

Law Offices

July 31, 2017

1500 K Street N. W.
Suite 1100
Washington, D.C.
20005-1209

(202) 842-8800
(202) 842-8465 fax
www.drinkerbiddle.com

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By ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RE: Ex Parte Submission
WC Docket No. 17-126
ITC-T/C-20170511-00094, ITC-T/C-20170511-00095

Dear Ms. Dortch:

The Wright Petitioners, by and through their counsel, and pursuant to Section 1.1206(b) of the Commission's rules, hereby submit this Ex Parte Presentation regarding the above-referenced transfer of control applications.

Attached hereto as Exhibit A is a Scoping Memo and Ruling of Assigned Commissioner (the "Memo") filed today in the Public Utilities Commission of the State of California Docket 17-05-011. According to the Memo, the State of California has not yet approved the transfer of control application, and would not be able to do so any time before August 10th at the earliest.

Specifically, the Administrative Law Judge notified the parties during a hearing on July 20, 2017, that "the August 1, 2017 target completion date for the transfer of control was not possible." Furthermore, the parties were cautioned that Section 854 of the California Public Utilities Code authorizes the "imposition of penalties and nullifying the transfer of control if they do not wait for Commission approval before completing the transaction."¹

Thus, any urgency that Securus and Platinum Equity may have expressed to the Commission to obtain approval, and close the transaction, by August 1, 2017, should be balanced against the fact that the State of California, in which Securus serves 65 facilities,² has yet to approve the transaction, and views it as impossible to close by August 1, 2017.

¹ *Memo*, pg. 3.

² See Exhibit B (securustech.net/call-rate-calculator, last visited July 31, 2017).

In reviewing the *ex parte* notices submitted by Securus and Platinum Equity since the July 20, 2017 hearing, it does not appear that Securus had disclosed that an August 1, 2017 closing date "was not possible."

Should you have any questions regarding these matters, please contact undersigned counsel.

Respectfully submitted,



Lee G. Petro

Counsel for the Wright Petitioners

cc (by/email):

Chairman Ajit Pai

Commissioner Mignon Clyburn

Commissioner Michael O'Rielly

Brendan Carr, General Counsel

Kris Monteith, Chief, Wireline Competition Bureau

Tom Sullivan, Chief, International Bureau

Rosemary Harold, Chief, Enforcement Bureau

Kristine Fargostein, Office of Chairman Pai

Jay Schwarz, Office of Chairman Pai

Jim Bird, Office of General Counsel

Madeline Findley, Wireline Competition Bureau

Daniel Kahn, Wireline Competition Bureau

Jodie May, Wireline Competition Bureau

Sherwin Siy, Wireline Competition Bureau

Tracey Wilson, Wireline Competition Bureau

David Krech, International Bureau

Richard Hindman, Enforcement Bureau

Sumita Mukhoty, International Bureau

Paul C. Besozzi, Counsel for Transferor and Licensees

William B. Wilhelm, Jr., Counsel for the Transferee

EXHIBIT A



FILED
7-31-17
09:15 AM

LR1/ek4 7/31/2017

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of SCRS ACQUISITION CORPORATION, SECURUS INVESTMENT HOLDINGS, LLC, and SECURUS TECHNOLOGIES, INC. (U6888C) for Approval to Transfer Indirect Control of Securus Technologies, Inc.

Application 17-05-011

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, and addresses the scope of this proceeding as well as other procedural matters, following the prehearing conference held on July 20, 2017.

2. Background

SCRS Acquisition Corporation (SCRS), Securus Investment Holdings, LLC (SIH) and Securus Technologies, Inc. (STI) (together, the "Joint Applicants") are seeking authorization, pursuant to Public Utilities Code Section 854,² to transfer indirect control of STI to SCRS. Section 854 requires that the Commission review a proposed transaction, before it takes place, in order to assure that it is in the public interest.

¹ All references to Rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at:

http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC/70731.pdf.

² All Code references are to the Public Utilities Code, unless otherwise stated.

The Commission granted STI a certification of public convenience and necessity (CPCN) to operate as a nondominant interexchange carrier and to provide resold interLATA and intraLATA telecommunications services in Decision (D) 04-05-049.³ STI offers prepaid calling cards to inmates in correctional facilities.

