telephone Company, Inc.	Subscriber Listing Information
FCC (Market Disputes Resolution)	Yellow Book USA, Inc. v. Broadwing Inc. and Cincinnati Bell Telephone Company	Subscriber Listing Information (Written Report and Deposition Testimony)

WRITTEN TESTIMONY ONLY

Jurisdiction	Case	Subject
United States of America v. United Kingdom of Great Britain and Northern Ireland	U.S. – U.K. Arbitration Concerning Heathrow Airport User Changes	Participating in Negotiations Leading to Settlement of Arbitration and Related Litigation
FCC	In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Exchange Carriers CC Docket No 01-338	Broadband Telecommunications Services
FCC	Core Communications, Inc. v. Verizon Maryland Inc. File No. EB-01- MD-007. Report.	Damages

APPENDIX 2

Calling and Site Commission Rates

Appendix 2: List of Facilities by Group

Category	Facility Name	Interstate		Stated Site Commission Rate	Flat-Rate Commission Payment
		Rate per Minute	Interstate Rate per Call		
High 10	Broward County*	\$ 0.89	\$ 3.95	0.0%	\$ 172,145
High 10	Cook County Illinois*	\$ 0.20	\$ 1.00	57.5%	\$ 300,000
High 10	Orleans Parish*	\$ 0.89	\$ 3.95	59.0%	\$ 1,039,588
High 10	Palm Beach County	\$ 0.69	\$ 3.80	68.0%	\$ -
High 10	Louisville / Jefferson County Metro Govt Parent*	\$ 0.89	\$ 3.95	64.0%	\$ 397,400
High 10	Suffolk County Sheriff'S Department	\$ 0.89	\$ 3.95	50.0%	\$ -
High 10	Allegheny Parent	\$ 0.59	\$ 3.00	0.0%	\$ -
High 10	East Baton Rouge	\$ 0.89	\$ 3.95	0.0%	\$ -
High 10	Suffolk County Sheriff'S Department	\$ 0.89	\$ 3.98	50.0%	\$ -
High 10	Hampden County	\$ 0.89	\$ 3.95	52.0%	\$ -
Medium 10	Teller County Jail	\$ 0.20	\$ 2.54	44.0%	\$ -
Medium 10	Parke County Jail*	\$ 0.89	\$ 3.95	45.0%	\$ 10,000
Medium 10	Wilkes County Sheriff'S Office- (HLS)	\$ 0.89	\$ 3.95	44.0%	\$ -
Medium 10	Gilpin County Jail	\$ 0.15	\$ 2.54	38.0%	\$ -
Medium 10	Ravalli County Sheriff'S Department	\$ 0.89	\$ 4.09	45.0%	\$ -
Medium 10	Jennings County Jail	\$ 0.69	\$ 3.95	50.0%	\$ -
Medium 10	Heart Of America Correctional & Treatment Center*	\$ 0.89	\$ 4.05	30.0%	\$ 7,000
Medium 10	Carbon County Jail	\$ 0.89	\$ 3.95	30.0%	\$ -
Medium 10	Tunica County County Sheriff'S Dept - JSI*	\$ 0.89	\$ 3.95	0.0%	\$ 20,000
Medium 10	Bibb County Commission	\$ 0.89	\$ 3.95	58.0%	\$ -
Medium 10	Titus County Jail*	\$ 0.89	\$ 3.95	58.0%	\$ 20,000
Low 10	Walla Walla County Juvenile	\$ 0.35	\$ 2.25	0.0%	\$ -
Low 10	Aurora City Police Department	\$ 0.65	\$ 2.60	5.0%	\$ -
Low 10	Keweenaw County Jail	\$ 0.89	\$ 3.95	35.0%	\$ -
Low 10	Marion County Juvenile Detention Facility	\$ 0.50	\$ 2.50	28.0%	\$ -
Low 10	Oakview Juvenile Residential Center	\$ 0.89	\$ 3.95	40.0%	\$ -
Low 10	Furnas County Jail	\$ 0.65	\$ 3.50	30.0%	\$ -
Low 10	Edwards County Jail	\$ 0.50	\$ 3.50	20.0%	\$ -
Low 10	Midlothian City - Northern Ellis Emergency Dispatch	\$ 0.89	\$ 3.95	30.0%	\$ -
Low 10	Sheridan County Jail	\$ 0.89	\$ 3.95	30.0%	\$ -
Low 10	Monett City Police Dept	\$ 0.65	\$ 2.60	0.0%	\$ -
State DOC	Florida DOC	\$ 0.06	\$ 1.20	35.0%	\$ -
State DOC	Maryland DOC ¹	\$ 0.30	\$ 3.00	0.0%	\$ -
State DOC	Missouri DOC	\$ 0.05	\$ 1.00	0.0%	\$ -
State DOC	Arizona DOC*	\$ 0.40	\$ 2.40	0.0%	\$ 1,797,978
State DOC	Connecticut DOC	\$ 0.32	\$ -	68.8%	\$ -
State DOC	Kentucky DOC*	\$ 0.30	\$ 2.00	54.0%	\$ 80,000
State DOC	Louisiana DOC ²	\$ 0.17	\$ 2.15	70.0%	\$ -
State DOC	Alaska DOC	\$ 0.89	\$ 3.95	7.0%	\$ -

¹ For MD DOC, \$0.30 per minute rate does not apply to first minute.

² LA DOC reports two per minute rates--\$0.17 and \$0.27. Here, \$0.17 is listed.

* The following facilities have required Securus to pay a flat-rate commission payment: Broward County, Cook County Illinois, Orleans Parish, Louisville / Jefferson County Metro Govt Parent, Parke County Jail, Heart Of America Correctional & Treatment Center, Tunica County County Sheriff'S Dept - JSI, and Titus County Jail; Arizona DOC and Kentucky DOC.