

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Modernization of Payphone Compensation Rules	)	WC Docket No. 17-141
	)	
Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996	)	CC Docket No. 96-128
	)	
2016 Biennial Review of Telecommunications Regulations	)	WC Docket No. 16-132

**COMMENTS OF NCTA – THE INTERNET & TELEVISION ASSOCIATION**

NCTA – The Internet & Television Association (“NCTA”) supports the Commission’s proposal in the *Notice* to streamline its rules by eliminating the payphone compensation audit requirement.<sup>1</sup>

The Commission’s payphone compensation rules require “completing carriers” to track payphone calls and pay the appropriate compensation to the payphone service provider.<sup>2</sup> In addition, completing carriers also must file an annual audit report prepared by a third-party auditor to verify ongoing compliance with the compensation rules.<sup>3</sup> The *Notice* solicits comment on whether the Commission should eliminate or modify the audit requirement in light of substantial declines in the volume of payphone calling and the corresponding decline in payphone compensation.<sup>4</sup>

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<sup>1</sup> *Modernization of Payphone Compensation Rules*, WC Docket No. 17-141, Notice of Proposed Rulemaking and Order, 32 FCC Rcd 5397 (2017) (*Notice*).

<sup>2</sup> *Id.* at ¶ 2.

<sup>3</sup> *Id.* at ¶ 3.

<sup>4</sup> *Id.* at ¶ 5.

NCTA supports the Commission's proposal to eliminate the audit requirement. As the Commission suggests in the *Notice*, the volume of payphone traffic is rapidly declining, along with the level of payphone compensation.<sup>5</sup> As compensation levels decline, the cost of the audit increasingly exceeds the level of compensation that is owed, sometimes to a significant degree. Under these circumstances, it no longer makes sense to require companies to routinely bear the cost of the audit requirement.

As suggested in the *Notice*, eliminating the audit requirement would not leave payphone service providers without protection. Completing carriers would continue to be subject to the obligation to pay compensation to payphone providers, as well as a variety of other obligations designed to ensure the accuracy of such payments.<sup>6</sup> In addition, many completing carriers pay a clearinghouse to process payments and verify compliance.<sup>7</sup> Moreover, as with other Commission rules, the complaint process remains available to address concerns regarding non-compliance by carriers.

Respectfully submitted,

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<sup>5</sup> *Id.* at ¶¶ 7, 9.

<sup>6</sup> *Id.* at ¶ 10.

<sup>7</sup> *Id.*