In D.13-10-004 dated October 3, 2013, the Commission approved SIH's acquisition of control of STI, which was requested to provide STI with refinancing of current indebtedness and improved access to capital. The 2013 acquisition by SIH caused no change to STI's rates, operations or conditions of service. This application seeks authorization for SCRS to acquire 100% of the stock of Connect Acquisition Corp. (Connect),⁴ which will result in SCRS having indirect control of STI. The indirect transfer of control will not result in any modifications to STI's existing price lists or customer contracts and STI customers will receive the same rates, terms and conditions that currently apply.⁵

The Joint Applicants filed their application under Section 854 on May 16, 2017. Notice of the application appeared in the daily calendar on May 18, 2017. There were no protests or objections filed to the Application.

³ See D.04-05-049, in which the Commission authorized STI, then operating under the name, Evercom Systems, Inc., to provide resold interLATA and intraLATA services in California. According to its application, STI notified the Commission of its name change by advice letter filed on September 21, 2010.

⁴ See D.11-12-041, in which the Commission authorized transfer of control of STI to Castle Harlan Partners V, L.P. (Castle) in 2011. Through the 2011 transaction, Connect (94% owned by Castle), acquired 100% of the stock of Securus Holdings, Inc.

⁵ Application at 10.

3. Prehearing Conference (PHC)

A telephonic prehearing conference (PHC) was held on July 20, 2017 with participation by outside counsel for SCRS,⁶ outside counsel for SIH and STI,⁷ and STI's general counsel.

During the PHC, the ALJ informed the Joint Applicants that the August 1, 2017 target completion date for the transfer of control⁸ was not possible, because the next Commission meeting is August 10, 2017.⁹ The Joint Applicants indicated that they are seeking expedited processing of the application because they will be charged approximately \$75,000 per day after August 1 that the transaction is not completed. Joint Applicants estimate that fees will approach \$1.5 million if the transaction cannot close until August 31, 2017. When asked why they had waited so long to file the application, the Joint Applicants explained that they had assembled the application and mailed it as quickly as possible after April 29, 2017, the date when they reached agreement on the stock purchase transaction. The judge nevertheless cautioned the Joint Applicants that Section 854 permits imposition of penalties and nullifying the transfer of control if they do not wait for Commission approval before completing the transaction.

⁶ Douglas D. Orvis of Morgan Lewis & Bockius LLP.

⁷ Paul Bessozzi of Squire Patton, Boggs and Megan Somogyi of Goodin, MacBride, Squeri & Day, LLP.

⁸ Application at 2.

⁹ The application was filed May 16, 2017. Rule 2.6(a) requires a 30 day period from May 18, 2017 for protests, responses or replies, *i.e.*, until June 15, 2017. To place the matter on the August 10, 2017 Commission agenda, the proposed decision would have needed to be completed by July 24, 2017, only a month after the protest period ended.

4. Scope of the Proceeding

Based on the Application, exhibits, and the parties' discussions during the PHC, the issues to be addressed in this proceeding are:

1. Whether Joint Applicants have provided financial documents which demonstrate that SCRS meets the Commission's financial requirements for the issuance of a CPCN authorizing the provision of resold interexchange services.
2. Whether the Joint Applicants have demonstrated that SCRS has sufficient technical expertise in telecommunications or a related business.
3. Whether SCRS satisfies the Commission's requirements for regulatory disclosures and § 17000 *et seq.* of the California Business and Professions Code.
4. Whether the transaction described herein is exempt from review under the California Environmental Quality Act (CEQA) because it will not have any significant impact on the environment.

5. Need for Evidentiary Hearing

At this time, there appear to be no contested issues of material fact requiring evidentiary hearing.

6. Category of Proceeding/Ex Parte Requirements

The category of the proceeding is ratesetting, as preliminarily determined by the Commission in Resolution ALJ 176-3398. *Ex parte* communications are restricted and subject to reporting requirements pursuant to Rule 8.1 *et seq.* The preliminary determination was that there is need for hearing, however, as discussed above, there will not be need for hearing unless contested issues of material fact arise.

7. Schedule

This matter will stand submitted the date that this Scoping Memorandum is filed. The proposed decision shall be mailed no later than 90 days from the date of submission. If the proposed decision grants the uncontested requested relief, public review and comment shall be waived pursuant to Rule 14.6(c)(2).

8. Filing, Service and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocols in Rule 1.10, which are set forth in Section 8. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. Parties are reminded, when serving copies of documents, the document format must be consistent with the requirements set forth in Rules 1.5 and 1.6. Additionally, Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. Parties can find information about electronic filing of documents at the Commission's Docket Office at www.cpuc.ca.gov/PUC/efiling. All documents formally filed with the Commission's Docket Office must include the caption approved by the Docket Office and this caption must be accurate.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

Discovery may be conducted by the parties consistent with Article 10 of the Commission’s Rules. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10 does not apply to the service of discovery and discovery shall not be served on the ALJ. Deadlines for responses may be determined by the parties. Motions to compel or limit discovery shall comply with Rule 11.3.

