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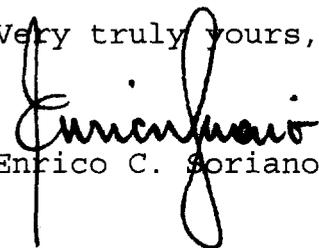
William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Amendment of Policies and Rules Concerning Operator
Service Providers and Call Aggregators, CC Docket
No. 94-158 - Joint Reply Comments of the National
Association of State Telecommunications Directors
Regulatory Action Committee and the South Carolina
Office of Information Resources of the South Carolina
Budget and Control Board

Dear Mr. Caton:

Enclosed herewith for filing in the above-captioned proceeding are an original and five copies of the joint reply comments of NASTD and OIR. Kindly date-stamp the extra copy and send it to the undersigned counsel in the enclosed self-addressed, stamped envelope. Please address all communications relevant to this reply comments to the undersigned.

Very truly yours,


Enrico C. Soriano

cc: Service List (w/encl.)

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Re: Amendment of Policies and Rules Concerning Operator Service Providers and Call Aggregators, CC Docket No. 94-158 - Joint Reply Comments of the National Association of State Telecommunications Directors Regulatory Action Committee and the South Carolina Office of Information Resources of the South Carolina Budget and Control Board

Dear Mr. Caton:

The National Association of State Telecommunications Directors Regulatory Action Committee ("NASTD") and the South Carolina Office of Information Resources of the South Carolina Budget and Control Board ("OIR") hereby offer their reply comments in the above-captioned proceeding. For the reasons set forth below, and based on the initial comments that have been filed, NASTD and OIR submit that there is no justification for altering the exemption of correctional institutions from the category of "aggregators" with respect to inmate-only pay telephones.

In the Notice of Proposed Rule Making and Notice of Inquiry ("NPRM/NOI"),¹ the Commission, among other things, sought comments

¹ Amendment of Policies and Rules Concerning Operator Service Providers and Call Aggregators, Notice of Proposed Rule Making and Notice of Inquiry, CC Docket No. 94-158, FCC 94-352 (released February 8, 1995) ("NPRM/NOI").

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on what changes, if any, should be made to the rules applicable to inmate-only pay telephones in correctional institutions. In response to the Commission's invitation, numerous parties representing a cross-section of the telecommunications industry responded with overwhelming support for continuing the exclusion of correctional institutions from the definition of "aggregators."² Virtually every one of these commenters demonstrated that the provision of pay telephones to inmates is a unique service and must continue to be accorded regulatory treatment that is different from the treatment of other pay telephone providers.³

NASTD and OIR agree with many of the commenters that reclassifying inmate-only pay telephone providers as "aggregators" not only would involve the reversal of long-standing Commission policies, but also would create more problems than it purports to solve. Such a reclassification would compromise the security of inmate facilities and significantly erode, if not altogether abolish, the necessary control which correctional institutions now exert over their inmates' use of telecommunications facilities. A decision to impose the same requirements on inmate-only pay telephones as are imposed on traditional aggregators would no doubt be tantamount to an open invitation to prison inmates to engage in fraudulent and criminal activities.

NASTD and OIR believe that the overarching concern of the Commission in this proceeding is the perceived rate gouging of

² See, e.g., Comments of Ameritech; Comments of Executone Information Systems, Inc.; Comments of the State of Georgia; Comments of Pacific Bell and Nevada Bell; Comments of Sprint Corporation; Comments of MCI Corporation; Comments of AT&T; Comments of Southwestern Bell Telephone Company; Comments of Ameritel Pay Phones, Inc.; Comments of the Inmate Calling Service Providers Task Force.

³ In a separate proceeding in which the Commission proposed the implementation of Billed Party Preference ("BPP"), an overwhelming number of commenters there also argued against the application of BPP to inmate facilities. See Comments, Billed Party Preference for 0+ InterLATA Calls, CC Docket No. 92-77 (proceeding still pending).

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consumers by unscrupulous OSPs.⁴ Many states, including South Carolina, already have addressed this problem by imposing rate ceilings on inmate pay telephone providers.⁵ An established rate ceiling, coupled with rigid enforcement mechanisms, will unquestionably deter unfair practices, and at the same time permit corrections officials to retain control over inmate-only pay telephones. Rate ceilings also would address the concerns of some commenters that pay telephone commissions may be one cause for exorbitant rates.⁶

NASTD and OIR submit that the Commission's prior determination⁷ that inmate-only pay telephones present an "exceptional set of circumstances" which warrants a regulatory exception, was correct then, and is correct now. The circumstances have not changed and will not change in the foreseeable future. In light of the fact that there is neither a compelling reason nor persuasive evidence in the record to disturb the status quo, it is incumbent upon the Commission to retain the current regulatory treatment of providers of inmate-only pay telephones.

4 The NPRM/NOI indicates that the complaints frequently received by the Commission staff generally concern the high rates charges by the presubscribed carrier for inmate-only telephones. NPRM/NOI, at 3, para. 9.

5 On March 8, 1995, a group of telecommunications industry representatives proposed ex parte a "rate ceiling" on all OSP charges. Under this proposal, there would be a "benchmark rate on a simple per minute basis, without regard to time-of-day, distance, automated or live, calling card or collect." Rate Ceiling Alternative to Billed Party Preference (Mar. 8, 1995); see also Public Notice, DA 85-473 (Mar. 13, 1995).

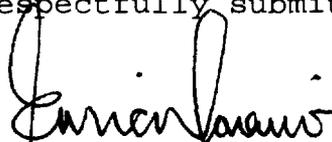
6 See Comments of the Public Service Commission of Nevada (Mar. 8, 1995); Comments of the Minnesota Department of Public Service (Mar. 9, 1995).

7 Policies and Rules Concerning Operator Service Providers, Report and Order, CC Docket No. 90-313, RM-6767, FCC 91-116, 6 FCC Rcd 2744 (1991) ("Report and Order").

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Respectfully submitted,



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CERTIFICATE OF SERVICE

I, LAVERNE WATKINS, hereby certify that a copy of the foregoing **Joint Reply Comments of NASTD and OIR** was sent, this 24th day of March 1995, by U.S. first-class mail, unless otherwise indicated, to the following individuals:

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