Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of)	
Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act)	WC Docket No. 23-62
Rates for Interstate Inmate Calling Services)	WC Docket No. 12-375

ORDER DENYING STAY PETITION

Adopted: October 28, 2024 Released: October 28, 2024

By the Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. On October 21, 2024, HomeWAV, LLC (HomeWAV) filed a petition requesting that the Commission partially stay its Report and Order in the above-captioned proceedings pending resolution of its petition for reconsideration and/or clarification by the Commission filed that same day. For the reasons discussed below, we deny HomeWAV's stay request.

II. BACKGROUND

2. The 2024 IPCS Order implemented the expanded authority granted to the Commission by the Martha Wright-Reed Just and Reasonable Communications Act of 2022 (Martha Wright-Reed Act or Act),² adopting comprehensive reforms that will significantly reduce the financial burdens that incarcerated people face to communicate with their loved ones. The Act amended the Communications Act of 1934, as amended (Communications Act) to require that the Commission "establish a compensation plan to ensure that all [incarcerated people's communications services (IPCS)] providers are fairly compensated and all rates and charges are just and reasonable for completed" IPCS communications.³ Consistent with this Congressional mandate, in the 2024 IPCS Order, the Commission adopted permanent per-minute rate caps for all incarcerated people's audio communications services, and established, for the first time, interim per-minute rate caps for incarcerated people's video

1

¹ Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services, WC Docket Nos. 23-62 and 12-375, Report and Order, Order on Reconsideration, Clarification and Waiver, and Further Notice of Proposed Rulemaking, FCC 24-75 (rel. July 22, 2024) (2024 IPCS Order or Order, 2024 IPCS Reconsideration Order, or 2024 IPCS Notice); see HomeWAV, LLC Petition for Partial Stay, WC Docket Nos. 23-62 and 12-375 (filed Oct. 21, 2024) (HomeWAV Stay Petition or Petition); HomeWAV, LLC Petition for Reconsideration and/or Clarification, WC Docket Nos. 23-62 and 12-375 (filed Oct. 21, 2024) (HomeWAV Petition for Reconsideration). The Wright Petitioners, United Church of Christ Media Justice Ministry, and Pennsylvania Prison Society (collectively, the Public Interest Parties) filed an opposition to the HomeWAV Stay Petition. See Opposition to HomeWAV Petition for Partial Stay, WC Docket Nos. 23-62, 12-375 (filed Oct. 28, 2024) (Public Interest Parties Opposition). Action on HomeWAV's Stay Petition herein by the Wireline Competition Bureau (WCB or Bureau) on delegated authority in no way prejudges or prejudices a decision on the HomeWAV Petition for Reconsideration.

² Martha Wright-Reed Just and Reasonable Communications Act of 2022, Pub. L. No. 117-338, 136 Stat. 6156 (2022) (Martha Wright-Reed Act or Act).

³ 47 U.S.C. § 276(b)(1)(A).

communications services.⁴ In establishing these rate caps, the Commission employed the used and useful framework it has used for decades in determining just and reasonable rates, a zone of reasonableness methodology that it had previously used to set rate caps for audio IPCS, and an industry-average cost methodology expressly permitted in the Martha Wright-Reed Act.⁵ In setting the new rate caps, the Commission considered cost and other data submitted by IPCS providers, including HomeWAV.⁶

- 3. As a relevant part of the reforms adopted in the *2024 IPCS Order*, the Commission prohibited providers from charging independent fees for ancillary services, and incorporated provider reported costs of the ancillary services previously addressed by its rules into the rate caps.⁷ The Commission found incorporating the costs of these services to be appropriate for several reasons, including because these services "are intrinsic to the provision of IPCS," because the costs of each separate ancillary service could not be reliably isolated, and because incorporating such costs into the rate caps would better align IPCS rates with consumers' use of IPCS and with industry trends.⁸ The Commission also ended IPCS providers' long-standing practice of paying site commissions to carceral facilities, the costs of which were passed through to consumers via higher IPCS rates.⁹ Although many of the new requirements adopted in the *Order*, including the prohibition on ancillary service fees, are effective 60 days after publication in the Federal Register, the Commission established staggered compliance deadlines for the new rate caps and the elimination of site commissions.¹⁰
- 4. On October 2, 2024, October 15, 2024, and October 23, 2024, respectively, the Bureau issued orders denying Securus Technologies, LLC's (Securus's), Pay Tel Communications, Inc.'s (Pay Tel's), and the National Sheriffs' Association's petitions for administrative stays of the *2024 IPCS Order* pending judicial review.¹¹ While these previous petitions sought broader stays, HomeWAV "seeks

