PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

AGENDA ID # 24597

Communications Division **RESOLUTION T-17937**

R E S O L U T I O N

Resolution T-17937. Affirming the Communications Division Disposition Rejecting Network Communications International Corporation dba NCIC Inmate Communications Advice Letter 49

PROPOSED OUTCOME:

- Effective upon approval of this Resolution:
  - Denies Network Communications International Corporation dba NCIC Inmate Communications Request for Commission Review of the Communications Division's disposition rejecting Advice Letter 49.
  - Affirms the Communications Division's July 16, 2026 disposition rejecting Advice Letter 49.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this Resolution.

ESTIMATED COST:

- There are no costs associated with this Resolution.

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SUMMARY

This Resolution denies Network Communications International Corporation d/b/a NCIC Inmate Communications' (NCIC) Request for Commission Review of the Communications Division's (CD) July 16, 2026 disposition rejecting NCIC's Tier 2 Advice Letter (AL) 49, as supplemented by AL 49A. NCIC filed its Request for Commission Review on July 24, 2026 pursuant to General Order (GO) 96-B, General Rule 7.6.3.

NCIC is entitled to request California Public Utilities Commission (CPUC or Commission) review, and it did so on time. NCIC argues that CD: (1) applied an unauthorized standard of review; (2) disregarded NCIC's asserted compliance with the comprehensive actual-cost-data

requirement in Ordering Paragraph (OP) 4 of Decision (D.) 26-04-004, including NCIC's use of an Federal Communications Commission (FCC) cost-reporting template; and (3) failed to address NCIC's June 18, 2026 reply to the protest of The Utility Reform Network (TURN) and NCIC's July 1, 2026 supplement to AL 49.

NCIC has not established that CD's rejection of AL 49 was unlawful or erroneous. The Commission in D.26-04-004 authorizes an incarcerated persons calling services (IPCS) provider to request a rate above the $0.045-per-minute statewide cap through a Tier 2 advice letter, supported by comprehensive actual cost data. The existence of cost data in a filing, or use of a particular reporting template, does not itself necessitate approval of the requested rate. The filing must provide a sufficient basis to determine that the requested rate increase is supported by the showing required by D.26-04-004; the advice letter must be accompanied by actual, detailed cost data, including internal financial statements and operating expenses, to substantiate the need for a higher rate. The Decision also notes that the Commission has the authority to determine what is just and reasonable and to disallow costs not found to be just and reasonable when analyzing the rate increase requests from the AL.
Accordingly, this Resolution affirms CD's July 16, 2026 disposition of NCIC's Tier 2 AL 49 and denies NCIC's Request for Commission Review. AL 49 remains rejected.

BACKGROUND

In D.26-04-004, the Commission adopted a uniform statewide intrastate voice IPCS rate cap of $0.045 per minute, effective June 24, 2026. In OP 4, the Commission permits an IPCS provider to request a rate increase above the permanent rate cap by filing a Tier 2 advice letter with CD, supported by comprehensive actual cost data.

As acknowledged by NCIC in its Request for Commission Review, D.26-04-004 contemplates actual, detailed cost information and information sufficient to show allowable costs and how those costs would be recovered on a per-minute basis, including relevant financials, operating costs, capital costs, facility data, revenue, and usage.

NCIC filed AL 49 on May 27, 2026. NCIC requested facility-specific intrastate IPCS voice rates of $0.16 per minute at seven facilities and $0.21 per minute at 45 facilities. NCIC included proposed facility-specific rates and confidential cost, revenue, and demand information using an FCC IPCS cost-reporting template.

TURN filed a protest on June 11, 2026. NCIC replied to TURN's protest on June 18, 2026. On July 1, 2026, NCIC filed supplemental AL 49A. NCIC states that the information provided in AL 49 and the AL 49 supplement also included similar materials, data, and processes as the CD's June 23, 2026 data-request guidance, which allowed providers to submit certain IPCS cost

information using either an FCC template or a CPUC-simplified template. This to NCIC validates that the correct information was submitted.

On July 16, 2026, CD rejected AL 49. The disposition concluded that NCIC had not provided sufficient evidence demonstrating that the proposed rate increases were necessary, reasonable, cost-based, or consistent with D.26-04-004. CD also concluded that the filing did not adequately demonstrate how the costs supporting the requested rates were attributable to California intrastate voice IPCS service, as they include substantial fixed, common, and corporate expenses. The filing also does not establish how these costs are causally related to California intrastate voice calling service or why they should be recovered through per-minute usage. The filing included broad categories of capital investment, software, overhead, administrative expenses, and other allocated costs that did not link directly to the actual cost of providing intrastate voice service. NCIC failed to show how the requested rates were supported by the cost showing required by D.26-04-004.

