

EX PARTE OR LATE FILED

BELLSOUTH

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August 8, 1996

Mr William F Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RECEIVED
AUG - 8 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

RE: In the Matter of Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996
CC Docket No 96-128 Ex-Parte

Dear Mr. Caton:

On Thursday, August 8, 1996, David Cockcroft, Cheryl Mellon and Ben Almond, all of BellSouth Corporation met with Michael Carowitz, Rose Crellin, Glenn Reynolds and Tom Zagorsky, all of the Enforcement Division, Common Carrier Bureau. The purpose of the meeting was to discuss issues relating to interLATA carrier selection and the provision of semi-public payphone service. The attached document was used for discussion purposes.

Please associate this notification and accompanying material with the above referenced docket proceeding. If there are any questions concerning this matter, please contact the undersigned.

Sincerely,



Ben G. Almond
Executive Director-Federal Regulatory

Attachment

cc: Michael Carowitz
Rose Crellin
Glenn Reynolds
Tom Zagorsky

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**BELLSOUTH TELECOMMUNICATIONS
EX PARTE ON (1) RBOC PARTICIPATION IN SELECTION OF
INTERLATA CARRIERS AND (2) SEMI-PUBLIC SERVICE
DOCKET 96-128
AUGUST 8, 1996**

The right of RBOC Payphone Service Providers (PSPs) to negotiate with location providers in contracting with and selecting interLATA carriers is in the public interest.

- Independent Payphone Providers (IPPs) have always had this right.
- This right includes the ability to resell and brand interLATA services.
- This right does not constitute the provision of interLATA services as defined by Sections 271 and 272 of the Telecommunications Act of 1996.
- To deny this right to RBOC PSPs would result in an unbalanced, discriminatory economic windfall for IPPs, who are gaining the right to participate in selecting intraLATA carriers.

Allowing RBOC PSPs to participate in interLATA carrier selection will benefit consumers and location providers and is in the public interest.

- Payphone service will be strengthened.
- Gouging and slanting will be reduced.
- Location providers and end users will have more choices.
- Widespread deployment of payphones will be encouraged.

Market power abuses will not occur since today's market is sufficiently competitive to guard against such abuses.

- IPPs have taken a dominant 54.8 % of public payphone revenue in BellSouth's nine-state service area.
- MCI, AT&T, and I DDS Worldcom all have active payphone business operations which compete vigorously with BellSouth.
- In addition, approximately 2000 different IPPs currently provide payphone services in BellSouth territory

Requests to have the FCC limit or constrain RBOC PSP participation with location providers in selecting and contracting with interLATA carriers are unfounded and anticompetitive.

- AT&T, MCI, and other payphone providers maintain relationships with affiliated long distance operations without any regulatory safeguards today.
- Given existing affiliate transaction rules, no additional safeguards are necessary.

RBOC participation with location providers in the selection of interLATA carriers supports the congressional intent of market deregulation and regulatory parity with Independent Payphone Providers.

Semi-public payphone service must be deregulated and detariffed.

- Many states residually price this service today.
- There are now alternatives in the marketplace.
- Section 276 of the Act requires fair compensation for all calls and prohibits subsidization.
- Section 276 specifically mandates that semi-public payphone service shall be included among the payphone services to be covered by the Act.