9. Electronic Submission and Format of Supporting Documents

The Commission’s web site now allows electronic submittal of supporting documents (such as testimony and work papers).

Parties shall submit their testimony or work papers in this proceeding through the Commission’s electronic filing system.¹⁰ Parties must adhere to the following:

- The Instructions for Using the “Supporting Documents” Feature, (<http://docs.cpsc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546>) and
- The Naming Convention for Electronic Submission of Supporting Documents,

¹⁰ These instructions are for submitting supporting documents such as testimony and work papers in formal proceedings through the Commission’s electronic filing system. Parties must follow all other rules regarding serving testimony. Any document that needs to be formally filed such as motions, briefs, comments, etc., should be submitted using Tabs 1 through 4 in the electronic filing screen.

<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=100902765>).

- The Supporting Document feature does not change or replace the Commission's Rules of Practice and Procedure. Parties must continue to adhere to all rules and guidelines in the Commission's Rules of Practice and Procedures including but not limited to rules for participating in a formal proceeding, filing and serving formal documents and rules for written and oral communications with Commissioners and advisors (*i.e.* "ex parte communications") or other matters related to a proceeding.
- The Supporting Document feature is intended to be solely for the purpose of parties submitting electronic public copies of testimony, work papers and workshop reports (unless instructed otherwise by the ALJ), and does not replace the requirement to serve documents to other parties in a proceeding.
- Unauthorized or improper use of the Supporting Document feature will result in the removal of the submitted document by the Commission.
- Supporting Documents should not be construed as the formal files of the proceeding. The documents submitted through the Supporting Document feature are for information only and are not part of the formal file (*i.e.* "record") unless accepted into the record by the ALJ.

All documents submitted through the "Supporting Documents" Feature shall be in PDF/A format. The reasons for requiring PDF/A format are:

- Security - PDF/A prohibits the use of programming or links to external executable files. Therefore, it does not allow malicious codes in the document.
- Retention - The Commission is required by [Resolution L-204](#), dated September 20, 1978, to retain documents in formal proceedings for 30 years. PDF/A is an independent standard and the Commission staff

anticipates that programs will remain available in 30 years to read PDF/A.

- Accessibility – PDF/A requires text behind the PDF graphics so the files can be read by devices designed for those with limited sight. PDF/A is also searchable.

Until further notice, the “Supporting Documents” do not appear on the “Docket Card.” In order to find the supporting documents that are submitted electronically, go to:

- Online documents, choose: “[E-filed Documents](#),”
- Select “Supporting Document” as the document type, (do not choose testimony),
- Type in the proceeding number and hit search.

Please refer all technical questions regarding submitting supporting documents to:

- Kale Williams (kale.williams@cpuc.ca.gov)
(415) 703- 3251 and
- Ryan Cayabyab (ryan.cayabyab@cpuc.ca.gov)
(415) 703-5999

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or who has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao> or contact the commission’s Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Assignment of Proceeding

Liane M. Randolph is the assigned commissioner and, pursuant to Rule 13.2(a), Patricia Miles is the assigned Administrative Law Judge and Presiding Officer in the proceeding.

IT IS RULED that:

1. The scope, issues, and schedule are as set forth in the body of this ruling unless amended by a subsequent ruling or order of the Presiding Officer.
2. Pursuant to Rule 13.2(a) of the Rules of Practice and Procedure (Rules), Administrative Law Judge Patricia Miles is the Presiding Officer.
3. *Ex Parte* Communications are prohibited in ratesetting proceedings, except as allowed by Rules 8.1 et seq.
4. This is a ratesetting proceeding. The preliminary determination that there is need for evidentiary hearings is changed at this time to reflect that there is no need for evidentiary hearing. This ruling as to category is appealable pursuant to Rule 7.6. The Presiding Officer may determine that there is need for hearing should contested issues of material fact later arise.

