reasons. First, it shows that Southern Bell controls the payphone market by charging its "competitors", which are also its customers, unconscionably high rates for a service that is essential to their existence. Second, these figures demonstrate that Southern Bell's cost of providing a public telephone line to its own payphones is a tiny fraction of the IPP's cost for this same line. The IPP's monthly and per-minute costs are by far the largest portion of their entire cost of providing this service. Because of these disproportionate costs, IPPs are simply unable to compete with Southern Bell, whose own payphones receive this service for a fraction of that cost. Since 1985, Southern Bell has used this total control over essential payphone access to continue its domination of this market.

Q. Are there other reasons for Bell's total dominance of the payphone market?

A. Yes. Besides being the monopoly provider of access service to IPPs, Southern Bell also provides other essential services to IPPs, such as billing and collection and responses to line information data base ("LIDB") queries. While Southern Bell charges IPPs substantial rates for these services, these services are available to Southern Bell's own payphones for little or no cost.

Bell also earns revenue streams from its own payphones (and IPP payphones) that are unavailable to IPPs. For example, Bell earns revenues for local and intraLATA operator service calls (these include both 0+ and 0- calls). Commission rulings have prohibited IPPs from earning revenues on these calls, which must all be sent to Southern Bell. Access revenues are another source of income earned by Southern Bell from its payphones, but not by IPPs from their payphones. Bell earns this revenue stream from

every IXC-carried call initiated from both Bell payphones and IPP payphones.

2

3 Q. **How does South Bell use these lower costs and additional revenue streams to dominate**
4 **the market for payphone services in South Carolina?**

5 A. Payphone providers vie for the right to serve particular locations by agreeing to pay
6 location owners a percentage of the revenues that they will earn. It is difficult for an IPP
7 to justify the investment of installing and servicing payphone equipment unless the
8 revenues produced at the location exceed the IPP's cost of providing the service. Thus,
9 these very real economic factors limit the IPP's ability to serve a particular location, as
10 well as the percentage of "commission" that the IPP can afford to offer.

11 When the IPP's higher cost is combined with Bell's ability to earn higher revenues,
it is easy to see that Southern Bell can offer much greater commissions to win the right to
13 serve a location. In reality, Southern Bell has the absolute ability to win <u>any</u> location bid
14 by offering a commission payment that an IPP simply cannot meet. Bell's ability is further
15 enhanced by its additional revenue streams. Because of these additional revenues, 20%
16 of Southern Bell's gross revenues from a location may be the monetary equivalent of 40%
17 of an IPP's gross revenues from that same location.

18

19 Q. **Are there any constraints in Southern Bell's proposed plan that would keep it from**
20 **paying commissions to prospective location owners of 70%, 90% or even 100%?**

21 A. No, there are not. Southern Bell could actually pay 90 or even 100% of its revenues to
22 the location owner, effectively providing service at an economic loss. The CCCP would

allow Bell to finance these losses with the excessively high revenues it is now earning from its monopoly services, such as PTAS, switched access, directory assistance, and intraLATA and local operator services.

Q. What remedies must be implemented in order to alleviate the imbalance that currently exists between IPPs and Southern Bell in the market for payphone services?

A. One step that must be taken is to require Southern Bell to provide IPPs with payphone access services on the same terms and conditions as Bell provides these services to its own payphone operations. Southern Bell must be required to reduce its rates for PTAS and related services to equal Bell's cost plus a reasonable rate of return. Southern Bell must also be required to impute the rates charged to IPPs for these services to its own payphone operations.

One of the most effective ways of implementing these "same terms and conditions" is to require Southern Bell to move its payphone operations into a separate subsidiary.

