

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**

**CONSOLIDATED DOCKET NOS. 11-00181 and 11-00182**

**PREPARED TESTIMONY OF**

**Rick Weisberg**

**On Behalf of**

**TELMATE, LLC**

<b>TABLE OF CONTENTS</b>	<b>PG.</b>
<b>I. Introduction and Purpose of Testimony .....</b>	<b>1</b>
<b>II. The Business of Telmate, LLC .....</b>	<b>1</b>
<b>III. Telmate's Tennessee Applications .....</b>	<b>4</b>
<b>IV. Compliance with Tennessee Law.....</b>	<b>8</b>
<b>V. Managerial, Financial, and Technical Qualifications.....</b>	<b>9</b>
<b>VI. Public Interest.....</b>	<b>12</b>

1    **I.    INTRODUCTION AND PURPOSE OF TESTIMONY.**

2    **Q.    Please state your name, job title and business address.**

3    A.    My name is Rick Weisberg. I am Vice President and General Counsel for Telmate, LLC.  
4        My business address is 234 Front Street, San Francisco, CA 94111.

5    **Q.    What is the purpose of your testimony?**

6    A.    The purpose of this testimony is to describe the nature of the services Telmate proposes  
7        to offer to inmate facilities in Tennessee, and to demonstrate Telmate's financial,  
8        managerial, and technical ability to participate in the inmate services market in Tennessee  
9        through public bidding on correctional facility contracts for inmate services.

10   **Q.    Do you wish to incorporate any documents by reference into your testimony?**

11   A.    Yes. I wish to incorporate by reference Telmate's 58-page petition/application packet  
12        submitted on October 28, 2011 in this docket, as well as Telmate's previous discovery  
13        responses in this docket, which include: (1) November 29, 2011 responses to TRA Staff  
14        requests; (2) December 29, 2011 responses to TRA Staff requests; (3) June 21, 2012  
15        responses to TRA Staff requests; (4) July 11, 2012 responses to TRA Staff requests; and  
16        (5) July 13, 2012 copies of Telmate Articles of Organization and Secretary of State  
17        Certification. I would also like to incorporate Telmate's briefs filed in this docket, which  
18        include: (1) May 3, 2012 Response of Telmate, LLC to Petition to Intervene; and (2)  
19        August 28, 2012 Brief of Telmate, LLC.

20   **II.   THE BUSINESS OF TELMATE, LLC.**

21   **Q.    Please describe the business of Telmate, LLC.**

22   A.    Telmate is an inmate service provider currently operating in approximately 190  
23        correctional facilities across more than 24 U.S. states and Canada. Telmate contracts  
24        with state, local and federal corrections departments to provide cutting edge

1 communications technology to the correctional industry. Telmate provides inmate  
2 calling services, as well as automated technology services to correctional facilities, such  
3 as video visitation, crime prevention and complaint monitoring services, and automated  
4 booking and lobby kiosks that can be used for a variety of functions such as inmate  
5 orientation, visitation scheduling, and deposits into inmate commissary accounts.

6  
7 Telmate is not a traditional telecommunications provider; Telmate provides inmate  
8 calling services via interconnected Voice over Internet Protocol ("VoIP") circuits.  
9 Telmate's web-based technology allows correctional facilities to offer inmate calling  
10 services, as well as additional services such as individual secure voice mail and numerous  
11 pre-payment options, all without sending any call data over the facility's own network.  
12 Telmate's systems also provide the facility with sophisticated investigative, monitoring,  
13 and reporting tools, while at the same time minimizing correctional staff time spent on  
14 administrative tasks related to inmate fund management and calling. Telmate is strictly  
15 an inmate/detainee service provider; Telmate does not provide any services to the public  
16 at large.

17 **Q. Has Telmate received authorization from other state public utility commissions to**  
18 **provide inmate calling services?**

19 **A.** Yes. The regulatory process differs from state to state. In some states, such as New  
20 York, for example, the services Telmate provides are not regulated by the state public  
21 utility commission, and no filings are required. In other states, the regulatory  
22 requirement ranges from a simple notice filing to an application/certification process.  
23 Within the past 2-3 years, Telmate has received approval to provide inmate calling

1 services from public utility commissions in 15 states: Alabama, California, Florida,  
2 Georgia, Idaho, Indiana, Montana, Nebraska, New Jersey, New Mexico, Oregon, Texas,  
3 Utah, Washington, and Wisconsin. For the states requiring certification, Telmate's  
4 applications were typically approved within an average of 2-3 months. None of  
5 Telmate's applications have ever been denied.