On July 24, 2026, NCIC submitted a Request for Commission Review pursuant to GO 96-B, General Rule 7.6.3, and asked the Commission to overturn CD's rejection and approve AL 49.

NOTICE

Notice of AL 49 was made by publication in the Commission's Daily Calendar. NCIC states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

TURN timely protested Advice Letter 49.

TURN states that the NCIC's AL 49 improperly seeks IPCS rate increases pursuant to D.26-04-004, while simultaneously challenging the Decision's validity through an Application for Rehearing filed in Rulemaking (R.) 20-10-002.

TURN states that the Tier 2 Advice Letter process established in D. 26-04-004 was intended to provide a streamlined mechanism for occasional, incremental, cost-based rate adjustments, not to permit providers to effectively circumvent or relitigate the Commission's recently adopted statewide rate cap. The Commission in D.26-04-004 authorizes providers to seek future adjustments supported by comprehensive actual cost data; however, TURN notes that nothing in the Decision suggests that the Tier 2 AL process was intended to serve as a vehicle for immediate, substantial departures from the Commission's adopted rate structure. TURN

observes that NCIC's request for increases from $0.045 per minute to rates of $0.16 and $0.21 per minute is inconsistent with both the purpose and intent of the streamlined Advice Letter process established by the Commission.

TURN states that NCIC's AL 49 analysis and data contain material errors and omissions. TURN states that NCIC's AL 49 violates D.26-04-004 by submitting insufficient data and requesting immediate, exponential rate increases despite the Decision's clear intent that the Tier 2 Advice Letter process is designed to streamline occasional, incremental increases over time.

TURN notes that OP 4 permits providers to seek rate increases through a Tier 2 Advice Letter supported by comprehensive actual cost data. That requirement is not satisfied by a showing that provider-reported costs exceed revenues. Rather, the filing must demonstrate that the claimed costs are reasonably attributable to California intrastate IPCS service and that the proposed rates are necessary to recover the efficient cost of providing that service. TURN notes that the reliance on the FCC reporting template alone does not satisfy the comprehensive cost showing required by D.26-04-004.

DISCUSSION

Procedural Issues

NCIC submitted its timely request for Commission review on July 24, 2026. Rule 7.6.3 of General Order 96-B gives NCIC the right to request Commission review of CD's disposition. This requires that CD prepare and place a proposed resolution on the Commission's meeting agenda.

The issue before the Commission is whether CD's disposition was unlawful or erroneous**.** Rule 7.6.3 does not make a timely request for review an automatic entitlement to approval of the underlying advice letter. The Commission considers the specific grounds NCIC identified and determines whether those grounds establish that CD's rejection was unlawful or erroneous.

CD did not create a new substantive rate.

NCIC argues that CD adopted an unauthorized "efficient cost" or incremental-cost standard not found in D.26-04-004. We do not read the CD disposition as establishing a new generally applicable ratemaking methodology or modifying D.26-04-004. OP 4 requires that a provider seeking a rate above the permanent cap through a Tier 2 advice letter support that request with

comprehensive actual cost data. A cost-data submission must permit review of whether the requested rate is supported by the costs offered to justify that rate. CD's references to attribution, causation, and the relationship between claimed costs and California intrastate voice IPCS service are reasonably understood as part of evaluating whether NCIC's submitted data substantiated the requested facility-specific rates. To the extent the disposition could be read to suggest that D.26-04-004 adopted a separate, freestanding incremental-cost test, this Resolution does not rely on such a test. This Resolution affirms that NCIC did not demonstrate that the requested facility-specific rates were supported by the comprehensive actual cost showing required by D.26-04-004.

Submission of the FCC template did not, by itself, establish that AL 49 satisfied the showing necessary for approval.

A reporting template is a vehicle for organizing and submitting information that is then analyzed and assessed. Authorization to use a template for mandatory data collection does not mean that every filing using that template to obtain individualized rate relief under D.26-04-004 is automatically approved. Even where the FCC template is an acceptable format, the Commission must still determine whether the information supplied in and with the template adequately supports the particular rates requested. NCIC's argument that the FCC template was an accepted reporting format does not establish that CD's substantive determination was unlawful or erroneous.

TURN also noted in its protest that reliance on the FCC reporting template alone does not satisfy the comprehensive cost showing required by D.26-04-004. The Commission expressly contemplated a broader evidentiary showing, including relevant financial statements, operating costs, capital costs, facility data, revenues, usage, and sufficient information demonstrating how allowable costs are recovered on a per-minute basis.

