

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554

APR - 5 1996

In the Matter of )  
)  
Amendment of Policies and Rules )  
Concerning Operator Service )  
Providers and Call Aggregators )

CC Docket No. 94-158

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**GTE's REPLY COMMENTS**

GTE Service Corporation and its affiliated domestic telephone operating companies ("GTE") hereby submit this reply to comments filed in response to the Notice of Proposed Rulemaking, FCC 96-75 (released March 5, 1996) (the "Notice") in the above-captioned matter. In the *Notice*, the FCC proposes to amend Section 64.703(b) of the Rules to prescribe a time limit within which payphone owners must post notice of any change in the presubscribed interexchange carrier ("PIC") servicing the phone; and tentatively concludes that this time limit should be thirty days.

**GTE OPPOSES THE THIRTY DAY PROPOSAL, WHICH WOULD UNFAIRLY IMPOSE HEAVY COSTS UNIQUELY ON EXCHANGE CARRIERS; AND SUGGESTS A WORKABLE ALTERNATIVE.**

GTE must express grave concern about the thirty-day proposal of the *Notice* from the perspective of the Local Exchange Carrier ("LEC" or "exchange carrier"). In order to comply with the proposed thirty day requirement, a LEC may be forced to incur that cost that it otherwise would have avoided caused by dispatching a technician to a

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remote area solely for the purpose of changing the payphone signage and nothing more.<sup>1</sup>

The proposed rule would take still further the unfortunate practice of placing heavy and costly compliance burdens on exchange carriers even when the alleged need for the rule arises as the result of the behavior of other parties. Further, requiring exchange carriers to comply with a strict thirty-day signage rule would place them at a still-greater disadvantage, from both a competitive and cost standpoint, relative to other payphone providers and aggregators.<sup>2</sup> It must be remembered that, unlike exchange carriers, other payphone providers do not have to allow PIC changes on their phones at all. Therefore, they are only minimally affected by this rulemaking. In addition, other aggregators, such as hotels and motels -- whose payphones are typically located on their own premises -- can easily comply with the thirty day requirement.

The uniquely heavy impact of the proposed thirty-day rule would fall on LECs. So long as an exchange carrier is able to take care of the notice-posting requirement in normal course, *i.e.*, when a LEC employee would be scheduled to visit the site for other reasons, the cost burden associated with the requirement is minimal. But when the LEC is obliged to "roll a truck" solely for the purpose of posting these notices, this imposes heavy and unreasonable cost burdens uniquely on exchange carriers, thereby

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<sup>1</sup> To the extent the Commission adopts the thirty day rule, it should not preclude LECs from increasing PIC change charges for payphones or establishing separate charges to recover these additional costs.

<sup>2</sup> See Ameritech at 2.

placing LEC payphone operations at an unfair and unreasonable disadvantage vis-a-vis other payphone providers and aggregators.

The unfairness is driven home by the fact that highly questionable behavior on the part of Interexchange Carriers ("IXCs") known as "slamming" has often been an important factor in generating churn that causes repeated PIC changes. Exchange carriers should not be penalized for the sins of others. Indeed, apart from slamming, churn is largely caused by marketing activity of IXCs acting in their sub-optimized business interests; it is unfair that this should be allowed to impose unreasonable costs on exchange carriers that realize no benefits.

Typically, GTE's payphones are routinely visited within a thirty day interval. Payphones of some other LECs are said to be visited on a routine basis once in every forty-five to sixty days.<sup>3</sup> In general, the need for employee visits for other purposes is much less for payphones in remote locations; and these remotely-located payphones tend to be of lesser interest to the IXCs and tend to involve fewer PIC changes. This suggests a workable approach would be providing for an overall objective for the LECs but with some allowance for more time in the case of the less-significant remote locations.

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<sup>3</sup> See Ameritech at 2 (60 days), BellSouth at 3 (60 days), and Southwestern Bell Telephone (SWBT) at 1 (45 day average).

GTE does not believe the record in this proceeding supports any required interval for changing payphone information.<sup>4</sup> However, if the Commission determines that a such a time limit is necessary and should be imposed, it should adopt a rule that is reasonable and reflects the realities of servicing LEC payphone locations in remote areas with a responsible sense of economy. GTE would support a general guideline of something between thirty and forty-five days for the period within which signage on payphones should be changed, with a specified outer limit to accommodate those payphones for which scheduled routine visits are less frequent.<sup>5</sup> The outer limit could be in the order of sixty days, but with due allowance for a longer time depending on the nature of the individual LEC's serving territory.

GTE agrees with the general observation of BellSouth (at 2) that "at a time when the Commission prides itself on being deregulatory, the 30 day limit constitutes unnecessary regulatory interference with business management in the increasingly competitive payphone market." The *Notice's* thirty day proposal represents the very type of regulatory micro-management that the Commission should avoid.

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<sup>4</sup> Efforts by the industry to control unauthorized PIC changes will reduce the number of occurrences in which payphone information must be changed to only those which are legitimate and, consequently, are less likely to be subject to frequent change. Further, the Commission's requirement to "double brand" all operator assisted calls will provide an additional notice to consumers as to the identity of the IXC serving the payphone.

<sup>5</sup> See Ameritech at 2. LECs should not be precluded from adopting instead other reasonable practices, such as the mailing of temporary stickers to premise owners as suggested by BellSouth (at 3).

**In summary:** GTE urges the Commission not to adopt stringent payphone updating requirements; if it does so, it should adopt more reasonable and flexible procedures than those proposed by the *Notice* -- procedures that reflect the realities of servicing LEC payphone locations.

Respectfully submitted,

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domestic telephone operating companies

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## Certificate of Service

I, Ann D. Berkowitz, hereby certify that copies of the foregoing "GTE's Reply Comments" have been mailed by first class United States mail, postage prepaid, on April 5, 1996 to all parties of record.

A handwritten signature in black ink, appearing to read "Ann D. Berkowitz", written over a horizontal line.

Ann D. Berkowitz