6 **III. TELMATE'S TENNESSEE APPLICATIONS.**

7 **Q. How did Telmate come to submit the Tennessee applications at issue in this docket?**

8 A. In order to begin participating in public bidding for correction facility inmate services  
9 contracts in Tennessee, Telmate contacted TRA Staff in the fall of 2011 to inquire as to  
10 what applications, if any, would be required. By statute, VoIP is not regulated in  
11 Tennessee. *See* Tenn. Code Ann. § 7-59-307(d) ("No franchising authority, state agency,  
12 municipality, county or political subdivision of the state is authorized to regulate the  
13 provision of retail interconnected voice over Internet protocol service."). However,  
14 because VoIP is an emerging area of the law, Telmate's approach has been to err on the  
15 side of caution and work with state public utility commissions to obtain whatever  
16 certifications are necessary rather than risk non-compliance with any state law. As I  
17 mentioned previously, Telmate's experience has been that obtaining state certification is a  
18 relatively quick and inexpensive process. Obviously, this docket, which has been  
19 pending for 12 months so far, is the one glaring exception.

20  
21 After a series of discussions in mid-2011 about the technology used to provide Telmate's  
22 inmate calling services, TRA Staff told Telmate that because the inmate VoIP calls from  
23 correctional facilities served by Telmate are terminated on the public switch network by

1 Telmate's wholesale regulated carrier partners, Telmate should submit a reseller  
2 application to the TRA.

3  
4 TRA Staff also advised Telmate to submit an application for certification as a COCOT  
5 (customer-owned coin or coinless operated telephone) provider. Telmate does not  
6 generally provide coin-operated pay phones for inmate use; all inmate-funded calls  
7 through Telmate are pre-paid by credit card, commissary account, or other sources.  
8 However, because Telmate's correction facility customers sometimes request Telmate  
9 provide a telephone for inmate use, Authority Staff directed Telmate to also file an  
10 application to provide COCOT services.

11  
12 It is my understanding that for the past decade or more, the TRA has required all inmate  
13 services providers to have reseller and COCOT certifications, the same two certifications  
14 TRA Staff directed Telmate to file. For example, Pay-Tel Communications, Inc., one of  
15 Telmate's chief competitors and a limited intervenor in this docket, holds reseller and  
16 COCOT certifications in Tennessee. Telmate submitted both applications to the TRA on  
17 October 28, 2011.

18 **Q. Is Telmate registered to do business in Tennessee?**

19 **A.** Yes. A copy of Telmate's certification of authorization to do business in the state from  
20 the Tennessee Secretary of State has been filed in this docket.

21 **Q. What other information has Telmate submitted in support of its applications?**

22 **A.** Together with the filing fees and sworn application forms separately signed under oath by  
23 the company's president and its controller, Telmate also submitted detailed biographical

1 information on the company's key personnel, including its chief executive officer,  
2 president, director of operations, and vice-president of business development; 3 years of  
3 company financial statements; a \$20,000 surety bond; a small and minority-owned  
4 telecommunications business participation plan; and a proposed tariff for the company's  
5 inmate calling services in Tennessee. Subsequent to the application, Telmate provided  
6 data responses with detailed information on the company's certifications and operations  
7 in other states; any customer or competitor complaints against the company; the corporate  
8 history of the company and its vendor relationships; and the company's relationship with  
9 its wholesale and regulated carrier partners.

10 **Q. Please describe how inmate calling services will be provided to correctional facilities**  
11 **that have a contract with Telmate.**

12 **A.** All of the inmate calls Telmate receives will be routed via T1 VoIP circuits from Telmate  
13 hardware at the correction facility to one of the company's colocation facilities and then  
14 sent via Airespring, or one of the company's other regulated termination providers, to the  
15 termination number dialed by the inmate. Collect calls from inmates at Tennessee  
16 correction facilities who contract with Telmate will be billed by a regulated provider  
17 through Legacy Long Distance International, Inc., a registered provider in Tennessee.

18 **Q. How will inmate calls be paid for?**

19 **A.** Telmate will accept prepayment for calls made by inmates via credit card, cash, money  
20 order or money gram, as well as via a facility commissary account or call center where  
21 accounts are funded by the inmate's friends and family. Payments may be deposited into  
22 an inmate's account through a number of different methods, including on-site touch-  
23 screen kiosks, online via a secure website, through a live 24/7 customer service 1-800

1 number staffed by Telmate representatives, or through over 135,000 retail locations (K-  
2 Mart, Wal-Mart, Best Buy, etc.). Friends and family also have the ability to specify that  
3 the money may only be used to call a specific number. Subject to facility approval,  
4 Telmate typically provides free calls to inmates for 24 hours after the facility changeover  
5 to Telmate's system so that inmates can notify friends and family of the new phone  
6 system and how to place and pay for calls. When an inmate picks up the phone to make a  
7 call, the inmate enters a personal identification number, and Telmate's voice biometric  
8 solution verifies the inmate identity against their own voiceprint before proceeding.  
9 Telmate's system informs the inmate of the account balance remaining in their account  
10 and prompts the inmate to place a call by dialing the destination telephone number.  
11 Applicable rate and charge information is also available to inmates from Telmate's  
12 system anytime by dialing 411. Collect calls from inmates at Tennessee correction  
13 facilities who contract with Telmate will be branded and directly billed to those  
14 customers who accept the charges by a regulated provider through Legacy Long Distance  
15 International, Inc., a registered provider in Tennessee.

