

**SECURUS** Technologies™



## FCC Fee Reduction Adjustments Grayson County

# Agenda

- 1. Review of FCC Order which was partially stayed**
- 2. Explanation of revenue and commission structure and rebalance proposal**
- 3. Review of Grayson Counties current Transactions, Commissions and Proposed Options**
- 4. Next Steps; Commissioners court date on May 17<sup>th</sup> ?**
- 5. Signed contract addendum by May 31<sup>st</sup>, 2016**

# Objective

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With the recent STAY order that was approved by the 12<sup>th</sup> Circuit Court, Securus was successful in defending our customers' best interests by stopping the FCC from lowering calling rates below a point where commissions were impossible to pay. That is a HUGE win for our customers. However, though we stopped part of their illegal lawmaking, there are portions of the order that were not stayed and will therefore require MINOR and TEMPORARY changes to many of our customers' agreements. These changes are temporary in that we believe that once we are ultimately victorious in our legal battle with the FCC, we will be able to revert to our originally agreed upon terms. The items that must change are as follows:

- Funding fees are now capped at \$3.00 for automated transactions (90% of our volume today) and \$5.95 for operator necessitated transactions
- Most other fees have been eliminated
- We can no longer charge surcharges per call that are not tied to an increment of usage
  - This does NOT mean that each minute of usage can not be a different amount from another minute of usage

# How providers make money

When we originally bid on your contract we used:

Fees charged to end users



Monies collected from the completion of calls



Total Revenue generated from the contract

- Funding Fee
- Bill Statement Fee
- Regulatory Recovery Fee
- Cost Recovery Fee
- Voice Biometric Fees
- Location Validation Fees