Q. Have any other jurisdictions recognized the need to impose upon Bell these "same terms and conditions" requirements?

A. Yes. The Georgia Public Service Commission is currently addressing these requirements in Docket No. 5876-U. On the federal level, both the Senate and the House have just passed sweeping telecommunications reform acts. Both acts recognize the competitive inequities I have discussed by prohibiting a Bell Operating Company from subsidizing its payphone services " . . . directly or indirectly with revenue from its telephone exchange

service or its exchange access service." See H.R. 1555, SEC. 274. S. 652, SEC. 311.

2 The bills direct the FCC to determine whether requiring Bell to provide payphone services
3 through a separate subsidiary will be necessary. These federal safeguards will not be
4 placed into effect until and unless a single bill passed by Congress is signed into law by
5 the President. If such a bill is passed, it may still be several years before the FCC
6 promulgates regulations necessary to carry our Congress' intent.

7 Until these "same terms and conditions" requirements are impose on Southern Bell,
8 I believe that Bell will continue to monopolize the market for payphone services as it does
9 today. The plan that Bell has proposed in this docket would only serve to increase
10 Southern Bell's ability to dominate this market.

11

Q. Are there service-related ways in which Southern Bell uses its monopoly over public
13 **telephone access services to continue its dominance of the payphone market?**

14 A. Yes there are. Every time an IPP begins to serve a new location, it must order the
15 installation of a payphone access line from Southern Bell. Occasionally, delays by
16 Southern Bell in the installation of these access lines coincide with visits by Southern
17 Bell's payphone marketing personnel to the new location owner. Often in these situations,
18 an IPP will lose the service of this location to a Southern Bell payphone specifically
19 because of Southern Bell's delay in installing the payphone access line.

20

21 **Q. What problems do you believe that South Carolina's business and residential**
22 **telecommunications customers will face if Southern Bell's proposed plan is approved?**

A. Over the past 10 to 15 years, technological advances have caused the cost of telecommunications services to consistently decrease. Under rate of return regulation, the Commission has appropriately translated these cost savings into corresponding decreases in rates to the end user. The elimination of touch tone charges and the lowering of access charges to IXCs are recent examples of such rate reductions. Southern Bell's witness, Charles Jackson, states that "the technology of local telecommunications will change as much in the next decade as it has in the last 100 years." He cites technological advances such as increased use of digital switching and fiber optic systems that, in his words will continue to lower the cost of telecommunications' transmission "enormously."

Under Southern Bell's proposed plan, it is very unlikely that Bell will translate these continuing decreases in costs into lower prices to the consumer. In fact, Southern Bell's proposal would allow it to increase prices to end users, sometimes by startling amounts. Even placed in its best light, Southern Bell's plan will effectively reverse the 15-year trend of decreasing prices that has benefitted South Carolina's consumers of telecommunications services.

Q. In what other ways will Southern Bell's proposal harm South Carolina's consumers?

A. This plan will allow Southern Bell to use the excessive profits it is earning on monopoly services to subsidize the below-market pricing of services that may be exposed to potential competition. For example, ACSI just received certification as the first competitive access provider in South Carolina. The proposed plan creates a strong incentive for Southern Bell to price its access services so low that ACSI will be unable to effectively compete for

customers. Southern Bell will subsidize these below-market prices with the excessive, monopoly profits it is currently earning on services such as public telephone access service.

Q. Would not Bell's pledge to price its services at or above long-run incremental costs assure that Bell cannot erect these barriers to competition?

A. No, that hollow pledge by Southern Bell gives me no comfort. First, a competitor may never learn Southern Bell's true incremental cost of providing a particular service. Potential competitors have unsuccessfully fought that battle against Southern Bell in this Commission many times over the years. In fact, the regulatory cost of learning Bell's LRIC would itself be a substantial barrier to the entry of potential competitors.

Perhaps more importantly, Bell's LRIC is certain to be much lower than the cost experienced by its potential competitors for providing that same service. Bell's historic monopoly over telecommunications services in South Carolina has allowed it to build a massive telecommunications plant throughout this state. Many of the facilities necessary for Bell to provide these soon-to-be competitive services have long since been paid for, and the economies of scale that work in Bell's favor are immense. Consequently, Bell's pledge to place a price floor at its LRIC will still allow it to set prices far below the competitive market price. Bell's proposal to place prices for services at or above its LRIC will only serve to ensure that healthy competition will never arrive.