⁴ See, e.g., 2024 IPCS Order at 60, para. 119.

⁵ Martha Wright-Reed Act § 3(b)(b)(1); *see also, e.g., 2024 IPCS Order* at 65-66, para. 127 (discussing the adoption of rate caps derived from industry average costs); *id.* at 89-90, paras. 159-60 (discussing the used and useful framework and the zone of reasonableness approach).

⁶ See 2024 IPCS Order at 102-04, paras. 184-85. See also id. at 94-100, paras. 170-79.

⁷ See id. at 68-75, paras. 130-37.

⁸ See id. at 68-75, paras. 130-37.

⁹ See, e.g., id. at 132, para. 245 (prohibiting IPCS providers from paying site commissions of any kind and preempting all state and local laws and regulations requiring or allowing IPCS providers to pay site commissions associated with IPCS).

¹⁰ *Id.* at 304-08, paras. 587-94. The Commission also issued the *2024 IPCS Reconsideration Order*, which resolved various petitions seeking reconsideration of, clarification of, or waivers from prior Commission orders. *See 2024 IPCS Reconsideration Order* at 309-12, paras. 599-607. Additionally, the Commission issued the *2024 IPCS Notice* to obtain additional public comment on IPCS-related issues that it could not resolve on the record then before it. *See 2024 IPCS Notice* at 312-319, paras. 608-24. The HomeWAV Stay Petition seeks a stay only of the *2024 IPCS Order's* "prohibition of ancillary fees as well as the effective date of this prohibition." HomeWAV Stay Petition at 1.

¹¹ Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services, WC Docket Nos. 23-62 and 12-375, Order Denying Stay Petition, DA 24-1098 (WCB rel. October 23, 2024) (National Sheriffs' Association Stay Denial Order); Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services, WC Docket Nos. 23-62 and 12-375, Order Denying Stay Petition, DA 24-1074 (WCB rel. October 15, 2024) (Pay Tel Stay Denial Order); Incarcerated People's Communications Services; Implementation of the Martha Wright-Reed Act; Rates for Interstate Inmate Calling Services, WC Docket Nos. 23-62 and 12-375, Order Denying Stay Petition, DA 24-1035 (WCB rel. October 2, 2024) (Securus Stay Denial Order).

issuance of a stay of the implementation of the prohibition of ancillary fees set forth in the Order" pending the resolution of its petition for reconsideration.¹²

III. DISCUSSION

- 5. Section 1.429(k) of the Commission's rules permits the Commission "upon good cause shown" to "stay the effective date of a rule pending a decision on a petition for reconsideration." To qualify for the extraordinary remedy of a stay, a petitioner must demonstrate that the following four criteria will be satisfied: (1) it is likely to prevail on the merits; (2) it will suffer irreparable harm absent the grant of preliminary relief; (3) other interested parties will not be harmed if the stay is granted; and (4) the public interest would favor grant of the stay. A stay is an "intrusion into the ordinary processes of administration and judicial review,' . . . and accordingly is not a matter of right, even if irreparable injury might otherwise result" to the movant. The party requesting a stay bears the burden of showing that the circumstances justify an exercise of that discretion. HomeWAV's petition has failed to meet that burden.
- 6. As an initial matter, HomeWAV's petition largely ignores the criteria necessary to support a stay and, as a result, has failed to adequately plead its stay request. As section 1.429(k) of the rules makes clear, by default "the filing of a petition for reconsideration shall not excuse any person from complying with any rule or operate in any manner to stay or postpone its enforcement." The mere fact of a request for reconsideration, in itself, thus cannot be enough to justify a stay. While HomeWAV reiterates several arguments made in its separate petition for reconsideration, implicitly suggesting that these rationales satisfy the Commission's stay criteria, nowhere does HomeWAV argue or explain how these arguments demonstrate that it is likely to prevail on the merits, that it will suffer irreparable harm absent a stay, that other interested parties will not be harmed by a stay, or that the public interest would favor grant of a stay under the governing legal standard. HomeWAV's Petition offers no supporting case law. Because HomeWAV has failed to properly allege and substantiate its stay request, we conclude that HomeWAV has failed to meet its burden to demonstrate that a stay is warranted. Nonetheless, as an independent, additional basis for our decision, we address each of the arguments HomeWAV advances below.