16 **Q: How is billing for inmate calls handled?**

17 **A.** As mentioned previously, all inmate-funded calls are prepaid through the inmate's facility  
18 commissary or call center account. Inmates have access to account balance and  
19 applicable rate and charge information each time they pick up a phone, and inmates are  
20 also instantly and automatically notified with a voicemail each time a deposit is made to  
21 their calling account, or when their prepaid account balance dips below a predefined  
22 threshold (usually \$25). For multi-facility correctional departments, inmates' prepaid  
23 balance automatically moves with them, eliminating the need to transfer funds between

different locations. Telmate also provides copies of phone system rules, instructional PIN cards, and signage in multiple languages upon facility approval. Facilities also have the option to use the Telmate system to release remaining inmate funds onto a debit card when an inmate is released, eliminating the lag time and expense of issuing checks or dealing with cash. Numerous additional billing and reporting options are available at the facility's option. Telmate's web-based technology allows for fully transparent, real-time accounting and reporting. Because Telmate's application is 100% web browser-based, it can be accessed from any computer with a web browser and Internet access, and there is no software to install. A comprehensive range of security settings are available to restrict access for individuals or groups of individuals. Facility staff or any authorized user can access numerous reports and processes through the Telmate application, including cash receipts, daily posted financial transactions, reconciliation, and detailed call records. Everything that the user sees onscreen while using Telmate's application can be exported, printed, or downloaded as a report with just a few clicks, including real-time call data, and even calls in progress. Telmate also provides complete monthly or other regular reporting according to facility specifications.

**IV. COMPLIANCE WITH TENNESSEE LAW.**

**Q. Is Telmate willing and able to adhere to all applicable TRA policies rules and orders and comply with Tennessee law?**

**A.** Yes. As verified by Telmate's sworn application, the company is willing and able to adhere to all applicable TRA policies, rules, and orders and comply with Tennessee law. For example, Telmate has acknowledged in its data responses in this docket and in its proposed tariff the requirement of Tenn. Code Ann. § 65-21-114 to ensure that all calls



1 made between two points in the same county are billed as a local call. Telmate has also  
2 previously acknowledged in this docket its obligation to comply with Tenn. Code Ann.  
3 § 41-7-104, which, effective July 1, 2012, adds a ten cent state fee to all inmate calls  
4 from Tennessee correctional facilities. Telmate's advanced technology enables the  
5 company to effectively manage the provision of services to comply with various unique  
6 requirements within each state. Telmate will comply with all TRA requirements and  
7 Tennessee law.

8 **V. MANAGERIAL, TECHNICAL AND FINANCIAL QUALIFICATIONS.**

9 **Q. Does Telmate have sufficient managerial, technical, and financial resources and**  
10 **ability to provide the proposed services in Tennessee?**

11 **A.** Yes. Telmate is one of the leading inmate services providers in North America. Over  
12 600,000 inmates use Telmate each year. The company currently serves approximately  
13 190 correctional facilities across more than 24 U.S. states and Canada. One of the largest  
14 users of Telmate's services is the federal government; Telmate is the call services  
15 provider for all U.S. Department of Homeland Security and U.S. Immigration and  
16 Customs Enforcement primary facilities, which includes a total detainee population of  
17 over 35,000 at more than 160 different locations, with a call volume of more than 1  
18 million calls per month. Telmate has also been chosen by multiple states and Canadian  
19 provinces as the exclusive inmate call services provider for all state or provincial  
20 correctional facilities.

21  
22 As detailed in the biographical information of our executives and key personnel, Telmate  
23 was founded by and is operated by a group of telecommunications executives with

1 decades of experience in the telephone and inmate services industry. All of Telmate's  
2 customer service personnel and repair technicians are in-house and fully supported by the  
3 latest in communications technology. Telmate has one of the highest uptimes in the  
4 industry, 99.993%, or an average of less than 30 minutes of downtime per year. Telmate  
5 was also among the first in the industry to offer a number of enhanced services to  
6 correction facilities, including inmate voicemail, centralized call processing and data  
7 recording, cloud computing, geographic-redundant call recording and data storage, and  
8 real-time web-based call monitoring. No inmate call system today has a larger library of  
9 features for managing inmate communications than Telmate.