Q. Would you please summarize your testimony?

A. Southern Bell's proposed plan is not in the public interest, and should be rejected. It will reverse a fifteen-year trend through which prices to South Carolina consumers have steadily decreased because of the corresponding decrease in cost resulting from technological advances. It will also allow Southern Bell to use monopoly profits it will earn on noncompetitive services to significantly lower its prices for services where Bell anticipates competition.

In the end, only Southern Bell would benefit from its proposed plan. In my opinion, this plan would only serve to prevent the arrival of robust competition in South Carolina's telecommunications marketplace.

Q. Does this conclude your testimony?

A. Yes, it does.

STATE: SC DEV. DATE: 12/94	NO. OF LINES (EXCL OFFICIAL)	REVENUE	AVG. RATES
RES 1-PARTY FLAT	797717	13023448.17	16.32
RES 2-PARTY FLAT	4023	53162.72	13.21
RES 4-PARTY FLAT	0	0.00	0.00
RES MESSAGE	0	0.00	0.00
RES STD MEAS	8165	94196.35	11.53
RES LOW USE MEAS	20281	164305.44	8.10
RES MEAS PLAN LINES	55621	446098.39	8.02
SUB-TOTAL RES LINES	885807	13781211.07	15.55
RES TRK FLAT	175	5894.56	33.68
RES TRK MEAS	0	0.00	0.00
RES MEAS PLAN TRK	0	0.00	0.00
SUB-TOTAL RES TRUNKS	175	5894.56	33.68
BUS 1-PARTY FLAT	175040	7427293.92	42.43
BUS 2-PARTY FLAT	0	0.00	0.00
BUS 4-PARTY FLAT	0	0.00	0.00
BUS 8-PARTY FLAT	0	0.00	0.00
BUS MESSAGE	13	460.80	35.44
BUS STD MEAS	9320	311294.03	33.40
BUS MEAS PLAN LINES	4936	163391.37	33.10
SUB-TOTAL BUS LINES	189309	7902440.12	41.74
BUS TRK FLAT	16003	1332906.87	83.29
BUS TRK MESS 1ST	443	26975.89	60.89
BUS TRK MESS ADDL	1784	110296.59	61.82
BUS TRK MEAS	97	4402.12	45.38
BUS TRK MEAS PLAN	111	5406.06	49.42
SUB-TOTAL BUS TRUNKS	18438	1480156.73	80.27
NAR CEX	0	0.00	0.00
NAR ESEX FLAT	23889	839926.36	35.99
NAR ESEX MESS	140	1428.10	10.20
NAR ESEX MEAS	1095	13860.87	12.65
NAR ESEX MEAS PLAN	71	1420.00	20.00
SUB-TOTAL ESEX NARS	25195	876635.33	34.79
NAR NL/LG FLAT	14559	523319.10	35.94
NAR NL/LG MESS	70	711.00	10.15
NAR NL/LG MEAS/VU	0	0.00	0.00
NAR NL/LG MEAS PLAN VU	10	200.00	20.00
SUB-TOTAL NL/LG NARS	14639	524230.10	35.81
NAR NL/LG WAS LINE	0	0.00	0.00
NAR NL/LG WAS TRK	0	0.00	0.00
SUB-TOTAL NL/LG WAS	0	0.00	0.00
PUBLIC	11719	0.00	0.00
SEMI-PUBLIC	1473	61695.89	41.88
SEMI-PUB MEAS PLAN	0	0.00	0.00
* SUB-TOTAL SEMI-PUB LINES	1473	61695.89	41.88
COCOTS-FLAT	0	0.00	0.00
COCOTS-MESS	0	0.00	0.00
COCOTS-MEAS	3383	118285.06	36.85
COCOTS MEAS PLAN	655	23586.00	36.00
SUB-TOTAL COCOTS LINES	4417	133871.06	36.70
SHARE/RESALE	0	0.00	0.00
TOLL TERMINALS	1095	60970.62	55.68
CELLULAR CONNECTIONS	0	0.00	0.00
ESEX LINES	97154	805142.60	8.28
MISC. OTHER	603	11591.85	19.22
TOTAL (INC. ESEX LINES, NO TOLL TERM)	1222964	24706233.98	20.20
TOTAL (INC. ESEX NARS, W/ TOLL TERM)	1152100	24838697.33	21.55
RES FLAT MTG	333	2741.47	8.23
RES MESS MTG	0	0.00	0.00
RES MEAS MTG	0	0.00	0.00
RES MEAS PLAN MTG	41	164.00	4.00
SUB-TOTAL RES MTG	374	2905.47	7.76
BUS FLAT MTG	61520	1314107.50	21.36
BUS MESS MTG	0	0.00	0.00
BUS MEAS MTG	90	948.20	10.53
BUS MEAS PLAN MTG	1871	30871.50	16.50
SUB-TOTAL BUS MTG	63481	1345927.20	21.20

