

EXHIBIT 16

*Comments Regarding the Generic Proceeding considering the Promulgation of Telephone Rules
Governing inmate Telephone Services for Telmate, LLC - Before the Alabama Public Service
Commission (Docket No. 15957)*

PRISON
POLICY INITIATIVE

Alabama PSC
100 N Union St, RSA Union
Montgomery, AL 36104



To Whom It May Concern:

Thank you for taking the time to meet with me on December 12, 2012 to hear more about Telmate and how we are positioned in the marketplace. With our recent acquisition of Talton's 22 Alabama facilities, we very much look forward to working alongside the Alabama PSC in the years to come.

Please find our enclosed documentation regarding the Generic Proceeding Considering the Promulgation of Telephone rules governing inmate telephone service, Recommendations, Network, Architecture and Text Collect as we understand it to process calls. I look forward to hearing back from you and appreciate you giving us the opportunity to become better acquainted.

Regards,



Kevin O'Neil



Telmate: About Us

In 1998 we founded Pinnacle Public Services, a service and installation provider for inmate telecommunication systems. Through this experience we discovered a need in the industry for a streamlined, high-tech telecommunications solution. So in 2005, we decided to enter the market directly as Telmate, offering a new system designed from the ground up specifically for the correctional industry. Today, Telmate's comprehensive solution is the most advanced inmate telecom management solution available.

Throughout our years of service, we have developed a reputation for excellent customer service and leading technology. All of our customer service personnel, repair technicians and data systems are in-house and fully supported by the finest equipment in the industry. With our vast telecom experience, professional staff and on-location service personnel in 40 States, Telmate can offer correctional facilities unsurpassed inmate telecom management.

At Telmate, we are committed to providing your facility, inmates and the inmate's friends & family with the best telecommunications solution available. Furthermore, we are committed to offering this solution at a fair price. We constantly work with our clients to improve service and add new features and resources that not only benefit the facility, but the inmates as well.

Our managers and founders put a premium on retaining an outstanding employee team. A team of the industry's best executives, with broad and diverse operational experience, leads Telmate. They direct, with integrity, vision and wisdom, the talented men and women who are the heart and hands of our company.

Today, Telmate is one of the fastest growing inmate telephone systems and services in North America. From city and county jails to federal facilities, Telmate serves populations of all sizes—many exceeding 1,000 beds. With over 18,000 detainees, our largest account is ICE (U.S. Immigration and Customs Enforcement). Currently, we provide service to over 200 correctional facilities across 40 US States and two Canadian Provinces.

We believe that our ability to provide the industry's best customer service (daily onsite service and real-time customer issue resolution), inmate calls at a fair price, and the most advanced inmate solution available uniquely positions us as the top choice for inmate communications services.

The Way Around Toll Calls:

Over the years the inmate telephone industry has seen changes within the industry calling habits of inmates, along with their friends and family have been able to circumvent facility calling services. This method combined with certain states that tariff their calling mileage bands directly affects the facility revenues including friends and family. The inmate population uses a variety of ways to gather telephone numbers that are local in order to bypass higher calling rates.

Google Voice, Skype and other similar services allow Friends and Family to set up a local number in minutes. The end user acquires a local number to the facility and then has calls to the specific number forwarded to their mobile or landline number. These numbers are typically free to set up and receive calls. The call is then deemed a local call and is typically cheaper than a toll call with higher mileage classification.

Reroute services allow account holders to set up service in minutes. These services charge Friends and Family members \$10-\$40 per month fee for a local number after a \$19.50 activation fee. The ascending monthly fee is based on the amount of minutes you are allowed to receive. This type of service is double fold bad for the industry because it bills the community member a monthly fee and is an additional cost burden to families but the calls are also still billed by the inmate telephone service provider as a local call. These services are typically marketed to and by inmates via mailers and word of mouth.

Prepaid Wireless services is a third way toll calling can be bypassed as it allows Friends and Family members to choose a wireless provider and "pick" their number. The local service can be set up in minutes and allows the account holder to again bypass the toll calling area.

Investigative and Administrative Burden

Investigators have a difficult time dealing with destination number integrity because with the use of the above services, the actual destination number could be in Florida but billed at a local rate. It is very easy to get around the system with the use of these services and they receive the lower local pricing structure. Investigators also have to deal with potential continuous crime from the facility because of the destination number not being able to be accurately defined. Additionally, investigators can't track the destination number as they can change quickly with various numbers being set up quickly and the use of "Burner" type applications for smart phones. "Burner" applications allow for a number to be set up within seconds but then has a time limit on how long it is active; an hour, a couple days or a few weeks. Calls to these numbers are then forwarded to a second number until the "Burner" application deletes the number and the end user acquires a new number.