10  
11 As demonstrated in the financial statements previously submitted, Telmate's financial  
12 position is strong. Telmate's ability to provide the industry's best customer service,  
13 inmate calls at a fair price, and more advanced technology solutions than any other  
14 inmate services provider has made Telmate one of the fastest growing companies in the  
15 industry.

16 **Q. How does Telmate handle customer service?**

17 **A.** Telmate's customer service is renowned for providing outstanding response to facility,  
18 inmate, and friends and family requests. For customer service to the correctional  
19 facilities it serves, Telmate assigns one dedicated account representative as a single point  
20 of contact to handle all customer service matters from the facility, regardless of the issue.  
21 Telmate also guarantees on-site repair service within 2 hours of receiving a facility  
22 request, 24 hours a day, 7 days a week. If the problem can be repaired remotely, the  
23 facility will be notified within 15 minutes of the problem and the planned resolution.

1 Telmate customer service standards require that the facility be updated immediately upon  
2 resolution of the problem, and in no case will the facility go more than 30 minutes  
3 without a status update. Telmate also has developed proprietary analytical software that  
4 compares the service level of every facility phone to historical activity, trended against  
5 inmate population, calling patterns, etc. If a phone falls out of pre-set usage parameters,  
6 Telmate's system automatically dispatches a repair ticket to one of Telmate's service  
7 technicians.

8  
9 All facility and friends and family customer service inquiries are handled real-time by  
10 live in-house Telmate customer service representatives 24 hours a day, 7 days a week.  
11 For Spanish speaking inquiries, 95% of Telmate's customer service operators are  
12 bilingual in English and Spanish, with additional languages also available.

13  
14 For inmates, Telmate provides a secured voicemail system that allows inmates to report  
15 issues directly to customer service. Telmate customer service representatives monitor all  
16 inmate voicemail requests and issues are resolved the same day they are reported, often  
17 within minutes of the voicemail message. Telmate's secured voicemail system also  
18 allows its customer service representatives to leave pre-recorded voicemail responses for  
19 the inmate informing them of the resolution of their issue (i.e., "you have been credited  
20 with one free call"). For all valid complaints, Telmate issues a credit for a free call to  
21 inmates or friends and family the same day the issue is reported. For example, if the  
22 facility goes into lockdown and inmate phones are turned off, Telmate immediately  
23 issues a free, same-day credit for all lost calls. Inmates are also instantly and

1 automatically notified with a voicemail each time a deposit is made to their calling  
2 account, or when their prepaid account balance dips below a predefined threshold  
3 (usually \$25). There is no delay between when a deposit is made and when it appears in  
4 the inmate's account. Inmates can also access their balance and applicable rates and  
5 charges at any time by dialing 411. This information is provided to inmates by default in  
6 both English and Spanish, with additional languages available by request.

7  
8 Telmate also has a pioneering voicemail broadcast that allows English speaking facility  
9 staff to record voicemails for inmates or groups of inmates in Spanish. This particular  
10 feature has proven very popular with a number of correctional facilities.

11 **VI. PUBLIC INTEREST.**

12 **Q. How will residents of Tennessee benefit from Telmate's participation in the inmate**  
13 **services market in Tennessee.**

14 A. It is without question in the public interest for the TRA to grant Telmate's application to  
15 give correctional facilities and the inmates they serve in Tennessee increased choice,  
16 improved quality of service, and access to cutting-edge communications technology. As  
17 the Tennessee legislature has expressly recognized, the public policy of the state is best  
18 served by the development of a competitive and technologically advanced  
19 telecommunications market within the state. Consistent with the TRA's obligation to  
20 foster and encourage the development of such a market, granting Telmate, one of the  
21 leading providers of communications technology to the inmate services market, authority  
22


1 to participate in the market in Tennessee will increase market efficiency through a greater  
2 range and reliability of services and increased competitive choice.

3 **Q. Does this conclude your testimony?**

4 A. Yes. I would like to thank the TRA for this opportunity to provide information about  
5 Telmate. The company stands ready to provide any additional information the TRA may  
6 need in making its decision.

7 **VERIFICATION**

8 The witness declares: Based on the corporate books and records, information furnished to me by  
9 employees, and my personal knowledge, I affirm under penalty of perjury that the foregoing  
10 direct testimony is true and correct to the best of my knowledge.

11  
12 

13 COUNTY OF SAN FRANCISCO )  
14 )  
15 STATE OF CALIFORNIA )  
16 )

17 Personally appeared before me this 8<sup>TH</sup> day of October, 2012, the above-named witness  
18 known to me personally or made known to me by satisfactory proof, who was duly sworn  
19 and on oath executed the above verification.

20  
21   
22  
23 NOTARY PUBLIC  
24

25 My Commission Expires:  
26 09.15.15  
27  
28