Service quantities at the end of each year, 1989-1994, for each of the revenue categories listed in Item No. 21 are:

		Approximate Demand					
Service	Unit	1989	1990	1991	1992	1993	1994
Message Toll Service	Messages (000)	64,667	61,239	59,661	54,439	56,311	57,451
Toll Optional Calling Plans	Messages (000)	2,940	12,506	19,019	33,783	46,266	48,156
ESSX	Station Lines	46,886	61,998	76,821	87,234	96,344	102,364
Custom Calling Services	Features	732,199	749,515	757,638	810,210	872,131	967,280
Flat Rate Trunks & NARs	Trunks & NARs	34,336	36,331	41,873	48,102	52,117	56,525
Public Telephones	Lines	15,227	15,961	15,574	14,034	12,177	11,715
Rotary Hunt	Lines	60,233	61,431	60,173	59,885	58,827	61,948
Touchstar	Features	13,452	96,510	166,406	184,921	213,360	255,807
Business Mess. & Meas.	Lines & Trunks	5,850	7,919	9,516	11,732	13,203	12,035
FCO / FX	FX Lines	1,865	1,868	1,868	1,719	1,717	1,647
Residence Measured	Lines	22,281	33,104	35,904	37,883	38,215	29,480
Area Plus	Lines & Trunks	0	0	0	0	0	59,190
Memorycall	Mailboxes	0	0	312	20,615	40,770	76,289
Directory Assistance	Messages (000)	57,407	58,320	58,571	58,287	59,350	58,687
Toll and Assist	Messages (000)			40,326	38,845	39,750	35,965