¹² HomeWAV Stay Petition at 2.

¹³ 47 C.F.R. § 1.429(k).

¹⁴ See LightSquared Technical Working Group Report, Order Denying Motion for Stay, IB Docket No. 11-109, 36 FCC Rcd 1262, 1266, para. 8 (2021) (*Ligado Stay Denial Order*) (citing *Nken v. Holder*, 556 U.S. 418, 425-26 (2009)). These same criteria apply when evaluating a stay under section 1.429(k). See, e.g., Amendment Of Part 90 Of The Commission's Rules, Order, 36 FCC Rcd 9761, 9762, para. 5 (2021) (4.9 GHz Stay Order).

¹⁵ Nken. 556 U.S. at 427 (internal citations omitted): Securus Stav Denial Order at 3, para. 5.

¹⁶ National Sheriff's Association Stay Denial Order at 3, para. 5; Pay Tel Stay Denial Order at 3, para. 5; Securus Stay Denial Order at 3, para. 5; Ligado Stay Denial Order, 36 FCC Rcd at 1266, para. 8 (citing Nken, 556 U.S. at 433-34).

^{17 47} CFR § 1.429(k).

¹⁸ See generally HomeWAV Stay Petition at 2-3; HomeWAV Petition for Reconsideration.

¹⁹ In fact, the concept of "irreparable harm" only appears once in the Petition, in its request for relief that is generally inarticulate: "to prevent harm *which is not reparable or otherwise providers*, consumers, and the public" HomeWAV Stay Petition at 3 (emphasis added). *See* Public Interest Parties Opposition at 2 ("[The HomeWAV Stay Petition] does not identify, let alone explain, how it meets the legal standard to merit a stay, fails to allege HomeWAV would likely prevail on the merits or suffer irreparable harm, and offers no evidence that the Partial Stay is in the public interest.").

²⁰ See generally HomeWAV Stay Petition.

- 7. Illicit Conduct. In support of its stay request, HomeWAV first argues that implementation of the Commission's prohibition on ancillary services charges in the 2024 IPCS Order "will make it more difficult to safeguard against illicit conduct such as money laundering and fraud." It argues that implementation of the Commission's new rules will permit "rampant fraud and money laundering by consumers" and will "lead to larger providers shifting the processing of financial transactions to affiliates." Without prejudging the issue, we find that HomeWAV has not introduced sufficient support to demonstrate that eliminating ancillary fee charges will increase fraud and money laundering by consumers. For example, HomeWAV has not demonstrated that the degree of consumer money laundering, if any, depends on the presence or absence of such charges. Likewise, HomeWAV has not explained or substantiated how the risk of any of these claims, such as any risks to public safety, is imminent or immediate. As such, we find HomeWAV's argument in this regard wholly inadequate to support a stay. Additionally, we note that the Commission broadly addressed concerns about the relationship between the affordability of IPCS and unlawful activities in the 2024 IPCS Order. 15
- 8. *Implementation Date Impact*. In its second and third points, HomeWAV further contends that the prohibition on ancillary services fees taking effect prior to the prohibition on site commissions "would create an illogical and inequitable situation where IPCS providers are continuing to incur expenses (i.e., site commission payments) which are assumed not to exist in the Commission's justification for eliminating ancillary fees." HomeWAV contends that this hypothetical "discrepancy between revenues and costs" will either prevent providers from "fulfill[ing] obligations under existing contracts" or force them "to provide service while incurring costs that exceed permitted revenues." We considered and rejected similar arguments raised in the stay petition submitted by Pay Tel, and HomeWAV fails to provide any additional support for such claims, or to identify any flaws in our reasoning in its Petition so as to justify a stay. ²⁸
- 9. As we explained in the *Pay Tel Stay Denial Order*, "[t]he elimination of separate ancillary service charges was based on 'four independently sufficient findings,' which generally were independent from the specific IPCS rate caps"—and, consequently, the underlying prohibition on site

