

EXHIBIT H

Declaration of Don Wood

DECLARATION OF DON J. WOOD

1. My name is Don J. Wood. I am a principal in the firm of Wood & Wood, an economic and financial consulting firm. My business address is 914 Stream Valley Trail, Alpharetta, Georgia 30022.

2. I provide economic and regulatory analysis of telecommunications and related convergence industries with an emphasis on economic and regulatory policy, competitive market development, and cost-of-service issues.

3. I am the author of the 2008 Inmate Calling Services Interstate Call Cost Study and the 2013 Pay Tel Communications Cost Study used by the Commission to establish Interim Rate Caps for ICS services in its *Report and Order and Further Notice of Proposed Rulemaking* (FCC 13-113) (rel. Sept. 26, 2013).

4. The cost results relied upon by the Commission from each of these studies represent an average cost per minute across intrastate and interstate jurisdictions; that is, these results represent an average cost of an ICS provider's combination of intrastate and interstate calls.

5. As a result, a rate cap based on these combined costs can permit an ICS provider to receive "fair compensation" for each completed "intrastate and interstate call" *if, but only if*, the rate cap in effect for both intrastate and interstate calls is equal to (or greater than) this amount.

6. In contrast, if a rate cap lower than this amount is in effect for a subset of calls (e.g., for intrastate calls), a rate cap for a different subset of calls (e.g., for interstate calls) that is set equal to average cost will not permit an ICS provider to recover its costs and to receive "fair compensation."

7. Specifically, applicable rate caps for certain categories of intrastate calls are currently well below the average cost levels used by the Commission to establish the interim rate caps for interstate services. As a result, the application of the Commission's interim rate caps to interstate services may make it impossible for a given ICS provider to recover its costs and receive fair compensation for the mix of intrastate and interstate calling services it provides.

8. I have been asked by Pay Tel Communications, Inc. (Pay Tel) to analyze the caps applicable to its intrastate calling services in order to determine whether, with the Commission's interim rate caps in place for interstate services, Pay Tel will be able to recover its costs and receive fair compensation for the combination of intrastate and interstate services that it provides.

9. In order to perform this analysis, I obtained data for all 160 Pay Tel ICS clients, representing 180 individual jail locations. Pay Tel serves only jail facilities. Pay Tel does not serve prisons.

10. The following data was obtained from Pay Tel's records: call volume data, both by call jurisdiction (e.g. local, intraLATA and interLATA intrastate toll, and interstate toll) and call payment type (debit, pre-paid collect, post-paid collect); and rate data (per call and per minute), both by call jurisdiction (e.g. local, intraLATA and interLATA intrastate toll, and interstate toll) and call payment type (debit, pre-paid collect, post-paid collect).¹

11. I calculated average revenue per minute for intrastate and interstate calls at a given location, by call type, based on the rates identified above and assuming a 15-minute call duration (consistent with the Commission's stated methodology for application of interstate price caps). I then compared this average revenue per minute to the average cost per minute (consistent with the Commission's interstate interim cap level) for each call type.

12. For call types in which average revenue per minute is less than the average cost per minute, a total dollar shortfall for each call type at a given location was calculated. The location-specific shortfalls were then summed to calculate a total annual shortfall.

13. The results of this analysis are as follows. Of the 160 clients served by Pay Tel, 117 have at least one category of intrastate calls in which the average revenue per minute is below the average cost. This means that intrastate calling is currently being subsidized at these locations.

14. For these 117 locations, the total amount by which state-imposed intrastate rate caps force rates below cost is \$2,864,081. This means that for the jail locations currently served by Pay Tel, intrastate services currently require a subsidy of \$2,864,081. This amount represents more than 11% of Pay Tel's 2012 total revenue.

15. Some of the intrastate jurisdictions Pay Tel serves do have caps for some categories of intrastate services that are at or above the average cost per minute. These at- or above-cost intrastate locations currently help subsidize below-cost intrastate locations. If these at- or above-cost intrastate locations are assumed to continue to subsidize below-cost intrastate locations (not likely to represent a sustainable scenario over time in an environment where states are continuing to add below-cost rate caps and rates are being driven down by arbitrage), the net intrastate shortfall that remains is \$1,666,412. In other words, even with intrastate-to-intrastate subsidies, the intrastate services provided by Pay Tel require a net subsidy of \$1,666,412.

16. In order for Pay Tel (or any other ICS provider) to recover its costs and to receive fair compensation in this environment wherein states impose below-cost rate caps, a revenue source must exist to subsidize those below-cost intrastate rates.

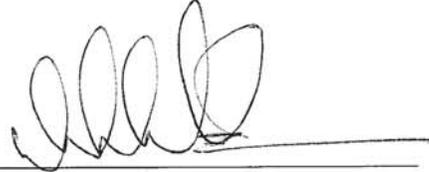
¹ For jail locations where Pay Tel has provided service for a full quarter, the most recent quarterly data (2Q 2013) was used. For locations where Pay Tel began offering service after the beginning of 2Q 2013, the most recent monthly data was used.

17. The application of the Commission's interim rate caps to interstate services will immediately reduce Pay Tel's interstate revenues by \$1,190,751, 100% of which is currently used to provide a subsidy to below-cost intrastate rates.

18. The adoption of rate caps based on average costs (that is, an average of interstate and intrastate calling), and the application of those rate caps only to interstate services, creates a situation in which Pay Tel cannot recover its costs and cannot receive fair compensation.

I declare under penalty of perjury under the laws of the United States of America that the foregoing information and materials are true and correct to the best of my knowledge, information, and belief.

Dated: November 26, 2013

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Don J. Wood