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

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: Ex Parte Presentation CC Docket No. 96-128

Dear Mr. Caton:

The attached one page briefing paper explains why the Commission should adopt at least a \$.40 per call compensation rate for dial-around calls.

If you have any questions, please contact me at (202) 637-2147.

Respectfully submitted,  
PEOPLES TELEPHONE COMPANY, INC.

*Michael S. Wroblewski*  
Michael S. Wroblewski

Attachment

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**Peoples Telephone Company, Inc.**  
**Payphone Compensation Issues**  
**CC Docket No. 96-128**

**THE RECORD SUPPORTS A PER CALL FAIR COMPENSATION RATE OF AT LEAST \$.40 PER CALL.**

- A rate of at least \$0.40 per call is appropriate dial-around compensation for PSPs for four reasons.
  - If the Commission is looking at the deregulated local rate as a proxy for per call dial-around compensation, in the six states that have deregulated local payphone rates, the rate has settled at approximately \$0.35 per call. This \$0.35 per call rate, however, is a SUBSIDIZED RATE because the rate was determined while the RBOCs were still able to subsidize their payphone service offerings from their telephone exchange service or exchange access service operations. Thus, when the Commission removes these cost subsidies as required by the 1996 Act, the rate will increase to at least \$.40 per call.
  - The Commission determined in 1992 that \$0.40 per call was appropriate compensation for carrier access code calls because it was in the middle range of the three surrogates that the Commission determined were reasonable bases for access code call compensation.
  - \$0.40 per call compensation is consistent with the cost data submitted by non-LEC PSPs that demonstrates that a rate of \$.40 will cover their costs to provide payphone service. (See Comments of APCC, CCI and Peoples)
  - A rate of at least \$0.40 is in the middle range of rates suggested by the opposing parties to this proceeding. (RBOCs at \$.68 + IXCs at \$.12)/2 = \$.40 per call.
    - The RBOCs urge the Commission to establish a default rate for dial-around calls based on market-based proxies (average commission received on 0+ calls, 0- transfer service charges, average per-call compensation, average non-coin per call compensation received by largest three non-LEC PSPs) that range from \$0.46 to \$0.90 per call. (RBOC average = \$.68 per call)
    - The interexchange carriers supported examining the marginal costs or the "efficient forward-looking costs." They suggested a per call compensation range from \$0.08 to \$0.16 per call. (IXC average = \$.12 per call)
    - Non-LEC PSPs, including Peoples, advocated a middle-range of rates for completed calls, based on their costs of providing services (\$.40 - \$.50).