# STATE OF IOWA DEPARTMENT OF COMMERCE UTILITIES BOARD

IN RE:

INQUIRY INTO REGULATORY REQUIREMENTS FOR ALTERNATIVE OPERATOR SERVICES COMPANIES DOCKET NO. NOI-2019-0001

# **RESPONSE TO ORDER INITIATING INQUIRY**

Global Tel\*Link Corporation and Public Communications Services, Inc. (collectively, "GTL") respectfully submit the following response to the Order Initiating Inquiry (the "Order") issued by the Iowa Utilities Board ("Board") on August 20, 2019 in the above-referenced matter. The Order initiated an inquiry to evaluate the regulatory framework that applies to alternative operator services ("AOS") companies in Iowa, including AOS provided by inmate calling service ("ICS") providers. The inquiry builds on the Board's prior orders and proceedings regarding AOS companies and ICS providers, and the proposed tariffs filed by those companies. GTL understands the goals of the inquiry are to review the existing regulatory framework regarding AOS in Iowa, consider whether that framework needs to be revised, decide whether new rules need to be adopted, address any new technology, and review any recent changes in related statutes and rules.<sup>2</sup>

See, e.g., Docket No. RMU-2017-0004, Rule Making Regarding Inmate Calling Rate Caps [199 IAC Chapter 22], Order Terminating Rule Making (Jan. 2, 2019) ("January 2019 Order"); Docket No. RMU-2017-0004, Rule Making Regarding Inmate Calling Rate Caps [199 IAC Chapter 22], Order Requiring Tariff Filing (Mar. 14, 2019); Docket Nos. TF-2019-0039, TF-2019-0040, Global Tel\*Link Corporation and Public Communications Services, Inc., Order Docketing Tariffs for Further Review (May 1, 2019); Docket Nos. TF-2019-0039, TF-2019-0040, Global Tel\*Link Corporation and Public Communications Services, Inc. Order Granting Petitions to Intervene and Requiring Additional Information (May 24, 2019).

Order at 1.

#### PRELIMINARY STATEMENT

GTL provides secure, customized, and highly specialized services to correctional facilities based upon the individual and unique requirements set forth in the Request for Proposals ("RFPs") issued by the correctional facility, which outline the technology, service, rates, and commissions (as applicable) sought by the issuing facility. The competitive bidding and RFP process defines the ultimate contract. Each contract GTL has with its correctional facility customers is unique and contains the requirements specified by the correctional facility.

GTL commends the Board for initiating this broader inquiry into the regulatory framework for AOS to ensure all interested stakeholders are given the opportunity to participate. ICS stakeholders include: (1) incarcerated individuals and their friends and family members; (2) correctional facilities, each of which have individual safety and security needs; and (3) ICS providers. Although each stakeholder group has its own unique goals, a common intersection exists in the analysis of the service offering - the need to consistently and reliably connect incarcerated individuals with their friends and family while providing a service that comports with the dynamic safety and security needs of each correctional facility.

Although GTL is classified as an AOS company under the Board's current rules, the service offered by GTL and other ICS providers differs from that offered by traditional AOS companies. Both traditional AOS companies and ICS providers use automated operator systems to facilitate the completion of calls; however, the similarity ends there. Accordingly, GTL encourages the Board to recognize the differences between traditional AOS and ICS as it considers the regulatory framework to be applied to these services going forward.

#### GTL RESPONSES TO BOARD INFORMATION REQUESTS

GTL provides the following responses to the discussion topics identified by the Board in the Order and incorporates its comments submitted in Docket Nos. TF-2019-0039 and TF-2019-0040 as well.

# **BOARD QUESTION 1**

Should all AOS companies' tariffs have consistent definitions for the services provided, identify the types of facilities where the service is offered, offer the same types of service, offer the same calling options, and contain the same requirements for billing and cancellation of service?

