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Notice of Ex Parte Presentation

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

Re: WC Docket No. 12-375, Rates for Interstate Inmate Calling Services

Dear Ms. Dortch:

On July 30, 2013, Vincent Townsend, President of Pay Tel Communications, Inc. (“Pay Tel”), and Marcus W. Trathen of Brooks, Pierce, McLendon, Humphrey & Leonard, LLP, met with Valery Galasso, Special Advisor to Commissioner Jessica Rosenworcel.

In this meeting, Pay Tel discussed Pay Tel’s positions of record, as reflected in the attached summary. Pay Tel emphasized that:

- Based on Pay Tel’s cost study filed July 23rd—demonstrating a cost for collect and prepaid calls of \$0.33 per minute, including commissions, and \$0.21 per minute, excluding commissions—adoption of the Wright Petitioners’ proposal to establish a benchmark ICS rate for interstate calls at \$0.07 per minute would put providers such as Pay Tel that primarily provide ICS in jails out of business and would result in immediate “rate arbitrage” to the detriment of safety and security, resulting in further industry consolidation by the two dominant national ICS providers.
- Providers of ICS in jails, where local calling is predominant, face state-imposed rate caps that are below demonstrated costs; consequently, even if the Commission were to adopt a national benchmark for interstate calls based on Pay Tel’s demonstrated costs, Pay Tel would be faced with an economically unsustainable business model if below-cost local rate caps are not simultaneously preempted. In support of this point, Pay Tel noted the FCC’s decision in 2002 not to require consistent allocations of common costs between intrastate and interstate jurisdictions which has resulted in the existing system where interstate rates subsidize below-cost local rates.
- Should the Commission move forward with reform of interstate rates only, it should exempt jails given the distinct costs demonstrated in the record that apply uniquely in the jail setting as compared to the prison setting as well as the potential for massive

disruption to ICS in jails, and the attendant impairment to ICS security, that would result from the imposition of below-cost rates to jails.

- Establishing a rate that does not include commissions as a component of ICS rates would leave facility administrators without the funds to cover the legitimate costs required to operate phones in a safe and secure manner and thereby risk cessation or diminution of ICS availability; consequently, the Commission should consider adoption of an explicit rate component designed to recover such costs through issuance of a Further Notice of Proposed Rulemaking.

In accordance with Section 1.1206 of the Commission's rules, this letter is submitted for inclusion in the record of the above-captioned proceeding. Please do not hesitate to contact the undersigned should any questions arise concerning this letter or the issues discussed.

Sincerely yours,

/s/ Marcus W. Trathen
Marcus W. Trathen

cc (via email):

Valery Galasso
Rebekah Goodheart
Deena Shetler
Kalpak Gude
Randolphe Clarke
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