²¹ *Id*. at 1.

²² *Id*. at 2.

²³ *Id.* at 2. *See also* Public Interest Parties Opposition at 8 (observing that HomeWAV does not explain "why HomeWAV would have to dedicate more resources to defending against fraud once ancillary service charges are eliminated").

²⁴ See, e.g., 4.9 GHz Stay Order, 36 FCC Rcd at 9763-64, paras. 8-9 (finding a risk of "short-term public safety access to [the] spectrum" at issue there absent a stay and concluding that harms would be "immediate"). As we note below, providers are able to continue to charge above-cost rates in the near term. See supra n.32; cf. Protecting the Privacy of Customers of Broadband and Other Telecommunications Services, Order Granting Stay Petition in Part, 32 FCC Rcd 1793, 1798, para. 15 (2017) (finding that "providers already are incurring costs" associated with the relevant rules).

²⁵ 2024 IPCS Order at 20, para. 29 & n.120 (observing that formerly incarcerated persons "suggest[ed] that unlawful activities within correctional facilities would likely decrease if communications services were affordable and accessible"). HomeWAV has not attempted to rebut these findings beyond the conclusory statements in its pleading.

²⁶ HomeWAV Stay Petition at 2-3.

²⁷ *Id.* at 3. We note that, although HomeWAV does not detail how its site commission payments are calculated under its existing contracts, to the extent such commissions are often calculated based on revenues earned, site commission payments would not be required for ancillary services for which no separate revenue is earned. In other words, HomeWAV would actually pay less in site commissions based on the elimination of revenues from separate ancillary service charges, thereby reducing or eliminating this hypothetical discrepancy.

²⁸ See Pay Tel Stay Denial Order at 13-14, 16-18, paras. 29-32, 36-37.

commissions—"established in the 2024 IPCS Order."²⁹ Like Pay Tel, the HomeWAV Stay Petition "does not make clear why eliminating site commissions should be a necessary predicate for eliminating ancillary service charges," and "does not address the fact that it will continue to benefit from the higher prior rate caps as it manages its transition to the new rate caps and implements the Commission's site commission reforms."³⁰ In short, HomeWAV fails to substantiate how eliminating ancillary service charges "notwithstanding the continuation" of site commission expenses in the short run would result in a "significant adverse impact on providers."³¹ Consequently, we find HomeWAV's claims of financial losses arising from the separate implementation dates, and its claim that the 2024 IPCS Order did not "fully consider the implications" of these implementation dates, to be unpersuasive as a theory for granting a stay.³²

10. Consumer Cost. As a fourth point in support of its Petition, HomeWAV argues that "the prohibition on ancillary fees . . . will cause consumers who are not 'cost causers' to incur costs caused by others." Again, while we avoid prejudging the argument on this point, we find that HomeWAV has not introduced sufficient support to demonstrate that it is likely to succeed on the merits. For example, HomeWAV also contends, without support, that the "elimination of the ancillary fees will incent consumer behavior which will drive up the costs of providing service." Yet it points to no record evidence of such consumer behavior, and we can find none. Neither has HomeWAV alleged that such consequences will be imminent. We therefore conclude that HomeWAV has not adequately met its burden to merit staying the 2024 IPCS Order.