# GTL RESPONSE TO BOARD QUESTION 1

The tariffs of AOS companies (and in particular ICS providers) should have consistent definitions for some items set forth in the tariff, but not all of the items listed in Question 1. GTL recommends that consistent definitions be used for types of services provided and types of facilities where service is offered. Consistency in these areas will eliminate the guess work for consumers in instances when a correctional facility changes its ICS provider or when inmates are transferred between correctional facilities served by different ICS providers. Consumers should not be required to re-learn new nomenclature for similar services or facilities. Differences for the consumer should be confined to the company providing the service and the rates and/or fees to be charged, which will be directed by the individual correctional facility contract. In addition, a common framework would simplify Board oversight of ICS. The Board will have the ability to easily compare and contrast services from multiple providers without the need to define the service offerings on a provider-by-provider basis.

GTL does not recommend that consistent definitions be used for all AOS companies and/or ICS providers with respect to calling options and billing/cancellation of service. In most instances, the calling options available in a correctional facility (collect, inmate debit, or prepaid) are dictated by the correctional facility pursuant to its contract with the ICS provider. Some correctional facilities do not permit inmates to pay for telephone calls using inmate accounts as the correctional facility (or third-party acting on behalf of the correctional facility) manages those accounts.<sup>3</sup> No correctional facility or ICS provider should be required to offer a specific calling option if the correctional facility does not wish that calling option to be available in the facility. Further, each individual AOS company or ICS provider should be able to determine their specific requirements for billing and cancellation of service. Those aspects of AOS or ICS are individual to each carrier, and billing requirements often can depend on the arrangements the carrier has with third-parties.

# **BOARD QUESTION 2**

What criteria or considerations should the Board use to determine whether rates charged by an AOS company are just and reasonable? This includes the basic rates and any ancillary rates.

#### GTL RESPONSE TO BOARD QUESTION 2

Given the unique environment in which ICS is provided, ICS must be treated differently than traditional AOS in determining whether rates are just and reasonable. Each contract GTL has with its correctional facility customers is unique, and contains the requirements specified by that correctional facility. These individual case basis ("ICB") contracts vary based on the size, location, security requirements, and the types of services the correctional facility requests GTL

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See, e.g., Docket Nos. TF-2019-0039, TF-2019-0040, Global Tel\*Link Corporation and Public Communications Services, Inc., Response to Request for Additional Information on Tariffs, 11 (filed June 24, 2019).

provide. Iowa law recognizes AOS are provided pursuant to contracts between an AOS company and the correctional facility making telephones available for use by inmate end users.<sup>4</sup> The Board also has acknowledged correctional facilities "have choices regarding both providers and products" and "have significant ability to control the rates charged to inmates based on each facility's unique circumstances."<sup>5</sup>

The intent of the Board's current AOS rules is to: (1) allow fair competition in the public interest while ensuring the availability of safe and adequate communications service to the public; and (2) ensure that the charges of AOS companies for communications service and regulated services rendered in connection therewith will be just and reasonable.<sup>6</sup> In this vein, the Board has adopted Rule 199 IAC 22.12(1), which "establishes a safe harbor for AOS rates; the rates of AOS companies may not exceed the rates for similar services provided by utilities whose rates have been approved by the Board in a rate case or set in a market that the Board has determined to be competitive."

GTL's reliance on maximum rate caps satisfies the Board's goals of just and reasonable rates.<sup>8</sup> Maximum rates establish a cap on what can be charged while giving ICS providers the flexibility required to meet the differing security and communication service needs of

<sup>&</sup>lt;sup>4</sup> Iowa Code § 476.91; 199 IAC 22.19.

<sup>&</sup>lt;sup>5</sup> January 2019 Order at 5.

<sup>&</sup>lt;sup>6</sup> 199 IAC 22.1(1).

<sup>&</sup>lt;sup>7</sup> 199 IAC 22.12(1); *see also* Docket No. TF-2011-0031, *Global Tel\*Link Corporation*, Order Suspending Tariff, Docketing for Further Investigation, and Requesting Comments (April 1, 2011).