SCHEDULE II. - OPERATING REVENUE ACCOUNTS

1989

S the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
	$	$
LOCAL NETWORK SERVICES REVENUES		
(5001) Basic Area Revenue	281,163,001.60	281,163,001.60
(5002) Optional Extended Area Revenue	47,264.50	47,264.50
(5003) Cellular Mobile Revenue	0.00	0.00
(5004) Other Mobile Service Revenue	586,746.05	586,746.05
(5000)Total Basic Local Service Revenue	281,797,012.15	281,797,012.15
(5010)Public Telephone Revenue	19,447,202.87	19,447,202.87
(5040)Local Private Line Revenue	8,568,122.65	8,568,121.73
(5050)Customer Premises Revenue	464,905.93	464,905.93
(5060)Other Local Exchange Revenue	89,678,156.68	89,678,156.68
(5069)Other Local Exchange Revenue Settlements	377,401.51	377,401.51
Total Local Network Services Revenues	400,332,801.79	400,332,800.87
NETWORK ACCESS SERVICE REVENUES		
(5081)End User Revenue (Federally Tariffed)- Gross Revenues	46,725,062.69	0.00
(5082)Switched Access Revenue (Federally Tariffed)	112,069,194.21	0.00
(5083)Special Access Revenue (Federally Tariffed)	25,439,777.19	0.00
(5084)State Access Revenue (State Tariffed)	53,725,148.58	53,725,148.58
(5080)Total Network Access Revenue	237,959,182.67	53,725,148.58
LONG DISTANCE REVENUES		
5100)Long Distance Message Revenue	77,200,045.50	74,046,098.72
5111)Long Distance Inward Only Revenue	5,507,735.37	5,507,735.37
5112)Long Distance Outward Only Revenue	3,259,877.06	3,259,877.06
5121) Sub-Voice Grade Long Distance Private Network Revenue	137,037.47	137,037.47
5122) Voice Grade Long Distance Private Network Revenue	8,487,053.74	8,115,127.22
5123) Audio Program Grade Long Distance Private Network Revenue	0.00	0.00
5124) Video Program Grade Long Distance Private Network Revenue	0.00	0.00
5125) Digital Transmission Long Distance Private Network Revenue	926,244.54	926,244.54
5126) Long Distance Private Network Switching Revenue	0.00	0.00
5128) Other Long Distance Private Network Revenue	0.00	0.00
5129) Other Long Distance Private Network Revenue Settlements	(4,112,305.37)	(4,112,305.37)
5120)Total Long Distance Private Network Revenue	5,438,030.38	5,066,103.86
5168)Other Long Distance Revenue	2,953,952.81	2,953,952.81
5169)Other Long Distance Revenue Settlements	0.00	0.00
Total Long Distance Revenues	94,359,641.12	90,833,767.82
MISCELLANEOUS REVENUES		
(230)Directory Revenue	28,141,413.98	28,141,413.98
(240)Rent Revenues	2,489,534.48	2,489,534.48
(250)Corporate Operations Revenue	0.00	0.00
(261) Special Billing Arrangements Revenue	21,584.84	21,584.84
(262) Customer Operations Revenue	20,212.69	20,212.69
(263) Plant Operations Revenue	3,716.70	3,716.70
(264) Other Incidental Regulated Revenue	5,263,083.83	5,263,083.83
(269) Other Revenue Settlements	0.00	0.00
(260)Total Miscellaneous Revenue	5,308,598.06	5,308,598.06

