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June 3, 1997

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JUN 3 1997

Federal Communications Commission
Office of Secretary

BY HAND DELIVERY

Mr. William Caton
Office of the Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D.C. 20554

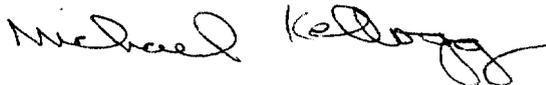
Re: Implementation of the Pay Telephone
Reclassification and Compensation Pro-
visions of the Telecommunications Act of
1996, CC Docket No. 96-128

Dear Mr. Caton:

Please find enclosed for filing the original and four copies
of the Comments of the RBOC Payphone Coalition on Telco's Motion
for Waiver.

Also enclosed is an extra copy to be date-stamped and
returned.

Sincerely,



Michael K. Kellogg

Enclosures

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DOCKET FILE COPY ORIGINAL

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C.

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In the Matter of

Implementation of the Pay Telephone)
Reclassification and Compensation)
Provisions of the)
Telecommunications Act of 1996)

Federal Communications Commission
Office of Secretary

CC Docket No. 96-128

**COMMENTS OF THE RBOC PAYPHONE COALITION
ON TELCO'S MOTION FOR WAIVER**

Under the Commission's payphone orders, interexchange carriers have until October 7, 1997, to develop and implement tracking mechanisms for calls originating from payphones. Until that date, interexchange carriers with revenues in excess of \$100 million are required to pay a portion of a flat monthly rate of \$45.85 per payphone; the flat monthly rate is allocated among the interexchange carriers in proportion to their total revenues. After October 7, 1997, all interexchange carriers are required to use their per-call tracking mechanisms to pay true per-call compensation (initially at \$.35 per call) for each call originated on a payphone.

One interexchange carrier, Telco Communications Group ("Telco"), has requested a waiver to permit it to pay true per-call compensation rather than the flat monthly fee before October 7, 1997. Notwithstanding the fact that the requested waiver is designed to reduce the compensation payments that PSPs will receive, the members of the RBOC Payphone Coalition -- the Bell Atlantic telephone companies, BellSouth Corporation, NYNEX Corporation, Pacific Bell and Nevada Bell, Southwestern Bell

Telephone Company, and U S WEST, Inc. -- support Telco's request (subject to the two conditions discussed below).

The ability and willingness of Telco, a smaller interexchange carrier, to implement a tracking mechanism well ahead of schedule demonstrates that the Commission's conclusions regarding tracking -- that it could be performed effectively by the interexchange carriers who bill customers for payphone toll calls -- was correct. Moreover, Telco's request to move to true per-call compensation ahead of schedule is consistent with the spirit and language of the Commission's payphone orders. Those orders expressly contemplate that carriers could avoid the interim compensation scheme by "mutually agreeing [with PSPs] to pay per-call compensation for all or a portion of a particular carrier's share of the interim flat rate" and obtaining an appropriate waiver from the Commission. See Order on Reconsideration, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, CC Docket No. 96-128, FCC No. 96-439, at 61, ¶ 129 (1996) ("Recon. Order").

The RBOC Payphone Coalition does request, however, that the Commission clarify the scope of the waiver in two respects. First, the Commission should clarify that, in moving to true per-call compensation ahead of schedule, Telco must pay compensation on all compensable payphone calls. As the Recon. Order makes clear, this includes not just the "access code calls, subscriber 800 and other toll free calls" mentioned in Telco's petition, see Telco Pet. at 2 n.3, but "all calls originated by payphones, *including 0+ calls for which there is no contract that*

compensates the PSP." Recon. Order at 27, ¶ 51 (emphasis added). Consequently, the RBOC Payphone Coalition believes the Commission should grant the waiver, but should make it clear that Telco must pay per-call compensation not merely for the access code and subscriber 800 calls it carries, but also for the 0+ calls it carries where those calls originate on a payphone for which no PSP compensation is otherwise payable.

Second, consistent with the Commission's emphasis on negotiated solutions, the RBOC Payphone Coalition proposes that payments should be made on a monthly basis. This will ensure prompt reimbursement, prevent PSPs from having to provide the equivalent of short-term financing to interexchange carriers, and ensure timely identification, verification, and resolution of any potential disputes.

The Commission has stated that deadlines for payment and departures from the interim compensation scheme are both to be established by "mutual agreement" between interexchange carriers and PSPs. Recon. Order at 53, ¶ 112 (payment intervals to be established by mutual agreement); id. at 61, ¶ 129 (early moves to per-call compensation permissible where PSP and carriers "mutually agree[]" thereto). Given that the requested waiver will reduce Telco's payments to LEC PSPs by over \$2 million per year and payments to Coalition members by at least half that amount,¹ timely payment of the remaining sums is hardly an unreasonable condition for their consent. Indeed, the Coalition

¹Telco estimates that its monthly payments to LEC PSPs will fall from \$220,193.10 per month to \$22,872 per month if the waiver is granted, Telco Pet. at 5, a difference of \$197,321.10 per month, or \$2,367,853.20 per year.

believes that monthly payment -- the traditional payment interval in the industry -- is appropriate in all circumstances.

Counsel for the RBOC Payphone Coalition has discussed both of these proposed conditions with counsel for Telco, and counsel for Telco has said that Telco is willing to accept them. The RBOC Payphone Coalition accordingly bases its consent to Telco's motion on Telco's acceptance of those conditions.

Respectfully submitted,


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Counsel for the RBOC Payphone Coalition

June 3, 1997

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of June, 1997, I caused copies of the foregoing Comment of the RBOC Payphone Coalition on Telco's Motion for Waiver to be served upon the parties on the attached service list by hand delivery.


Marilyn R. Leeland
Marilyn R. Leeland

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