

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

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

**REPLY COMMENTS OF
THE USTELECOM ASSOCIATION**

The USTelecom Association (USTelecom)¹ submits these reply comments in response to the comments filed on the Notice of Proposed Rulemaking and Order² adopted by the Federal Communications Commission (Commission or FCC) which seeks comment on eliminating the annual audit requirement as well as making additional reforms to the payphone compensation rules in order to reflect the current payphone compensation ecosystem. All of the commenters in this proceeding agree that in light of the substantial declines in the volumes of payphone calling, the corresponding decline in payphone compensation, and the burdens associated with the current rules, the Commission should eliminate 47 C.F.R § 64.1320(f) relating to the annual

¹ USTelecom is the nation's leading trade association representing service providers and suppliers for the broadband innovation industry. Its diverse member base ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications and broadband services to hundreds of millions of customers around the world.

² *Modernization of Payphone Compensation Rules, et al.*, Notice of Proposed Rulemaking and Order, WC Docket Nos. 17-141 and 16-132 and CC Docket No. 96-128, 32 FCC Rcd 5397 (Jun. 22, 2017) (*Payphone Compensation NPRM*).

payphone tracking system audit requirement.³ As the Commission correctly acknowledged in issuing a waiver of the 2017 and 2018 annual payphone tracking system audit,⁴ with the current state of the payphone marketplace the audit requirement no longer provides benefits commensurate with its substantial burdens. The time has come for the Commission to permanently remove this requirement.

Evidence of the dramatic and continuing decline over the past decade in the number of payphone calls and the number of operational payphone and/or payphone lines in service is clear and undisputed.⁵ And the recent round of comments confirms that the annual audit requirement provides minimal benefits, if at all, to only a sparse few payphone service providers (PSPs). Meanwhile, the cost of the annual audit has already, or is about to, surpass the amount paid in per-call payphone compensation.⁶ Completing Carriers must expend material resources to comply with the annual audit requirement; and record evidence demonstrates that continuing to require compliance with the audit requirement is unnecessary to ensure that PSPs are fairly

³ Comments of NCTA – The Internet & Television Association, WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of Sprint Corporation, WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of CenturyLink, WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of Puerto Rico Telephone Company, Inc., WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of ITTA – The Voice of America’s Broadband Providers, WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of Verizon, WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of Cincinnati Bell Any Distance Inc., WC Docket No. 17-141, et al. (filed Aug. 9, 2017); Comments of USTelecom Association, WC Docket No. 17-141, et al. (filed Aug. 9, 2017).

⁴ See, *Payphone Compensation NPRM* at 5402-3, ¶16.

⁵ See *Id.* at 5399, ¶7.

⁶ See e.g., Comments of Puerto Rico Telephone Company, Inc. at 3-4; Comments of CenturyLink at 4; Comments of NCTA at 2; Comments of Sprint at 2; Comments of Verizon at 3-4; Comments of ITTA at 3-5; Comments of USTelecom at 5-6.

compensated.⁷ Accordingly, the Commission should adopt its proposal to eliminate the annual audit requirement.

In addition, there is widespread agreement that the Commission should eliminate the quarterly CFO sworn statement requirement, without requiring a substitute.⁸ This quarterly certification requirement also lingers despite the massive changes in the payphone market. The requirement is unnecessary and unduly burdensome. Parties agree that permanent relief from this unnecessary regulatory requirement will more accurately reflect the dramatic declines in payphone usage and consequently, PSP compensation.

For the reasons discussed herein, USTelecom respectfully requests that the Commission recognize that the annual payphone call tracking system audit and quarterly CFO certification requirements are burdensome rules that have lived on long past their usefulness.

Respectfully submitted,

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⁷ See e.g., Comments of Puerto Rico Telephone Company at 6.

⁸ See e.g., Comments of Verizon at 4-5; Comments of CenturyLink at 5; Comments of ITTA at 8-9; Comments of USTelecom at 6-7.