SCHEDULE II. - OPERATING REVENUE ACCOUNTS

390

State the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
	$	$
LOCAL NETWORK SERVICES REVENUES		
(5001) Basic Area Revenue	293,722,322.61	293,722,322.61
(5002) Optional Extended Area Revenue	96,204.71	96,204.71
(5003) Cellular Mobile Revenue	0.00	0.00
(5004) Other Mobile Service Revenue	719,836.00	719,836.00
(5000)Total Basic Local Service Revenue	294,538,363.32	294,538,363.32
(5010)Public Telephone Revenue	19,622,830.25	19,622,830.25
(5040)Local Private Line Revenue	10,019,496.27	10,019,496.27
(5050)Customer Premises Revenue	779,096.83	779,096.83
(5060)Other Local Exchange Revenue	95,391,254.77	95,391,254.77
(5069)Other Local Exchange Revenue Settlements	0.00	0.00
Total Local Network Services Revenues	420,351,041.44	420,351,041.44
NETWORK ACCESS SERVICE REVENUES		
(5081)End User Revenue (Federally Tariffed)- Gross Revenues	50,112,690.41	0.00
(5082)Switched Access Revenue (Federally Tariffed)	116,398,248.12	0.00
(5083)Special Access Revenue (Federally Tariffed)	28,740,602.70	0.00
(5089)State Access Revenue (State Tariffed)	61,417,764.96	61,417,764.96
Total Network Access Revenue	256,669,306.19	61,417,764.96
LONG DISTANCE REVENUES		
(5100)Long Distance Message Revenue	78,223,921.59	74,860,663.51
(5111)Long Distance Inward Only Revenue	4,090,547.42	4,090,547.42
(5112)Long Distance Outward Only Revenue	3,100,747.74	3,100,747.74
(5121) Sub-Voice Grade Long Distance Private Network Revenue	110,423.86	110,423.86
(5122) Voice Grade Long Distance Private Network Revenue	8,317,553.87	8,317,553.87
(5123) Audio Program Grade Long Distance Private Network Revenue	0.00	0.00
(5124) Video Program Grade Long Distance Private Network Revenue	0.00	0.00
(5125) Digital Transmission Long Distance Private Network Revenue	1,594,944.48	1,594,944.48
(5126) Long Distance Private Network Switching Revenue	0.00	0.00
(5128) Other Long Distance Private Network Revenue	0.00	0.00
(5129) Other Long Distance Private Network Revenue Settlements	(5,095,722.04)	(5,095,722.04)
(5120)Total Long Distance Private Network Revenue	4,927,200.17	4,927,200.17
(5160)Other Long Distance Revenue	2,443,721.95	2,441,783.95
(5169)Other Long Distance Revenue Settlements	0.00	0.00
Total Long Distance Revenues	92,784,138.87	89,420,942.79
MISCELLANEOUS REVENUES		
(5230)Directory Revenue	30,668,098.53	30,668,098.53
(5240)Rent Revenues	1,929,182.84	1,929,182.84
(5250)Corporate Operations Revenue	0.00	0.00
(5261) Special Billing Arrangements Revenue	32,433.20	32,433.20
(5262) Customer Operations Revenue	22,793.21	22,793.21
(5263) Plant Operations Revenue	39,627.01	39,627.01
(5264) Other Incidental Regulated Revenue	5,140,684.27	5,140,684.27
(5269) Other Revenue Settlements	0.00	0.00
Total Miscellaneous Revenue	5,235,537.69	5,235,537.69

SCHEDULE II. - OPERATING REVENUE ACCOUNTS

1991

State the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
	$	$
LOCAL NETWORK SERVICES REVENUES		
(5001) Basic Area Revenue	302,297,624.69	302,297,624.69
(5002) Optional Extended Area Revenue	40,043.71	40,043.71
(5003) Cellular Mobile Revenue	0.00	0.00
(5004) Other Mobile Service Revenue	763,705.55	763,705.55
(5000)Total Basic Local Service Revenue	303,101,373.95	303,101,373.95
(5010)Public Telephone Revenue	20,739,191.70	20,739,191.70
(5040)Local Private Line Revenue	11,801,332.51	11,801,332.51
(5050)Customer Premises Revenue	984,305.54	984,305.54
(5060)Other Local Exchange Revenue	88,820,787.70	88,820,787.70
(5069)Other Local Exchange Revenue Settlements	0.00	0.00
Total Local Network Services Revenues	425,446,991.20	425,446,991.20
NETWORK ACCESS SERVICE REVENUES		
5081)End User Revenue (Federally Tariffed)- Gross Revenues	51,989,315.47	0.00
5082)Switched Access Revenue (Federally Tariffed)	117,173,255.97	0.00
3)Special Access Revenue (Federally Tariffed)	32,614,114.85	0.00
State Access Revenue (State Tariffed)	60,821,623.01	60,821,623.01
Total Network Access Revenues	262,598,309.30	60,821,623.01
LONG DISTANCE REVENUES		
5100)Long Distance Message Revenue	78,603,628.81	74,964,387.98
5111)Long Distance Inward Only Revenue	3,018,275.33	3,018,275.33
5112)Long Distance Outward Only Revenue	5,283,910.19	5,283,910.19
5121) Sub-Voice Grade Long Distance Private Network Revenue	65,875.61	65,875.61
5122) Voice Grade Long Distance Private Network Revenue	6,957,070.16	6,957,070.16
5123) Audio Program Grade Long Distance Private Network Revenue	0.00	0.00
5124) Video Program Grade Long Distance Private Network Revenue	0.00	0.00
5125) Digital Transmission Long Distance Private Network Revenue	3,180,223.19	3,180,223.19
5126) Long Distance Private Network Switching Revenue	0.00	0.00
5128) Other Long Distance Private Network Revenue	0.00	0.00
5129) Other Long Distance Private Network Revenue Settlements	(3,056,171.21)	(3,056,171.21)
5120)Total Long Distance Private Network Revenue	7,146,997.75	7,146,997.75
5160)Other Long Distance Revenue	2,700,715.68	2,697,547.68
5169)Other Long Distance Revenue Settlements	0.00	0.00
Total Long Distance Revenues	96,753,527.76	93,111,118.93
MISCELLANEOUS REVENUES		
5230)Directory Revenue	32,402,456.13	32,402,456.13
5240)Rent Revenues	2,327,167.01	2,188,578.01
5250)Corporate Operations Revenue	0.00	0.00
5261) Special Billing Arrangements Revenue	44,386.20	44,386.20
5262) Customer Operations Revenue	24,217.95	24,217.95
5263) Plant Operations Revenue	67,340.95	67,340.95
4) Other Incidental Regulated Revenue	4,587,678.69	4,587,678.69
Other Revenue Settlements	0.00	0.00
Total Miscellaneous Revenue	4,723,623.79	4,723,623.79