See, e.g., Docket No. RPU-94-3, Midwest Gas, Final Decision and Order (May 19, 1995) (allowing a maximum rate to be stated in the tariff and acknowledging the actual rate is subject to negotiation pursuant to an agreement). The Federal Communications Commission ("FCC") also has found using maximum rates meets the dual goals of "allow[ing] market forces to ensure that rates are just and reasonable" and ensuring ICS providers have "flexibility in how they offer ICS." See Rates for Interstate Inmate Calling Services, 29 FCC Rcd 13170, ¶ 48 (2014); see also Rates for Interstate Inmate Calling Services, 28 FCC Rcd 14107, n.416 (2013).

correctional facility customers. The use of maximum rates also is consistent with Iowa Code § 476.5 and Board precedent. Iowa Code § 476.5 states:

No public utility subject to rate regulation shall directly or indirectly charge a greater or less compensation for its services than that prescribed in its tariffs, and no such public utility shall make or grant any unreasonable preferences or advantages as to rates or services to any person or subject any person to any unreasonable prejudice or disadvantage.

The purpose of the statute is to ensure regulated entities cannot discriminate in favor of one customer over another<sup>9</sup> because "customers receiving the same service at the same cost should generally be charged the same rates." While Iowa Code § 476.5 does not allow regulated entities to "grant unreasonable preferences or advantages as to rates or services to a customer," it does not mean that regulated entities "must be inflexible and cannot take individual circumstances into account when deciding what to do with respect to a particular customer." ICB arrangements "are not intended to negate the statutory tariff requirement" found in Iowa Code § 476.5, but "are useful for addressing specific situations that are not properly addressed by general tariff provisions, such as customer costs that vary significantly from one customer to another."

Any rate review undertaken by the Board for ICS must recognize the competitive bidding process dictated by Iowa law for correctional facilities to obtain goods and services.<sup>13</sup> That legal

See, e.g., Teleconnect Co. v. U.S. West Communications, Inc., 508 N.W.2d 644 (Iowa 1993); Iowa Elec. Light & Power Co. v. Wendling Quarries, Inc., 389 N.W.2d 847 (Iowa 1986).

Docket Nos. RPU-02-3, RPU-02-8, ARU-02-1, *Interstate Power and Light Company*, Order on Rehearing (June 4, 2003).

Docket No. FCU-07-12 (C-07-147), Ralph Van Fossen, Complainant v. Interstate Power and Light Company, Respondent, Proposed Decision (April 25, 2008).

Docket No. FCU-07-2, *Qwest Communications Corporation, Complainant, v. Superior Telephone Cooperative, et al., Respondents*, Order Denying Requests for Reconsideration (Feb. 4, 2011).

See, e.g., 11 IAC 117.1 et seq.; see also Docket No. RMU-2018-0022, Service Supplied by Telephone Utilities [199 IAC Chapter 22], Order Commencing Rule Making (Apr. 19, 2019) (seeking comment on the Board's jurisdiction to establish proposed rules and tariff requirements that apply to Iowa correctional facilities).

mandate requires ICS providers to have the flexibility to respond to the competitive process established for the ICS marketplace and other circumstances unique to the provision of service in the correctional facility environment.<sup>14</sup> The Board's AOS rate policy should not be administered in a way that would disadvantage certain AOS companies over others.<sup>15</sup>

# **BOARD QUESTION 3**

Should an AOS company be allowed to offer rates and service for non-correctional facilities that are different from rates and services provided to correctional facilities?

#### GTL RESPONSE TO BOARD QUESTION 3

An AOS company must be allowed to offer rates and services to correctional facilities that are different from the rates and services offered to non-correctional facilities. While on the surface there are some similarities between the service offerings (such as the use of an automated operator that manages the call flow for both types of services), there is a significant difference in the safety and security parameters required by individual correctional facilities compared to a coin phone at a convenience store. Services offered to correctional facilities include, but are not limited to: (1) allowed call lists; (2) dis-allowed number lists; (3) live monitoring and recording; and (4) investigative capabilities and tools. Traditional AOS provided to the general public do not include these types of specialized services, and often include little more than dialtone.

The Board has recognized there are differences between traditional AOS and ICS in both its generic rulemaking to update its telephone rules<sup>16</sup> and in the waivers previously granted to

See, e.g., Iowa Code § 904.508A; 201 IAC 20.20(904); 201 IAC 50.19(356, 356A).

GTL's proposed maximum rate of \$0.30 per-minute is significantly lower than the rates for similar services in Iowa. *See, e.g.*, Level 3 Telecom of Iowa, LLC, Iowa Products and Services Price List No. 3, p. 149 (May 27, 2016) (per call charges from \$1.45 to \$4.88 for operator service calls); Broadview Networks, Inc., Iowa Price Guide No. 1, Section 5, p.10 (Sept. 24, 2010) (per call charges from \$1.25 to \$3.35 for operator service calls).