Consideration of a “Postalized” rate structure

A postalized rate structure allows for an equally flat per minute or per call cost to be applied regardless of whether the call is local or toll rated. The advantages of this pricing structure are numerous and allow for solutions for all parties involved; the facility, the inmate and the Friend and Family members.

1. Inmates have the same call prices regardless of their location within the state rather than having to know their LATA designation.
2. Inmates have an easy to understand pricing structure without frustration, as calls to Huntsville are the same rate as calling Mobile regardless of origination location of the facility.
3. Reduced financial burden to Friend and Family, as they don't have additional monthly charges as high as \$40 per month.
4. Reduced financial burden to Friend and Family, as they don't have additional monthly charges as high as \$40 per month.
5. Maintains financial integrity to State and County Facilities
6. Increased number integrity for Investigators, as Friends and Family have no need to obtain a local number so they will use their existing method of receiving phone calls.
7. Reduced administration burden of Personal Allowed Number (PAN) list.
8. Eliminates the mileage band and LATA requirements as they are being phased out through technology and bundled packages on landline and mobile accounts.

In addition to these advantages which allow for benefits across all users of the inmate phone system, we have seen specific increases to both call volume and revenues back to state and county facilities when a postalized rate structure is implemented. Within this case study, minutes increased from 28.3 Million to 37.6 Million minutes, a 25% increase while increasing the average spend per inmate from \$31.87 to \$33.83, an increase of 6+% increase. These factors combined with the amount of money Friends and Family are not having to spend in additional monthly fees, are huge factors in proving the adoption of a postalized rate structure and is more favorable over traditional pricing matrixes of mileage rated calling bands.

Review of \$.15 and \$.45

While the rate structure for the consideration of moving local calls to \$.15 per minute and toll calls to \$.45 calls reduces call prices from the current Tariffed rate structure, it is not a rate structure that will alleviate the before mentioned issues. It is our opinion this proposed pricing structure will only perpetuate the use of dial around services because of the large variance of per minute costs of local and toll rates. Inmates and Friends and Family will further try to get around the system in place to get to the lower cost call which will lower revenue back to the facilities for inmate welfare funds and additionally punish the inmate because of the reduced amount of commissionable revenues available for equipment, programs etc. which are required to be maintained by the facility for the inmate.

Comparison of rates

	Current AL PSC Tariff Rate			CPC Proposed Rates			Postalized Rate Structure		
	Surcharge	P e r Minute	Extended	Surcharge	P e r Minute	Extended	Surcharge	P e r Minute	Extended
Local (8 min call avg)	\$2.25	\$0.00	\$2.75	\$0.00	\$0.15	\$1.20	\$0.00	\$0.35	\$2.80
Toll (14 min call avg)	\$2.25	\$0.30	\$6.45	\$0.00	\$0.45	\$6.30	\$0.00	\$0.35	\$4.90

The above illustration comparing the current approved AL PSC rates, rates under consideration from CPC and our proposed rates, has the below assumptions and considerations applied after reviewing our current business within 22 facilities where we currently provide inmate telephone services we see the following :

- A. A Local call average is 8 minutes
- B. A Toll call average is 14 minutes
- C. A proposed rating structure at \$.35 per minute
- D. Current Tariff with the \$.50 applied for the extended call pricing

The graph illustrates with the local rate, Inmates are actually currently paying roughly \$.343 per minute based upon an eight (8) minute call average. The best value for the inmate is the postalized rate structure for toll calls with a reduction of 25%. When comparing the local rate the postalized rate structure is inline compared to the current PSC rate.

The below graph compares all rates based upon the averages used in the above graph along with the percentage differential for each category.

	Local Comparison	Differential	Toll Comparison	Differential
Current ALPSC Tariffed	\$2.75	100.00%	\$6.45	100.00%
CPC Proposed	\$1.20	43.64%	\$6.30	97.67%
Telmate Postalized	\$2.80	101.82%	\$4.90	75.97%

Financial Burden

The following financial considerations also need to be taken into consideration when reviewing the various rate structures.

