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DEPARTMENT OF AVIATION

FCC MAIL SECTION

County of Allegheny

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ROOM M 134, TERMINAL BUILDING
GREATER PITTSBURGH INTERNATIONAL AIRPORT
PITTSBURGH, PA 15231
(412) 778-2500

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FEDERAL COMMUNICATIONS COMMISSION
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SCOTT R. O'DONNELL
DIRECTOR

June 23, 1992

EX PARTE OR LATE FILED

The Secretary's Office
Federal Communications Commissions
1919 M Street, Northwest
Washington DC 20554

Subject: DOCKET NUMBER 92-77
BILLED PARTY PREFERENCE (BPP)

To Whom It May Concern:

I would like to take this opportunity to submit this statement as the comments of Allegheny County, owner and operator of the Greater Pittsburgh International Airport, on behalf of our recommendation to exempt public airports from any decision to institute a billed party preference, hereinafter "BPP", requirement on public pay telephones located within public terminal buildings.

Currently, as you are aware, airports as public facilities have been granted the rights to award presubscription authorization over public telephones to long distance carriers of its choice. The ability to contractually grant such rights has created an economic market among long distance carriers for the award of these rights. The corresponding market has allowed major commercial airports to utilize these funds generated for current operating budgetary purposes.

In the current telecommunications market, the placement of public telephones throughout airport terminal buildings has extended beyond the era of a convenience device for the traveling public, and has become a vital and essential communications tool for both business and casual travelers. Historically, airport owners and operators have had the legal right to extract a concession payment for ancillary businesses deriving substantial volume and income from the captive market of the terminal building traveler. In its basic commercial sense, the airport terminal building provides the opportunity to a wide range of commercial and business endeavors which can be exposed to a large number of potential customers and these commercial enterprises have correspondingly paid equitable concession fees to the airports for these business operating privileges.

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The current consideration before the Federal Communications Commission in regard to BPP would eliminate the airports ability to contract for preferred long distance telephone service on its public telephones. Although the airport would retain the rights to contract further placement of the actual telephones and the local telephone service, a great percentage of business generated at airports would continue to be the gross revenue derived from long distance telephone service over the public telephones. With the majority of gross revenue exempted from the competitive selection process, the resulting financial return to the airport would drop drastically. In our individual case at the Greater Pittsburgh International Airport, the currently projected concession payments would drop approximately 90 to 95 percent from the current concession payments levels. If BPP would apply to airport terminal buildings, the long distance telephone service would stand alone as the sole private business venture which derives extensive monetary returns from the gross revenue of its airport operations, and for which it would pay no concession/franchise fees for these business rights.

Faced with the reality of receiving little or no concession fees from these long distance carriers, a chilling effect would overlay the airport's decision making process of placing adequate public telephones within the terminal building. Because they derive little or no revenue from the utilization of space allocated to public telephones, the airports will have the direct incentive to utilize such space for concession revenue producing space (restaurants, news and gift shops, etc.). BPP requirements may have the corresponding negative affect to hinder the public's ability to gain adequate access to public telephone service.

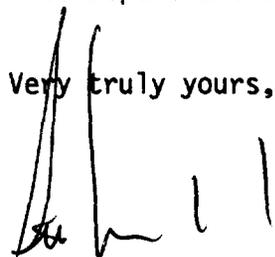
Airports have always maintained the right to limit the selection of goods and services within the terminal building. Car rental companies, restaurants, bars, news and gift concessionaires, have all had an extensive history of having the airport to limit their rights to do business at the airports where such limitations are based on a legitimate competitive process founded in a market level concession fee payment to the airport entity. A continuation of this historical perspective for long distance telephone carriers should not be disturbed in your consideration of instituting BPP for airport terminal buildings.

Airport concession fees play a substantial role in enhancing the airports ability to provide modern and efficient terminal buildings for the flow of interstate commerce among the traveling public. The loss of these revenues generated from these concession fees will deal a heavy financial blow to the airport entities. The retention of presubscription rights to airport terminals, as an exemption to any future ruling regarding BPP will not create an unfair burden upon the final evolution of deregulation in the long distance telephone service. The public will continue to have access rights to any long distance carrier of its choice, and the retention of the presubscription rights will continue to provide the airport with such financial payments which it has historically generated from those companies during business through their terminal facilities.

In conclusion, I strongly recommend that the Federal Communications Commission consider the creation of an exemption from BPP for airport terminal buildings. This exemption has a solid history of commercial precedence in the nature of business concession fee payments by private entities doing business through the terminal buildings. This historical perspective gives due credence to continued allowance of airports to collect market concession fees from those private business entities taking advantage of the captive traveling public which utilizes the airport terminal building.

Thank you again for your time and consideration to our position and I would remain available to provide any further comments or considerations which Allegheny County or its Department of Aviation would have in regard to this matter.

Very truly yours,



Scott R. O'Donnell
Director

SRO/TRJ/dav7

Attachment

cc Kathy Boyd
Chuck Kolling
Charles Barclay
Spencer Dickerson
Ralph Tonseth