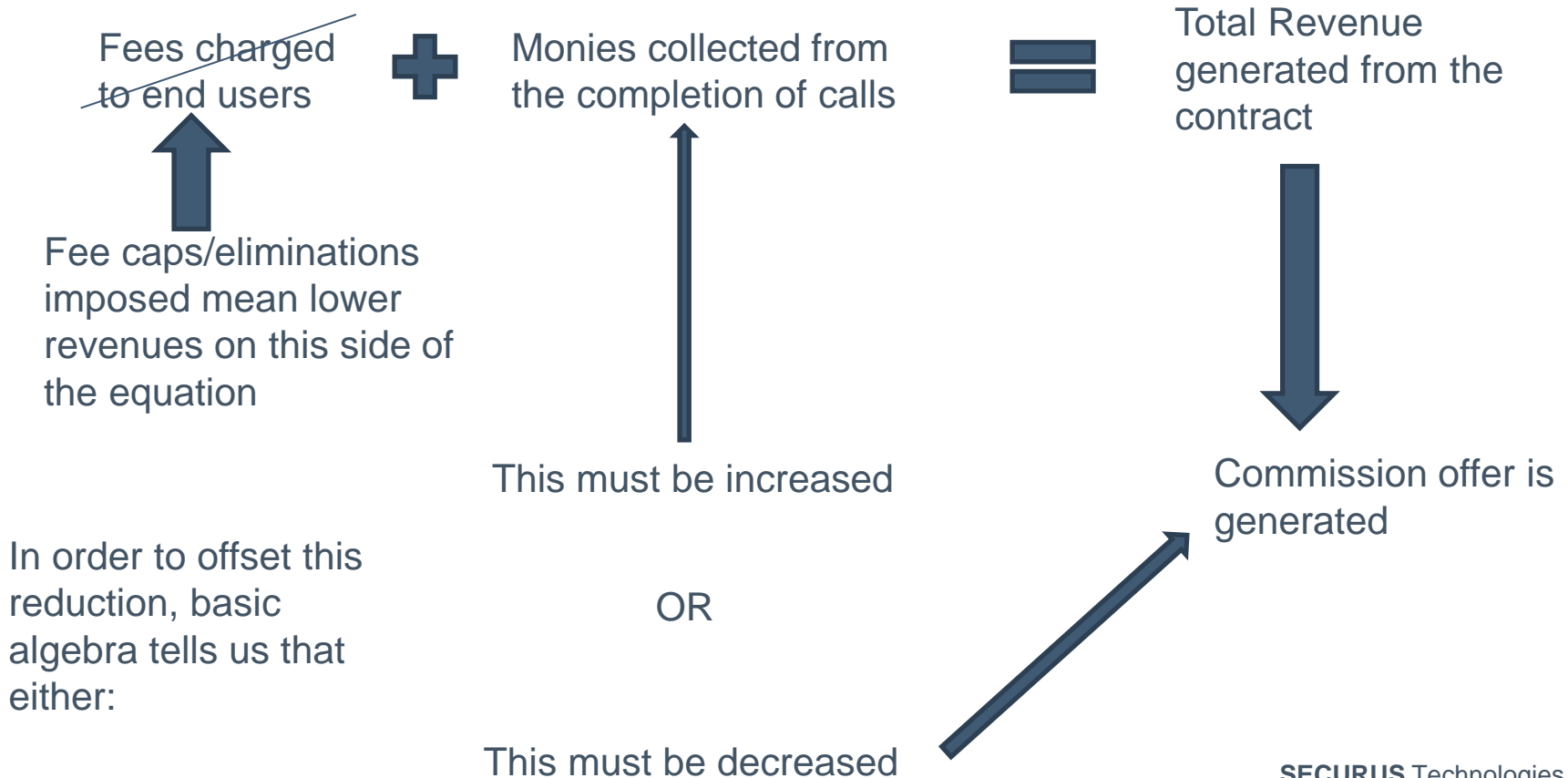


Commission offer is generated

Securus uses the money we have left over to staff a call center, provide 100% of the equipment you use, staff technical support, account managers, customer service representatives, network engineers, expert field technicians etc. 100% of the operating expense for the provision of inmate phone service is paid from what is left over.

# Impact of the Changes

## When we originally bid on your contract....



# Grayson County Amendment

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## Contract Addendum

Pursuant to rule 64.6020 Ancillary Service Charge, the FCC's inmate rate order effective, March 17th for Prisons and June 20th for jails, fees for account deposits cannot exceed \$3.00 for payment made through web or IVR and \$5.95 for payments made via live agent. Charges and fees are effective March 17, 2016, for all prisons, including DCCs. All other sites will be effective June 20, 2016. Otherwise, standard fees apply. These fees will remain in place until changed by law.

### GRAYSON COUNTY, TX

Current	Annual	
Total Transactions	9,468	
Avg Transaction Fee	\$ 9.12	← Avg Fee Before FCC Changes
Total Funding Fee Revenue	\$ 86,359	
New with FCC Rates		
Total Transactions*	9,468	
Avg Transaction Fee**	\$ 3.15	← Avg Fee After FCC Changes
Total Funding Fee Revenue	\$ 29,843	
Funding Fee Loss	\$ 56,515	
Other Fee Revenue	\$ 18,010	
Total Revenue Loss	\$ 74,525	
Commissionable Minutes	400,728	
Commissions	55.0%	
GRAYSON COUNTY, TX Commissions	\$ 9,286	

Avg Fee Before FCC Changes

Avg Fee After FCC Changes

Proposed Increase in rates. The delta from current to new is non-commissionable, and will re-balance revenue

Option 1***	<input type="checkbox"/> Billing Adjustment - Move fees into rates	\$ 0.1860
	Rate per minute, excluded from commissions	
Option 2***	<input type="checkbox"/> Decommission portion of current rate	\$ 0.3381
	Rate per minute, excluded from commissions	
Option 3	<input type="checkbox"/> Cash deduction from commissions	\$ 6,210
	Monthly revenue deducted from commissions each month	

\* Based on an estimated annual transaction volume

\*\* Assumes the IVR/Agent payment mix stays consistent

\*\*\* Rates will round up to nearest penny per minute for simplicity

Any customers that have rate structures not in compliance with FCC rates, Securus reserves the right to make the necessary rate modifications to remain in compliance. If amendments are not received, Securus will default to option 1. Securus is attempting to obtain regulatory approvals to allow option 1 in all cases. In any case, if state regulatory approval is not obtained, Securus reserves the right to default to option 2 as required to neutralize the financial impact of the FCC order.

Option 3 would reduce the monthly commission to approx. \$3076 but would not impact call rates



# Execution of Contract Amendment

**Questions, comments concerns?**

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*connecting what matters<sup>®</sup>*