

Section 7: Cost Proposal

We believe inmates should be able to talk with family and friends at a reasonable price. Therefore, PCS is pleased to offer the following low rates to NDCS inmates and their loved ones, as depicted in the table below (**Figure 5.1: Calling Rates**):

Proposed Rates*	Collect		Prepaid		Debit	
	Connect	Minute	Connect	Minute	Connect	Minute
Local	\$ 0.70	\$ 0.00	\$ 0.50	\$ 0.00	\$ 0.50	\$ 0.00
IntraState/IntraLata	\$ 0.70	\$ 0.05	\$ 0.50	\$ 0.05	\$ 0.50	\$ 0.05
IntraState/InterLata	\$ 0.70	\$ 0.05	\$ 0.50	\$ 0.05	\$ 0.50	\$ 0.05
InterState	\$ 0.70	\$ 0.05	\$ 0.50	\$ 0.05	\$ 0.50	\$ 0.05

Figure 5.1: Calling Rates

*The above rates do not include any applicable federal, state or local taxes, regulatory fees, or surcharges.

Additionally, international calling is available through the Debit calling option at a rate of \$0.50 per minute, with a \$0.70 connect fee.

These rates represent an **average savings of 39% over the State of Nebraska's current inmate telephone service.**

PCS's Simplified Rate Structure

PCS is proposing a low and simplified rate program for all calling options. For all calling within the United States, the connect fee for Collect calling is \$0.70, and it drops to \$0.50 for Prepaid Collect and Debit calling. PCS will charge **no per-minute fee for local calls**; all other domestic calling will incur a **flat \$0.05-per-minute** charge.

This program will create equal, equitable, and easy-to-understand rates for all inmates.

Fair Rates and PCS's Full Disclosure Policy

PCS frequently offers the lowest calling rates in the industry, because we believe that inmates should be able to communicate with loved ones by making calls that are reasonably priced. Research shows that communications between inmates and their families and friends improves inmate morale and lowers the rate of recidivism. Inmate consumer advocacy groups like CURE have long supported PCS in our efforts to propose fair and reasonable rates to facilitate this communication. We are also one of the biggest proponents of providing quality customer care to end users and the inmates using our services.

Recently in the Inmate Telecommunications Industry, there have been several vendors that have added extra fees to collect call recipient bills. These fees are often referred to as:

- Single Bill Fees
- USF Recovery or USF Admin Fees
- Bill Rendering Fees
- Bill Statement Fees

friends and families. These fees can be a rude surprise to the inmates' families when they find out that the costs of the calls they have accepted are more than quoted.

In compliance with the State's requirements, PCS will reduce our credit card processing fee to no more than 5% of each total transaction. PCS will not charge additional fees for any other payment method, other than insufficient funds charges, when appropriate.

How PCS Computes Rates and Other Charges

PCS computes rates by analyzing cost information related to the specific call type. For each call type (Collect, Prepaid Collect, and Debit), there may be distinct cost elements related to the way the call is processed, network costs, and administrative processes, as well as fraud and unbillables.

For example, PCS will analyze the following cost elements for Collect calls to determine the appropriate rate:

- Local Exchange Carrier Fees
- Bill Processing Costs
- Unbillables
- Network Termination Costs
- Network Maintenance Costs
- Fraud
- Hardware Port Costs
- General G&A Costs
- Site Administrator and Local Support

Once PCS has determined the baseline costs for the average call, PCS will apply a reasonable business return and set the call rate. Rates are then checked against the state rate caps to ensure compliance, and they are analyzed for competitive appropriateness.

The same process is used for setting rates for Prepaid and Debit calls; however, some cost elements may not apply, while other new elements will. For example, when considering Debit call rates, PCS will not include unbillable costs, as they do not apply. Similarly, when considering Prepaid costs, credit card processing fees must be considered in the cost evaluation, as well as operator call center costs.

In all cases PCS will evaluate proposed costs to set rates within the context of appropriate market pricing, PRC or PUC guidelines, and mandated rate caps. PCS will always file rates with the appropriate state regulatory body when required.

How PCS Maintains Costs for the Term of the Contact

PCS intends to maintain the proposed rates during the term of the agreement by carefully managing costs (identified above) to the extent possible and by monitoring regulatory mandates that affect rates.

The State of Nebraska Department of Correctional Services will receive a monthly summary report identifying the total number of calls made by the inmates in the NDCS and all costs charged. This will help to ensure that costs are maintained throughout the life of this agreement

Identifying Call Cost Elements

Total call costs will be computed using three charges.

- Call Connect Charges
- Call Per-Minute Charges
- Taxes based on Connect and per minute Charges.

Taxes include those imposed by city, county, state, and federal governing bodies.