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MEMORANDUM

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FROM: Ernest G. Johnson  
Director  
Utilities Division  
DATE: February 25, 2009

Arizona Corporation Commission

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AZ CORP COMMISSION  
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RE: IN THE MATTER OF THE APPLICATION OF ITI INMATE TELEPHONE, INC. FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE CUSTOMER OWNED PAY TELEPHONE SERVICES. (DOCKET NO. T-20608A-08-0389)

On July 28, 2008, ITI Inmate Telephone, Inc. ("ITI") filed an application to obtain a Certificate of Convenience and Necessity ("CC&N") to provide customer owned pay telephone ("COPT") service.

The rates, charges, terms and conditions for COPT service are contained within ITI's customized tariff. ITI's proposed tariff will only apply to payphones inmate environments. Three basic services are proposed by ITI - Collect, Prepaid Collect and Institutional Prepaid. Collect calls will allow billing to residential or business lines; Prepaid Collect Service will allow recipients of collect calls from inmate facilities to set up a prepaid account with the Company from which such calls are decremented; Institutional Prepaid Service will allow inmates to set up prepaid accounts for outbound calling. Prepaid calls are originated when inmates enters unique PINs and destination numbers.

ITI currently operates in the Alabama, Arkansas, Florida, Iowa, Maine, Maryland, New Hampshire, New Jersey, Pennsylvania, Tennessee, Texas, Utah, Virginia and the District of Columbia and anticipates providing service in Michigan and North Carolina in the 4th quarter 2008.

The company contracts individually with each inmate facility based on specific requirements set forth by the facility and sets rates either in accordance with state prescribed rate caps or in response to the facility's requirements. Therefore, although the per call/per minute rate structure is the same for all facilities served, the actual rates can differ.

ITI indicated in its response to Staff's First Set of Data Requests that ITI does not collect customer deposits. ITI also modified section 2.5.2 of its proposed tariff to clarify advance payments as used in the Prepaid Collect inmate service.

A customer information placard was not provided with the application. ITI states in its application that payphones used in an inmate environment are highly specialized for security and

public safety reasons. Therefore, rules that cover information to be provided on placards at public payphones are not applicable in an inmate environment.

Additionally, in response to Staff's Second Set of Data Requests, ITI explained that the following documentation is provided to all inmate facilities:

1. An inmate user guide containing dialing instructions. A copy of this guide is provided per housing unit and is to be posted by the facility in the inmate housing areas.
2. An Inmate Friend and Family brochure. These are provided to the facilities for placement in the inmate visitation areas.
3. A placard on phones in the form of a sticker. (An example of such placard was provided to Staff.)

ITI also indicated that ITI would make the following options available to the caller and/or called party before any payphone charges are assessed:

1. Rate quotes for collect calls are available upon request at the time the call is placed.
2. Rate quotes are provided via an automated announcement during the call set-up process and prior to call acceptance.
3. The called party may listen to the rates and opt to refuse the call without incurring any charges.

ITI stated that inmates are limited by law and by the specific facility as to the time periods when inmates may use the telephones. Additionally, inmates are blocked from calling specific numbers including victims, jurors, judges, etc., and are also blocked from accepting incoming calls are talking to emergency services or directory assistance organizations.

Following discussions with Staff, ITI revised its tariff in accordance with Staff's recommendations regarding the Public Payphone Surcharge maximum rate and to remove Carrier Cost Recovery and Billing Cost Recovery Fees.

Staff recommends approval of the application without a hearing.

EGJ:AFF:red

Originator: Armando Fimbres

Attachment: Original and Thirteen Copies

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