SCHEDULE II. - OPERATING REVENUE ACCOUNTS

992

State the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
	$	$
LOCAL NETWORK SERVICES REVENUES		
(5001) Basic Area Revenue	309,779,819.28	309,779,819.28
(5002) Optional Extended Area Revenue	96,768.61	96,768.61
(5003) Cellular Mobile Revenue	0.00	0.00
(5006) Other Mobile Service Revenue	984,410.52	984,410.52
(5000)Total Basic Local Service Revenue	310,860,998.41	310,860,998.41
(5010)Public Telephone Revenue	20,856,331.88	20,856,331.88
(5040)Local Private Line Revenue	12,268,481.13	12,268,481.13
(5050)Customer Premises Revenue	1,172,082.58	1,172,082.58
(5060)Other Local Exchange Revenue	104,652,032.74	104,652,032.74
(5069)Other Local Exchange Revenue Settlements	0.00	0.00
Total Local Network Services Revenues	449,809,926.74	449,809,926.74
NETWORK ACCESS SERVICE REVENUES		
(5081)End User Revenue (Federally Tariffed)- Gross Revenues	54,168,804.52	0.00
(5[illegible])Switched Access Revenue (Federally Tariffed)	122,475,327.61	0.00
5[illegible])Special Access Revenue (Federally Tariffed)	26,328,244.23	0.00
(5084)State Access Revenue (State Tariffed)	58,047,730.03	58,047,730.03
(5080)Total Network Access Revenues	261,020,106.39	58,047,730.03
LONG DISTANCE REVENUES		
(5100)Long Distance Message Revenue	74,732,395.26	70,840,886.83
(5111)Long Distance Inward Only Revenue	1,859,267.26	1,859,267.26
(5112)Long Distance Outward Only Revenue	9,126,020.39	9,126,020.39
(5121) Sub-Voice Grade Long Distance Private Network Revenue	37,154.05	37,154.05
(5122) Voice Grade Long Distance Private Network Revenue	6,342,213.63	6,342,213.63
(5123) Audio Program Grade Long Distance Private Network Revenue	0.00	0.00
(5124) Video Program Grade Long Distance Private Network Revenue	0.00	0.00
(5125) Digital Transmission Long Distance Private Network Revenue	4,649,068.55	4,649,068.55
(5126) Long Distance Private Network Switching Revenue	0.00	0.00
(5128) Other Long Distance Private Network Revenue	0.00	0.00
(5129) Other Long Distance Private Network Revenue Settlements	(1,643,063.86)	(1,643,063.86)
(5120)Total Long Distance Private Network Revenue	9,385,372.37	9,385,372.37
(5160)Other Long Distance Revenue	2,734,418.35	2,732,122.35
(5169)Other Long Distance Revenue Settlements	0.00	0.00
Total Long Distance Revenues	97,837,473.63	93,943,669.20
MISCELLANEOUS REVENUES		
(5230)Directory Revenue	34,173,097.39	34,173,097.39
(5240)Rent Revenues	991,848.68	814,137.68
(5250)Corporate Operations Revenue	0.00	0.00
(5261) Special Billing Arrangements Revenue	42,717.38	42,717.38
(5262) Customer Operations Revenue	18,077.30	18,077.30
(5[illegible]) Plant Operations Revenue	61,033.92	61,033.92
([illegible]) Other Incidental Regulated Revenue	458,644.29	657,568.29
(5269) Other Revenue Settlements	0.00	0.00
(5260)Total Miscellaneous Revenue	590,472.89	779,396.89