Docket No. RMU-2018-0022, *Service Supplied by Telephone Utilities [199 IAC Chapter 22]*, Order Requesting Comments on Draft Adopted and Filed Notice (Aug. 19, 2019) (recognizing there are limitations placed on AOS companies providing service to correctional facilities).

GTL.<sup>17</sup> Correctional policies in Iowa also recognize the distinction between these types of services. For example, the Iowa Department of Corrections ("DOC") policy on Offender Access to Telephones states inmates are not permitted to make calls to toll-free numbers or 900 numbers, <sup>18</sup> which is permitted for AOS offered to the general public.

Federal law also recognizes that inmate calls require "special security measures" and the correctional facilities have specialized "security needs." For this reason, inmate calling is accorded a different status than other types of telecommunications services. The FCC has found ICS, "largely for security reasons," is "quite different from the public payphone services that non-incarcerated individuals use." Under FCC rules, inmate telephone systems are not required to provide the caller with access to the carrier of their choice; rather, inmates are limited to the carrier selected by the correctional facility in recognition of the "special security requirements applicable to inmate calls." Further, correctional facilities have the right to "screen phone calls," "employ numerous blocking mechanisms," and limit calls to "certain pre-

Docket Nos. TF-05-104, WRC-05-24-243, *Global Tel\*Link Corporation*, Order Approving Tariff and Granting Waiver (May 24, 2005). The Board waived Rule 22.19(3), which prohibits AOS companies from blocking access to different long distance companies and requires AOS contracts to prohibit call blocking, and Rule 22.19(4), which requires contracts between AOS companies and contracting entities to contain provisions for posting certain information. The Board determined "it would be an undue hardship" for GTL "to abide by these rules given the specialized nature of the offered services" and that "the waiver will not affect the substantial legal rights of any person and that equal protection of the public health, safety, and welfare have been afforded by other means unique to the particular environment being served." *See id.* Application of the rules also was waived for Public Communications Services, Inc., Order Approving Initial Tariff, Denying Unnecessary Requests for Waiver, and Granting Requests for Waiver (July 30, 1999).

State of Iowa Department of Corrections Policy and Procedures, Offender Access to Telephones (effective Sept. 2016), https://doc.iowa.gov/sites/default/files/op-mtv-03\_offender\_access\_to\_telephones.pdf.

<sup>&</sup>lt;sup>19</sup> Billed Party Preference for InterLATA 0+ Calls, 16 FCC Rcd 22314, ¶ 15, n.46 (2001).

Policies and Rules Concerning Operator Service Providers, 6 FCC Rcd 2744, ¶ 15 (1991) ("provision of such phones to inmates presents an exceptional set of circumstances").

Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, 17 FCC Rcd 3248,  $\P$  9 (2002) ("2002 Inmate Order"); see also Rates for Interstate Inmate Calling Services, 27 FCC Rcd 16629,  $\P\P$  5-6 (2012) ("2012 NPRM") ("The Commission has recognized that ICS differs from traditional payphone services in a number of respects. . . . Security considerations also differentiate ICS from public payphone services.").

<sup>&</sup>lt;sup>22</sup> Billed Party Preference for InterLATA 0+ Calls, 13 FCC Rcd 6122, ¶¶ 45-46 (1998) ("1998 Order").

approved numbers."<sup>23</sup> Correctional facilities also require that inmate phones "be monitored for frequent calls to the same number" and "often require periodic voice overlays that identify the call as being placed from a correctional facility, as well as listening and recording capabilities for all calls."<sup>24</sup> These policies are consistent with the notion that inmates are not entitled to unfettered access to telephonic communications.<sup>25</sup>

Finally, rates and services in the correctional facility setting must be tailored around the specific needs of the correctional facility customer. Any requirement that rates and services in correctional facilities mirror those in non-correctional settings would undermine the correctional facility's right to control inmate calling within its walls.<sup>26</sup>

# **BOARD QUESTION 4**

Should agreements between facilities, including state or local correctional facilities, and an AOS company also be filed with the Board, similar to the AOS tariff?