NCIC's reply and supplement do not require reversal of the disposition.

NCIC contends that CD's July 16, 2026 disposition letter failed to expressly address NCIC's June 18 reply and July 1 supplement. The central point NCIC raises in its supplement is that CD's June 23 data-request guidance permitted use of the FCC template for the data response. For the reasons discussed above, the template is used solely to submit data that must then be analyzed to determine whether the request is reasonable. Likewise, NCIC's disagreement with TURN's characterization of the Tier 2 mechanism does not eliminate NCIC's obligation to substantiate the requested rate increases. Even if the July 16 disposition had discussed the reply and supplement more expressly, NCIC has not shown that considering those submissions

would have led to a different disposition. TURN's protest restated that the Tier 2 Advice Letter process established in D.26 04-004 was intended to provide a streamlined mechanism for occasional, incremental, cost-based rate adjustments, not to permit providers to effectively circumvent or relitigate the Commission's recently adopted statewide rate cap. TURN notes that NCIC's request for increases from $0.045 per minute to $0.16 and $0.21 per minute is inconsistent with both the purpose and intent of the streamlined Advice Letter process established by the Commission.

The magnitude of NCIC's requested increases does not, by itself, bar use of the Tier 2 process, but the requested rates still must be supported.

NCIC correctly notes that OP 4 establishes a Tier 2 AL mechanism through which an IPCS provider may request a rate above the permanent cap. We do not affirm the disposition on the theory that a request is categorically improper merely because the requested increase is substantial. The service provider must support the requested rates with comprehensive actual cost data required in D.26-04-004. NCIC has not demonstrated that CD erred in concluding that AL 49 did not provide a sufficient basis for approval.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days of public review. Comments are due within 20 days of the date of mailing and publication on the Commission's website, in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this Resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. D.26-04-004 adopted a statewide intrastate voice incarcerated persons calling services (IPCS) rate cap of $0.045 per minute, and Ordering Paragraph (OP) 4 permits an IPCS provider to request a rate above the cap through a Tier 2 advice letter supported by comprehensive actual cost data.

2. Network Communications International Corporation d/b/a NCIC Inmate Communications (NCIC) filed advice letter (AL) 49 on May 27, 2026, and supplemented it through AL 49A on July 1, 2026.
3. AL 49 requested facility-specific rates of $0.16 per minute at seven facilities and $0.21 per minute at forty-five facilities.
4. The Utility Reform Network (TURN) protested AL 49 on June 11, 2026, and NCIC replied on June 18, 2026.
5. Communications Division (CD) issued a disposition rejecting AL 49 on July 16, 2026.
6. On July 24, 2026, NCIC submitted a Request for Commission Review pursuant to GO 96-B, General Rule 7.6.3.
7. NCIC is entitled to request Commission review, and it did so in a timely manner.
8. NCIC alleges that CD applied an unauthorized standard of review, disregarded NCIC's asserted compliance with Decision (D) 26-04-004's cost-data requirement, and failed to address NCIC's reply and supplement.
9. Authorization to use an FCC cost-reporting template for a separate mandatory data collection does not establish that every advice letter using that template satisfies the showing required for individualized rate relief under D.26-04-004.
10. CD's consideration of whether reported costs adequately support the requested California intrastate voice IPCS rates is consistent with D.26-04-004.
11. This Resolution does not rely on a separate, freestanding incremental-cost test as a condition for examining rates sought under D.26-04-004, OP 4.
12. NCIC's reply and AL 49 supplement do not establish that CD's rejection was unlawful or erroneous.
13. The magnitude of a requested increase does not, by itself, make the Tier 2 process unavailable, but the requested rate must be supported by the showing required by D.26-04-004.
14. NCIC has not demonstrated that CD's July 16, 2026 disposition was unlawful or erroneous.
15. CD's disposition should be affirmed, and NCIC's Request for Commission Review should be denied.

THEREFORE, IT IS ORDERED THAT:

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1. Network Communications International Corporation d/b/a NCIC Inmate Communications' Request for Commission Review of the Communications Division's July 16, 2026 disposition of Advice Letter 49 is denied.
2. The Communications Division's July 16, 2026 disposition rejecting Network Communications International Corporation d/b/a NCIC Inmate Communications Advice Letter 49, as supplemented by Advice Letter 49A, is affirmed.
3. Advice Letter 49 remains rejected.

This Resolution is effective today.

The foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on On _____; the following Commissioners voted favorably thereon:

Dated _____, at Capitol Mall, Sacramento, California

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