²⁹ *Id.* at 14, para. 31 (quoting *2024 IPCS Order* at 223-24, para. 415); *see also Securus Stay Denial Order* at 13-14, paras. 28-29; Public Interest Parties Opposition at 4-5, 6-7. Because the analysis supporting the elimination of separate ancillary service charges was not tied to or otherwise related to the site commission prohibition, we disagree with HomeWAV's assertion that the separate implementation timelines are "inconsistent with the methodology the Order seeks to implement for recovering costs associated with ancillary services – which assumes the elimination of site commissions." HomeWAV Stay Petition at 2.

³⁰ Pay Tel Stay Denial Order at 14, para. 31; see also id. at 16-18, paras. 36-37 and Appx. A (analyzing Pay Tel's relative projected costs and revenues during the period between the effective dates for the prohibitions on ancillary service fees and site commissions). In contrast to Pay Tel, HomeWAV fails to present even an approximate estimate of its alleged losses stemming from the different timelines for implementing the prohibitions on ancillary service fees and site commissions.

³¹ HomeWAV Stay Petition at 3.

³² *Id.* at 3. HomeWAV likewise argues that the prohibition on ancillary fees "will result in a mismatch between costs and revenues causing providers to provide below[-]cost service under existing contracts" *Id.* at 3. The allegation of below-cost service is unsupported, and we again reject the notion of this timing mismatch on the same grounds as we have previously: in the short term, companies may charge above-cost rates, and in the long term, the costs of ancillary service charges are included in the rate caps. *Securus Stay Denial Order* at 15, para. 32; *Pay Tel Stay Denial Order* at 17, para. 36 n.142. *See also* Public Interest Parties Opposition at 7 (arguing that "the delayed implementation period for smaller facilities will impose greater harms is illogical" precisely because "providers *will be receiving more money during the interim period*") (emphasis in original).

³³ HomeWAV Stay Petition at 3.

³⁴ This argument also appears in HomeWAV's Petition for Reconsideration. *See* HomeWAV Petition for Reconsideration at 4.

³⁵ HomeWAV Stay Petition at 3.

³⁶ Tied to this claim, HomeWAV argues without substantiation that "if implemented, the new rule will create a situation where IPCS providers are not able to recover their costs. . . ." HomeWAV Stay Petition at 3. We have rejected such claims previously, and reiterate those findings here. *See, e.g., Securus Stay Denial Order* at 15, para. 32; *Pay Tel Stay Denial Order*, at 17, para. 36.

Public Interest. Finally, HomeWAV makes no showing in its Petition as to how the 11. public interest would be favored upon grant of its Stay Petition. Indeed, we find that grant of the Petition would harm the public interest for many of the same reasons articulated in our prior stay petition denials.³⁷ Granting a stay would be contrary to the public interest because it would delay the benefits of our ancillary service charge reform and otherwise inhibit the Commission's ability to protect consumers in that regard. A stay would effectively force consumers to continue to pay prices above the just and reasonable rates -- rates that incorporated ancillary service costs -- determined in the 2024 IPCS Order over a prolonged period.³⁸ For example, and as the Commission observed in the 2024 IPCS Order, consumers stand to gain from the elimination of ancillary service charges, which are a source of consumer confusion and detrimental provider practices.³⁹ The public interest in seeing the Commission's ancillary service reforms take effect on the schedule prescribed in the 2024 IPCS Order is especially pronounced given the length of time that incarcerated persons and their friends and family have already shouldered these excessive and undue financial burdens, 40 particularly when Congress expressly directed the Commission to enact regulations to implement the Martha Wright-Reed Act within 24 months from the statute's enactment.41

³⁷ See Pay Tel Stay Denial Order, at 18-21, paras. 39-43; Securus Stay Denial Order at 18-29, para. 38-42; NSA Stay Denial Order, at 15-17, paras. 36-39. The circumstances here thus stand in stark contrast to prior decisions granting stay pending reconsideration where no harm was found to result from the stay. See, e.g., 4.9 GHz Stay Order, 36 FCC Rcd at 9764, para. 9 ("there is no information in the record indicating that any party will be harmed by the grant of this interim stay"); Protecting the Privacy of Customers of Broadband and Other Telecommunications Services, Order Granting Stay Petition in Part, 32 FCC Rcd 1793, 1798, para. 15 (2017) ("[t]he record contains no evidence of harm to consumers as a result" of the legal regime that existed prior to the rules subject to the stay request).

