



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

January 20, 2015

The Honorable Frank Pallone  
U.S. House of Representatives  
237 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Pallone:

Thank you for your letter expressing support for the Commission's efforts to achieve fair and reasonable rates for inmate telephone calls. In your letter, you express concern that the current system is financially burdensome for inmates and their families. Your views are very important, and they will both be included in the record of the proceeding and be considered as part of the Commission's review.

In September 2013, the Commission released a *Report and Order and Further Notice of Proposed Rulemaking* on inmate calling services (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. These interim reforms included interim caps on local, in-state long distance, and interstate long distance telephone services.

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 – payments to facilities that are not based on their costs to provision ICS – representing 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 whether to ban site commissions. The *Further Notice* also seeks comment on permanent rate caps on all services – local, in-state long distance, and interstate long distance telephone services. These caps would replace the current interim caps, protecting inmates and their families from exorbitant rates as site commissions are phased out. Finally, the *Further Notice* seeks comment on providing a multi-year transition period to provide sufficient time for correctional facilities to adjust their budgets.

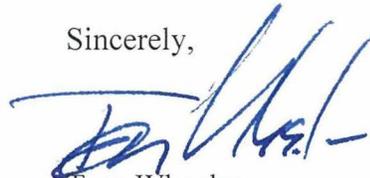
Please be assured that we will take into consideration the issues and concerns presented by all stakeholders engaged in this proceeding, including inmates and their families. The goal of

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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,



Tom Wheeler