#### **GTL RESPONSE TO BOARD QUESTION 4**

A requirement that AOS companies file their contracts with the Board is unnecessary, especially with respect to ICS providers, and would not provide information in a format that is user-friendly for consumers. Under FCC rules, ICS providers are required to "clearly, accurately, and conspicuously disclose their interstate, intrastate, and international rates and Ancillary Service Charges to consumers on their Web sites or in another reasonable manner

See, e.g., Gilday v. Dubois, 124 F.3d 277, 293-294 (1st Cir. 1997); see also Washington v. Reno, 35 F.3d 1093, 1100 (6th Cir. 1994) (stating that "a prisoner's right to telephone access is 'subject to rational limitations in the face of legitimate security interests of the penal institution") (quoting Strandberg v. City of Helena, 791 F.2d 744, 747 (9th Cir. 1986)); Feeley v. Sampson, 570 F.2d 364, 374 (1st Cir. 1978) (stating that the right of pretrial detainees to make telephone calls, while "not free from doubt[,]" is subject to reasonable restrictions); Bellamy v. McMickens, 692 F. Supp. 205, 214 (S.D.N.Y. 1988) (noting that prisoners have no right to unrestricted telephone use).

<sup>23 2002</sup> Inmate Order  $\P$  9.

<sup>24</sup> 2012 NPRM¶ 6.

See, e.g., Iowa Code § 904.508A; 201 IAC 20.20(904); 201 IAC 50.19(356, 356A).

readily available to consumers."27 The consumer disclosure rule is intended to provide "transparency about the rates charged for ICS" because "transparency in rates, terms, and fees will facilitate compliance with the reforms and ensure that consumers are informed of their choices."28 Requiring ICS providers to file copies of their ICS contracts is not necessary to address transparency or sufficient disclosures regarding rates, fees, terms, and conditions of the service. In the event the Board decides to require ICS providers to file their correctional facility contracts with the Board, both ICS providers and correctional facilities must have the ability to redact confidential, proprietary and trade secret information for any contract made publicly available.

# **BOARD QUESTION 5**

Companies that are providing AOS service are requested to provide a description of that company's current corporate structure and affiliations and whether that company is a successor to a company that previously provided AOS service in Iowa.

#### GTL RESPONSE TO BOARD QUESTION 5

Global Tel\*Link Corporation and its wholly owned subsidiary, Public Communications Services Inc., provide automated operator-assisted collect and prepaid calling services to inmates and other incarcerated persons throughout the State of Iowa. Neither company provides service to non-correctional facilities. Global Tel\*Link Corporation acquired Public Communications Services, Inc. in November 2010. Public Communications Services, Inc. continues to operate in Iowa, but most new correctional facility contracts are in the name of Global Tel\*Link

<sup>27</sup> 47 C.F.R. § 64.6110(a).

Rates for Interstate Inmate Calling Services, 30 FCC Rcd 12763, ¶ 278 (2015) ("Second ICS Order"), pets. for stay granted in part sub nom. Global Tel\*Link Corporation v. FCC, No. 15-1461, Order (D.C. Cir. Mar. 7, 2016), Order (D.C. Cir. Mar. 23, 2016), vacated in part, rev'd and remanded in part by Global Tel\*Link Corporation v. FCC, 859 F. 3d 39 (D.C. Cir. 2017).

Corporation. Other wholly owned subsidiaries of Global Tel\*Link Corporation – DSI-ITI, Inc. and Value-Added Communications, Inc. – recently cancelled their authorization to offer service in Iowa.

#### **BOARD QUESTION 6**

What information regarding AOS service should be considered confidential and not available for public inspection?

# GTL RESPONSE TO BOARD QUESTION 6

Under Iowa law, information may be kept confidential and not available for public inspection if the information is a report to a government agency and disclosure would give advantage to competitors and serve no public purpose, or the information constitutes a "trade secret." There may be aspects of AOS and/or ICS as set forth in the contract between the provider and the facility that are deemed confidential under Iowa law, such as the specific equipment being used in the facility, the technical parameters of the service, or information concerning site commissions. Further, any list of customers served by a provider should be entitled to confidential treatment. A customer list provides information concerning an entity's business operations, which could damage the company's competitive position by giving

Iowa Code § 22.7(3) and (6). The same is true under the federal Freedom of Information Act ("FOIA"). *See, e.g.,* 5 U.S.C. § 552(b)(4); *Food Marketing Institute v. Argus Leader Media,* No. 18-481, slip op. at 6-8 (S. Ct. June 24, 2019).