³⁸ See, e.g., Public Interest Parties Opposition at 10 (observing that a 2013 report found that ancillary service charges "added up to almost 40% of what incarcerated people and their families were spending on phone calls"). As we note above, to the extent HomeWAV continues to charge rates above our new rate caps in the near term, it will earn revenue above costs, as the costs for ancillary services charges are included in our new lower just and reasonable rate caps. See infra n.32.

³⁹ See 2024 IPCS Order at 224-26, 227-29, paras. 418-19, 421-26; see also Public Interest Parties Opposition at 9 ("The Commission eliminated ancillary service charges because they were a form of double dipping, incentivized abuse, and covered services that were part of the calls that were already being paid for through per-minute rates."); id. at 10-11.

⁴⁰ See 2024 IPCS Order at 6-12, paras. 9-20 (recounting over a decade of reform efforts); Martha Wright-Reed Act § 3(a). Additionally, as the Public Interest Parties argued in response to Pay Tel's stay petition, a stay will "deprive many incarcerated people of the regular contact with their families and communities that is essential to their health and wellbeing, as well as their access to legal representation." Opposition to Pay Tel Petition for Stay Pending Judicial Review, WC Docket Nos. 23-62 and 12-375, at 10-11 (filed Oct. 14, 2024) (Public Interest Parties Oct. 14, 2024 Opposition); Public Interest Parties Opposition at 9-10, 11 (same); see also Opposition to the National Sheriffs' Association's Petition for Stay Pending Judicial Review, WC Docket Nos. 23-62, 12-375 (filed Oct. 22, 2024) (Public Interest Parties Oct. 22, 2024 Opposition); Opposition to Securus Petition for Stay Pending Judicial Review, WC Docket Nos. 23-62 and 12-375, at 9-10 (filed Oct. 1, 2024) ("A stay will cause tremendous harm by depriving consumers of the lower rates, and increased family connection, that Congress sought to achieve through the [Martha Wright-Reed Act]. Such delay would prevent many incarcerated people from the health, safety, and wellbeing benefits that reliable communications with their loved ones could bring."); Opposition of Stephen A. Raher to Securus Technologies' Petition for Stay Pending Judicial Review, WC Docket Nos. 23-62, 12-375, at 5 (filed Oct. 1, 2024) (noting that the "public would be harmed by granting the Petition because a stay would extend the long history of unreasonable IPCS rates, even though lowering these rates was the primary motivation behind the enactment of the [Martha] Wright-Reed Act").

⁴¹ See Public Interest Parties Oct. 14, 2024 Opposition at 11 ("Staying the [2024 IPCS Order] would also frustrate Congress's express directive that regulations implementing the [Martha Wright-Reed] Act be timely promulgated (continued....)

12. For the foregoing reasons, we conclude that HomeWAV has not met its burden in support of a stay.

IV. ORDERING CLAUSES

- 13. Accordingly, IT IS ORDERED that, pursuant to the authority contained in sections 1, 2, 4(i)-(j), 201(b), 218, 220, 225, 255, 276, 403, and 716 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i)-(j), 201(b), 218, 220, 225, 255, 276, 403, and 617, and the Martha Wright-Reed Just and Reasonable Communications Act of 2022, Pub. L. No. 117-338, 136 Stat 6156 (2022), and the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's rules, 47 CFR §§ 0.91, 0.291, this Order Denying Stay Petition in WC Docket Nos. 23-62 and 12-375 IS ADOPTED.
- 14. IT IS FURTHER ORDERED, that HomeWAV's Petition for Partial Stay, filed October 21, 2024, in WC Docket Nos. 23-62 and 12-375, IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION

Trent B. Harkrader Chief Wireline Competition Bureau