Dated July 31, 2017 at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph
Assigned Commissioner

EXHIBIT B

1. AMADOR COUNTY JAIL
2. BUTTE COUNTY JAIL
3. BUTTE COUNTY JUVENILE HALL
4. CALAVERAS COUNTY SHERIFF\`S OFFICE
5. DEL NORTE COUNTY SHERIFF\`S OFFICE
6. FRESNO COUNTY JUVENILE JUSTICE CENTER
7. HEMET CITY POLICE DEPT
8. INYO COUNTY JAIL
9. KERN COUNTY - LERDO MAX/MED FACILITY
10. KERN COUNTY - LERDO MINIMUM FACILITY & INMATE SERVICES SECTION
11. KERN COUNTY - LERDO PRE-TRIAL FACILITY
12. KERN COUNTY - SHERIFF\`S MOJAVE SUBSTATION
13. KERN COUNTY - SHERIFF\`S OFFICE CENTRAL RECEIVING FACILITY
14. KERN COUNTY - SHERIFF\`S RIDGECREST SUBSTATION
15. LASSEN COUNTY JAIL
16. LASSEN COUNTY JUVENILE DETENTION CENTER
17. LOMPOC CITY JAIL
18. MADERA COUNTY DOC
19. MODOC COUNTY JAIL
20. MONO COUNTY MAMMOTH LAKES COURTHOUSE
21. MONO COUNTY SHERIFFS DEPT
22. NAPA COUNTY DOC
23. NAPA COUNTY JUVENILE PROBATION
24. RIVERSIDE COUNTY - BLYTHE JAIL
25. RIVERSIDE COUNTY - INDIO JAIL
26. RIVERSIDE COUNTY - LARRY D SMITH CORRECTIONS
27. RIVERSIDE COUNTY - REGIONAL MEDICAL CENTER
28. RIVERSIDE COUNTY - ROBERT PRESLEY DETENTION CENTER
29. RIVERSIDE COUNTY - SOUTHWEST DETENTION CENTER
30. SAN BENITO COUNTY JUVENILE DEPT
31. SAN BERNARDINO COUNTY - BARSTOW STATION JAIL
32. SAN BERNARDINO COUNTY - BIG BEAR STATION JAIL
33. SAN BERNARDINO COUNTY - CENTRAL DETENTION FACILITY
34. SAN BERNARDINO COUNTY - COLORADO RIVER JAIL
35. SAN BERNARDINO COUNTY - FOOTHILL PRETRIAL
36. SAN BERNARDINO COUNTY - GLEN HELEN REHABILITATION CENTER
37. SAN BERNARDINO COUNTY - HIGH DESERT DETENTION FACILITY
38. SAN BERNARDINO COUNTY - MORONGO BASIN STATION JAIL
39. SAN BERNARDINO COUNTY - SB COURT HOLDING
40. SAN BERNARDINO COUNTY - VICTOR VALLEY

41. SAN BERNARDINO COUNTY WEST VALLEY DETENTION CENTER
42. SAN DIEGO - LAS COLINAS DET RE FAC - ATTORNEY
43. SAN DIEGO COUNTY - CAMP BARRETT
44. SAN DIEGO COUNTY - CENTRAL JAIL
45. SAN DIEGO COUNTY - E MESA JUVENILE DETENTION FACILITY
46. SAN DIEGO COUNTY - FACILITY 8
47. SAN DIEGO COUNTY - GEORGE BAILEY DETENTION FACILITY
48. SAN DIEGO COUNTY - GIRLS REHAB FACILITY
49. SAN DIEGO COUNTY - KEARNY MESA JUVENILE DETENTION FACILITY
50. SAN DIEGO COUNTY - LAS COLINAS DETENTION & RE-ENTRY FACILITY
51. SAN DIEGO COUNTY - S BAY DETENTION FACILITY
52. SAN DIEGO COUNTY - VIRTUAL FACILITY
53. SAN DIEGO COUNTY - VISTA DETENTION FACILITY
54. SAN DIEGO EAST MESA DET FACILITY
55. SAN JOAQUIN COUNTY JAIL
56. SAN JOAQUIN COUNTY JAIL - BOOKING
57. SAN MATEO COUNTY - MAGUIRE CORRECTIONAL FACILITY
58. SAN MATEO COUNTY - MAPLE STREET CORRECTIONAL CENTER
59. SAN MATEO COUNTY YOUTH SERVICES CENTER
60. SANTA CRUZ COUNTY JUVENILE HALL
61. SEAL BEACH POLICE DEPT
62. SUTTER COUNTY SHERIFF'S DEPT
63. TRINITY COUNTY PROBATION
64. TRINITY COUNTY SHERIFF
65. YUBA SUTTER JUVENILE HALL