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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

EX PARTE

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

**Re: CS Docket No. 96-128, Implementation of the Pay Telephone
Reclassification and Compensation Provisions of the
Telecommunications Act of 1996**

Dear Mr. Caton:

Today, on behalf of Bell Atlantic, Marie Breslin, Lorraine Chickering, Paul Francischetti and myself met with John Nakahata, Senior Legal Advisor to Chairman Hundt to discuss Bell Atlantic's position in the above captioned docket. A copy of the handouts distributed during the meeting is attached.

Please include this correspondence as part of the public record in the above-captioned proceeding. Please call me if you have any questions concerning the meeting.

Sincerely,

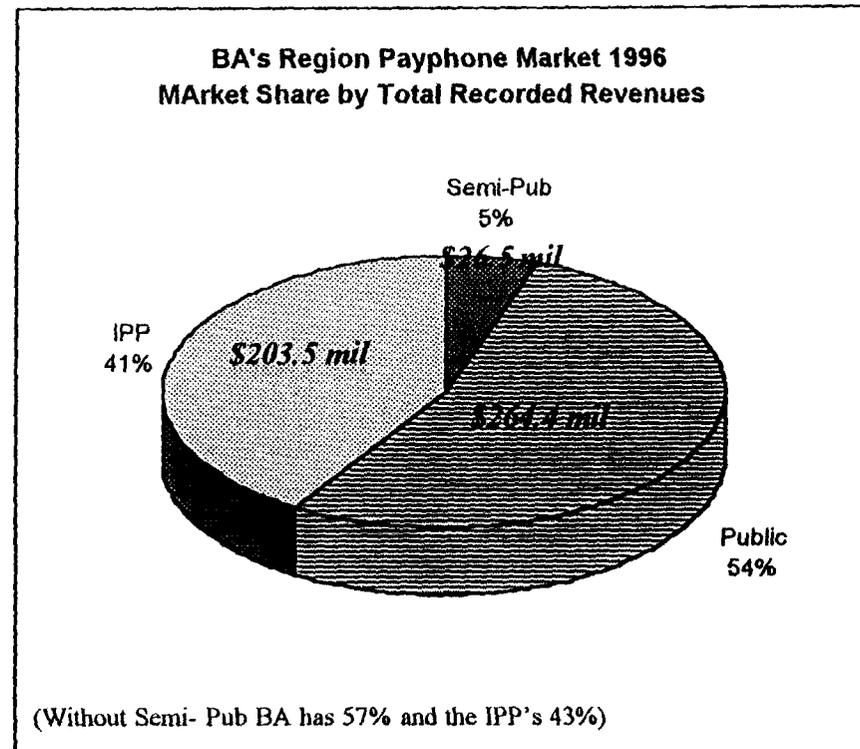
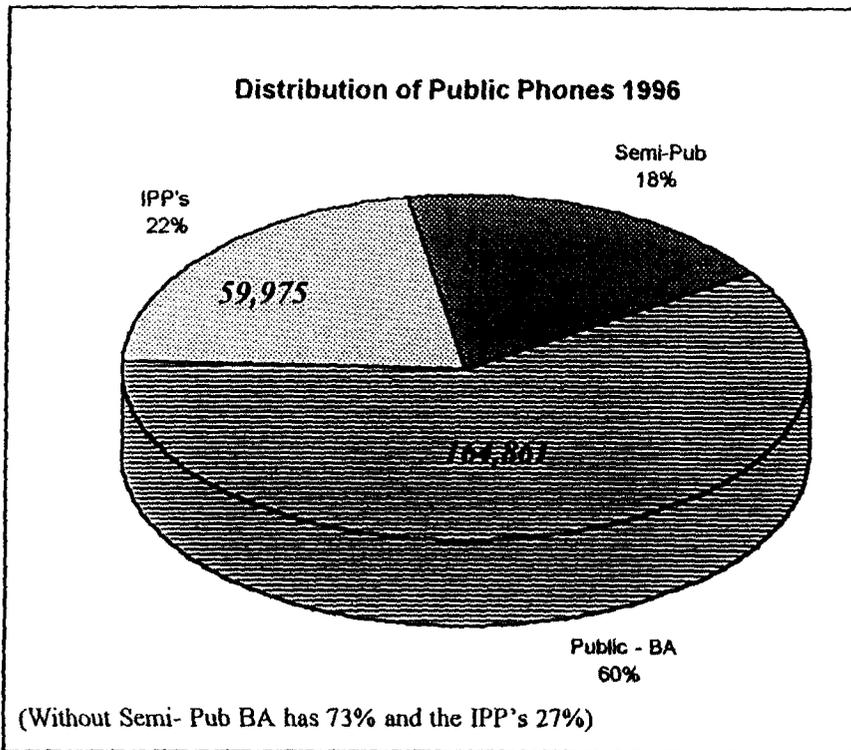
Patricia Koch (ym)

Attachment

cc: J. Nakahata

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BELL ATLANTIC REGIONAL RECORDED MARKET SHARE



Comments:

- IPP revenue data was based on the 10K's and 10Q's of Peoples, Communications Central and Phonetel; extrapolated for the total market
- Recorded Revenue is what the Respective Entities are Recording on their Financial Statements
- IPP's receive non-coin commissions from OSP/IXC for non-coin calls and BA does not
- IPP's receive payphone compensation and BA does not.

Per Call Compensation Rate (non local)

- Market pricing is the best approach.
- Assures better services, lower costs, greater deployment.
- Where market pricing is not possible, Commission should set market-based rate.
- The RBOC coalition identified a number of market-based rates, ranging from \$.46 to \$.90.

Per Call Compensation Rate (non local)

- The 0- Operator Transfer rate is an accepted proxy. IXC's are now paying this rate for the opportunity to have a customer complete a call on their networks.
- This rate translates into \$.46-\$.54 per completed call.
- This should be the lower limit since it is cost based rather than freely negotiated.

Local Coin

- Congress did not give the FCC jurisdiction over local coin rates under the guise of “per call compensation.”
- If the Commission believes that it does have this jurisdiction, it should adopt guidelines for the States to apply:
 - States should act within 90 days
 - Rates should cover direct costs and provide a reasonable contribution. Local coin rates should not be subsidized by any other revenue.
- An FCC appeal process should be available.
- After 2 years, local coin service should be deregulated.