

EXHIBIT 12



T-NETIX, Inc.

67 Inverness Drive East
Englewood, CO 80112 USA
Corporate Offices: (303) 790-9111
FAX: (303) 790-9540

NASDAQ Symbol: TNTX

March 10, 1998

Sandi Hornung
AT&T
6th Floor
2020 K Street, NW
Washington D.C. 20006

Re: Local Only Facilities - WA DOC

This letter is to outline AT&T's understanding of the responsibilities of both AT&T and T-NETIX in respect to those Washington DOC facilities listed below where T-NETIX is carrying the local traffic on AT&T's behalf. The facilities included are:

WA DOC - Washington Women's
WA DOC - Coyote Ridge
WA DOC - Pine Lodge Pre-Release
WA DOC - Olympic Correctional
WA DOC - Clallam Bay Correctional

T-NETIX Responsibilities

T-NETIX will provision the local traffic on AT&T's behalf beginning **March 3, 1998**. T-NETIX will perform or cause to be performed the administrative services required on behalf of AT&T.

AT&T Responsibilities

AT&T will purchase all inmate telephone sets. AT&T, or a subcontractor to AT&T will provide any required maintenance of the phones.

AT&T will reimburse T-NETIX for the commissions paid, for the cost of the inmate telephone lines, and for the charges billed T-NETIX by its billing agent ZPDI, including bad debt, unbillable calls, billing agent service fees and LEC fees ("Reimbursements"). Bad debt, unbillable calls and LEC fees are billed to AT&T at actual costs passed on to ZPDI from the LECs. The billing agent service fees are billed to AT&T at the rate T-NETIX receives which is discounted based on T-NETIX' total volume with ZPDI.

AT&T will also remit to T-NETIX a \$.10 transaction fee per call processed ("Transaction Fees"). T-NETIX will apply the cash revenue remitted for the benefit of AT&T from the billing agent ("AT&T Cash Revenue") against the noted

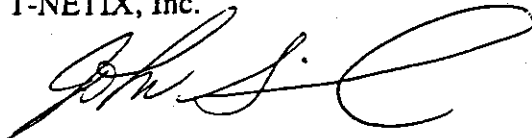
Reimbursements and Transaction Fees. In those instances where Reimbursements and Transaction Fees exceed AT&T Cash Revenue, T-NETIX will invoice AT&T. T-NETIX will provide to AT&T a full reconciliation of the amount due on a monthly basis by facility. The net amount due to/from AT&T will be outlined in a supporting schedule. These facilities will be and included in AT&T's current local only facility invoices and supporting schedules.

AT&T shall have the right to audit any records upon 30 days written notice.

Please sign the attached copy as agreement. If you have any questions please do not hesitate to call myself or Shannon.

Sincerely,

T-NETIX, Inc.



John Giannaula
VP Finance

Accepted by: _____
Sandi Hornung, AT&T

cc: Karen Casciotta - AT&T
Russ Vitale - AT&T
Katja Christensen - T-NETIX, Inc.
Shannon Fenimore - T-NETIX, Inc.