See, e.g., Second ICS Order ¶ 201, n.47 (stating ICS provider cost data is treated as confidential); id. ¶ 268 (providing for confidential treatment of data submitted in ICS provider annual reports); id. ¶ 315 (recognizing information in correctional facility contracts may be confidential); see also Rates for Interstate Inmate Calling Services, 28 FCC Rcd 16954 (2013) (adopting Protective Order for submission of confidential information in FCC proceeding); Wireline Competition Bureau Reminds Providers of Inmate Calling Services of the April 1, 2019 Deadline for Annual Reports and Certification, 34 FCC Rcd 1292 (2019) (discussing the information suitable for confidential designation).

competitors insight into the company's business methods and strategies, and give those competitors an economic advantage.<sup>31</sup>

# **BOARD QUESTION 7**

Are the Board's current registration and billing procedures understandable and are there any issues or questions about those procedures?

# **GTL RESPONSE TO BOARD QUESTION 7**

GTL has no comment on the Board's current registration and billing procedures, but recommends the Board recognize "ICS" as a separate registration category or sub-category of AOS as discussed in response to Board Question 8.

# **BOARD QUESTION 8**

When would an AOS company select only one of the options on the current telecommunications registration form (Local Exchange Service; Interexchange Service; Data Transmission; Alternative Operator Services Only; Other) or a combination of options?

#### GTL RESPONSE TO BOARD QUESTION 8

A company that offers only AOS would select the "Alternative Operator Services Only" category. AOS companies, however, should be permitted to select a combination of options to the extent they offer services other than AOS. There may be some AOS companies that also offer traditional interexchange or local exchange services.

activities" and a "customer list constitutes the type of business information that may be properly withheld" from public disclosure).

See, e.g., US West Communications, Inc. v. Office of Consumer Advocate, 498 N.W.2d 711 (Iowa 1993) (finding information that would be useful to a competitor and requires cost, time, and effort to duplicate is of economic advantage to a competitor); SPU-2011-0004, Great Lakes Communication Corp., Order Granting Request for Confidentiality filed November 30, 2012 (Dec. 4, 2012) (finding names of customers should be protected from disclosure) MidAmerican Energy Company, 1999 WL 35236278 (Feb. 9, 1999) (finding customer-specific information constitutes a trade secret); see also Mobile Relay Associates, 14 FCC Rcd 18919, ¶¶ 8-9 (1999) (finding "customer records are among the most basic business records that a company uses in furtherance of its commercial

GTL also recommends that the Board create a separate registration category or subcategory of AOS for ICS providers. As the Board recognized in its generic rulemaking to update its telephone rules, there are some aspects of AOS regulation that do not apply to ICS providers.<sup>32</sup> A separate registration category will ensure the Board is aware that an entity provides ICS rather than traditional AOS in Iowa.

# **CONCLUSION**

WHEREFORE, GTL respectfully requests that the Board consider the specialized nature of ICS when reviewing the regulatory framework for AOS in Iowa, and approve the Tariffs previously filed by GTL, which provide GTL the flexibility to meet the needs of its correctional facility customers as required by law while achieving the Board's goals of just and reasonable rates.

Respectfully submitted,

GLOBAL TEL\*LINK CORPORATION PUBLIC COMMUNICATIONS SERVICES, INC.

/s/ Steve Montanaro

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Dated: September 19, 2019

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Docket No. RMU-2018-0022, *Service Supplied by Telephone Utilities* [199 IAC Chapter 22], Order Requesting Comments on Draft Adopted and Filed Notice (Aug. 19, 2019) (recognizing there are limitations placed on AOS companies providing service to correctional facilities).

# **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 19th day of September 2019, he had the foregoing document electronically filed with the Iowa Utilities Board using the Electronic Filing System, which will send notification of such filing (electronically) to the appropriate persons.

/s/ Steve Montanaro