



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

November 4, 2014

The Honorable Rich Nugent  
U.S. House of Representatives  
1727 Longworth House Office Building  
Washington, D.C. 20515

Dear Congressman Nugent:

Thank you for contacting me to express the concerns raised by local governments and other constituents in your district regarding the Commission's inmate calling services (ICS) proceeding. In your letter, you strongly urge that any rate changes be phased in gradually and that the Commission consider allowing recovery of incurred costs. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

On September 26, 2013, the Commission released a *Report and Order and Further Notice of Proposed Rulemaking* on ICS. In the *Report and Order*, the Commission adopted interim reforms of interstate ICS rates, requiring that providers' rates and charges be just, reasonable, and fair. The *Report and Order* also required submission of data from ICS providers on costs and usage, which the Commission received in August 2014.

The *Report and Order* recognized that security measures are an important part of ICS and made clear that it is appropriate for security costs to be recovered through ICS rates. In the associated *Further Notice of Proposed Rulemaking*, the Commission sought public comment on a number of outstanding issues regarding ICS, including reform of intrastate ICS rates and practices, and whether the Commission should adopt a rate structure that distinguishes between jails and prisons.

The *Report and Order* is already having positive results. Lower interstate rates and increased ICS usage enable more families to connect with inmates. Unfortunately, intrastate rates have increased in many states. Moreover, ICS providers are imposing an increasing array of ancillary charges, and correctional facilities are continuing to demand site commissions, or payments to facilities that are not based on their costs to provision ICS, which represent a significant portion of ICS provider gross revenues.

Under the leadership of Commissioner Clyburn, who has been spearheading the Commission's effort on this issue, the Commission adopted a *Second Further Notice of Proposed Rulemaking* ("Further Notice") on October 17, 2014, with a goal of comprehensively reforming the ICS system, including both interstate and intrastate rates. The *Further Notice*

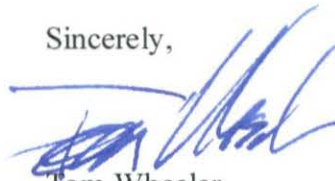
seeks comment on the data submitted by ICS providers in August, which includes cost data for jails and prisons of all sizes. The *Further Notice* seeks comment on the data and whether rules should account for the differences in costs to serve different types of facilities.

Your letter raises several important issues, and the *Further Notice* recognized these issues and seeks comment on how to address them. For example, with respect to your concerns related to the recovery of incurred costs, the *Further Notice* seeks comment on whether correctional institutions incur any costs in the provision of ICS and, if so, how facilities should recover such costs if the Commission otherwise determines to prohibit the use of site commissions. And, with respect to your suggestion of a “grace period” for implementation, the *Further Notice* seeks comment on providing a multi-year transition period to provide sufficient time for correctional facilities to adjust their budgets.

Please be assured that we will take into consideration the issues and concerns presented by all stakeholders engaged in this proceeding, including, as you suggest, representatives of state and local governments. The goal of the *Further Notice* is to reform the ICS system comprehensively, while also ensuring appropriate cost recovery and transition periods for correctional facilities.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tom Wheeler", with a horizontal line drawn above it.

Tom Wheeler





FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

OFFICE OF  
THE CHAIRMAN

November 4, 2014

The Honorable Rob Wittman  
U.S. House of Representatives  
2454 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congressman Wittman:

Thank you for contacting me to express the concerns raised by local governments and other constituents in your district regarding the Commission's inmate calling services (ICS) proceeding. In your letter, you strongly urge that any rate changes be phased in gradually and that the Commission consider allowing recovery of incurred costs. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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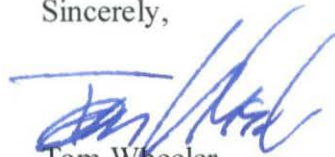
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Sincerely,



Tom Wheeler