

4. GTL and its wholly owned subsidiaries presently provide ICS to in excess of 1,650 correctional facilities throughout the nation, including in excess of 1,600 facilities operated by state or local governments.

5. GTL is a party to in excess of 700 ICS contracts, including in excess of 650 contracts with state, county, or city governments. These contracts typically have multi-year terms.

6. Of these contracts, more than 500 set rates for interstate ICS calls above the safe harbor levels of \$0.12 per minute for debit calls and \$0.14 per minute for collect calls adopted in the *Order*. According to GTL's internal projections, reducing interstate ICS rates in these contracts to the safe harbor levels would cost GTL between \$16 million and \$18 million in the next year, if GTL were to continue to pay site commissions according to commission terms of its contracts.¹ Reducing interstate ICS rates in these contracts to safe harbor levels would cost GTL between \$9 and \$11 million in the next year if it were to cease paying site commissions altogether.

7. Reducing interstate ICS rates to safe harbor levels would also reduce revenues to the correctional facilities GTL serves. During the next year, GTL projects that such rate reductions would result in between \$14 million and \$16 million in lost commission revenues to GTL facilities if GTL continued to pay site commissions, and more than \$20 million if GTL stopped paying commissions to facilities. Indeed, even reducing interstate ICS rates to the rate caps would dramatically reduce these facilities' commission revenues in the next year – a revenue drop of \$9 to \$11 million if GTL kept paying commissions, or of \$20 to \$22 million if it did not.

¹ The projections in this declaration do not account for demand elasticity, which may or may not occur but must be determined on a facility-by-facility basis.

8. For example, GTL has entered into a contract with the Maryland Department of Corrections to provide ICS to two dozen Maryland correctional facilities. That contract requires GTL to pay an 87% commission on ICS revenue from collect calls, and a 65% commission on ICS revenue from debit and prepaid calls.

9. If GTL were to reduce its interstate ICS rates to \$0.12 per minute for debit calls and \$0.14 per minute for debit calls, GTL projects that site commission revenues to the Maryland DOC's 24 facilities would likely decline by more than \$25,000 per month and more than \$300,000 in the next year (if it continued to pay commissions), and by more than \$40,000 per month and more than \$500,000 in the next year (if it did not).

10. I estimate that it will require at least 10 person hours to renegotiate the terms of each of the more than 500 existing GTL contracts that set interstate rates above safe harbor levels, or more than 5,000 person hours overall. Even then, there is no guarantee that GTL's renegotiation attempts will be successful for all contracts.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Mobile, Alabama, on the 29 day of October, 2013.


Charles Stephen Yow