1. Fees are currently being paid by Friends and Family and absorbed for various types of dial around services
2. Account Set up costs as high as \$19.95
3. Monthly costs from \$10-\$40
4. Even when using these services funds are still used against the debit or destination account for the local call price of \$2.75
5. Rates under consideration results in less available funds to be provided back to the Facility, which are typically used for inmate welfare
6. Inmates will be impacted with less ancillary services and programs because less revenue is available
7. Funds paid back to AL PSC, from Inmate Telephone Providers, will be reduced from and the PSC will need to adjust its budget because less revenue will be generated at the Utility Tax rate

Recommendations

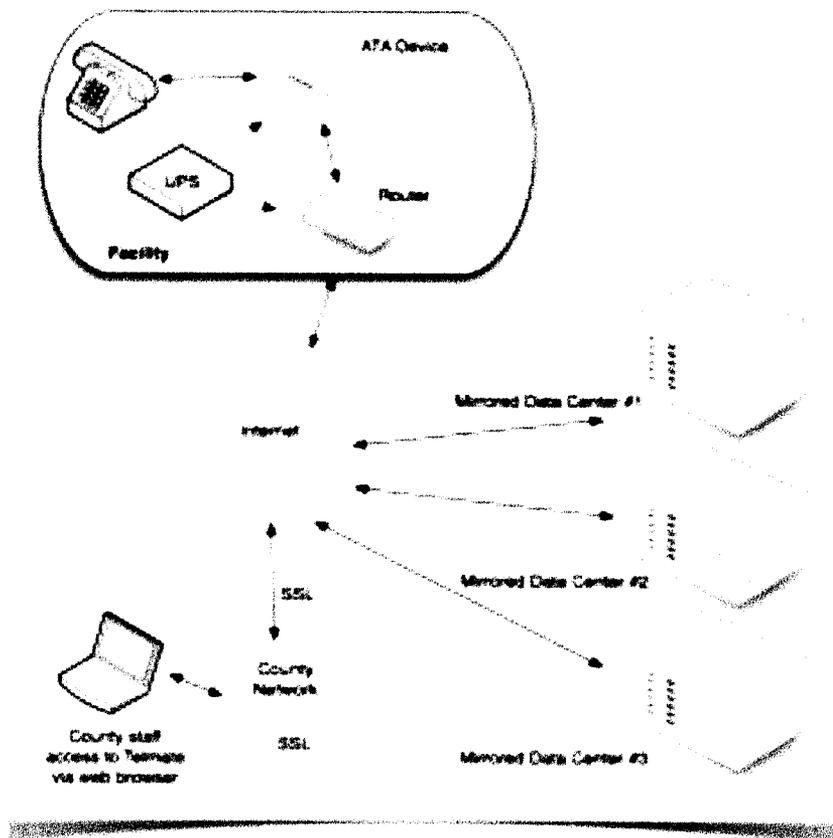
The following recommendations are based upon data from existing experiences of our history in Alabama and our use of how postalized rate structures increase revenues and decrease financial burdens of friends and family.

1. We recommend the use of a postalized rate structure of \$.35 for all local and toll calls. It has been shown to be the best overall solution as it is inline with the local rate and a reduction to the current toll rate.
2. An alternate recommendation would be to cap the rate at \$.35 per minute for local and toll calls however allow the inmate phone service provider and county to use any rate up to the cap per minute across various calling bands. This would allow the county facility and service provider to negotiate what best fits the needs of the facility.
3. An additional rate option would include the provision of a Mobile and VoIP Access Rate for calls to mobile phones or VoIP numbers (like Skype, Google Voice etc.) at a slightly higher rate per minute of \$0.05. This rate could be applied to the current AL local Tariff rate or any proposed rate structure. This would allow for a deterrent of using dial around services and create destination number integrity for investigators.

Architecture

Telmate's architecture and equipment can be divided into three parts

- Onsite equipment; facility equipment necessary to make outgoing calls
- Call Processing and Data Center equipment; our call processing servers, data storage servers, administration system and web servers
- Client equipment for administration, reporting and investigation



Network

- Telmate has deployed a fully redundant, mirrored and archived network infrastructure
- Utilize four (4) fully redundant geographically separated locations
- Store six (6) copies of all call recordings which are backed up daily
- Current utilization at fifteen percent (15) percent of capacity



Text Collect

Promotional calls from an inmate to Friend and Family; www.textcollect.com

- Inmate dials a phone call to a destination number
- Inmate Phone Provider looks up the destination number in their database to see if the number is collect call billable or if there is an existing prepaid account assigned to the number
- If both of the above are false then the system will look up to see if the number is a PSMS billable number on the wireless network
- If the number is PSMS billable, the phone system calls the destination number
- The phone system plays a message for the called party and offers to connect the caller to receive a premium text message for \$9.99-\$14.99 to be billed to the mobile bill as "premium content"
- Maximum thresholds per month can vary however typically it is 10 calls for \$100 per month
- Providers do not typically commission for these completed calls or pay a \$.30 per call "Bonus"