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Robert H. Castellano
Director
Federal Regulation

Room 1119L2
295 North Maple Avenue
Basking Ridge, NJ 07920
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August 23, 1996

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AUG 23 1996

Federal Communications Commission
Office of Secretary

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

Re: Exparte meeting on Pay Telephone Compensation
CC Docket No. 96-128

Dear Mr. Caton:

Today, I met with Mary Beth Richards, Deputy Chief, Common Carrier Bureau and Tim Peterson, Legal Assistant, to discussed the issues in the above-cited proceeding. A copy of the material discussed at the meeting is attached.

Two (2) copies of this letter along with the attachments are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to be "Robert H. Castellano".

Attachment

cc: M. B. Richards
T. Peterson

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Payphone Compensation and Reclassification Issues

- Level of compensation should be based on TELRIC costs of efficient payphone provider
 - “market-based” surrogates are irrelevant, especially 0+
 - subsidies should be eliminated
 - costs associated with provision of coin service, as well as commission payments, should not be included in dial-around rate computation

- The ILECs, particularly the RBOCs, should not be given the right to negotiate with location providers for InterLATA carrier selection, at a minimum until they meet the requirements of Sections 271/272 of the Act
 - ILECs control 80% (RBOCs 70%) of all payphones
 - potential for abuse of power
 - puts the RBOCs in the InterLATA business