SCHEDULE 11. · OPERATING REVENUE ACCOUNTS

1993

State the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
	$	$
LOCAL NETWORK SERVICES REVENUES		
(5001) Basic Area Revenue	314,014,031.74	314,014,031.74
(5002) Optional Extended Area Revenue	100,830.69	100,830.69
(5003) Cellular Mobile Revenue	0.00	0.00
(5004) Other Mobile Service Revenue	736,391.37	736,391.37
(5000)Total Basic Local Service Revenue	314,851,253.80	314,851,253.80
(5010)Public Telephone Revenue	21,270,073.19	21,270,073.19
(5040)Local Private Line Revenue	13,300,995.61	13,300,995.61
(5050)Customer Premises Revenue	1,113,678.68	1,113,678.68
(5060)Other Local Exchange Revenue	109,745,147.05	109,745,147.05
(5069)Other Local Exchange Revenue Settlements	0.00	0.00
Total Local Network Services Revenues	460,281,148.33	460,281,148.33
NETWORK ACCESS SERVICE REVENUES		
50 End User Revenue (Federally Tariffed)- Gross Revenues	56,086,930.58	0.00
50[illegible] Switched Access Revenue (Federally Tariffed)	128,969,529.95	0.00
(5083)Special Access Revenue (Federally Tariffed)	23,799,113.76	0.00
(5084)State Access Revenue (State Tariffed)	60,054,143.92	60,054,143.92
(5080)Total Network Access Revenues	268,907,718.21	60,054,143.92
LONG DISTANCE REVENUES		
(5100)Long Distance Message Revenue	77,182,090.44	73,057,662.00
(5111)Long Distance Inward Only Revenue	1,445,854.85	1,444,870.95
(5112)Long Distance Outward Only Revenue	8,509,034.59	8,509,034.59
(5121) Sub-Voice Grade Long Distance Private Network Revenue	43,047.33	43,047.33
(5122) Voice Grade Long Distance Private Network Revenue	5,969,194.89	5,969,194.89
(5123) Audio Program Grade Long Distance Private Network Revenue	0.00	0.00
(5124) Video Program Grade Long Distance Private Network Revenue	0.00	0.00
(5125) Digital Transmission Long Distance Private Network Revenue	6,102,395.16	6,102,395.16
(5126) Long Distance Private Network Switching Revenue	0.00	0.00
(5128) Other Long Distance Private Network Revenue	0.00	0.00
(5129) Other Long Distance Private Network Revenue Settlements	(1,532,029.94)	(1,532,029.94)
(5120)Total Long Distance Private Network Revenue	10,582,607.44	10,582,607.44
(5160)Other Long Distance Revenue	2,948,009.32	2,966,187.42
(5169)Other Long Distance Revenue Settlements	0.00	0.00
Total Long Distance Revenues	100,687,596.64	96,560,362.40
MISCELLANEOUS REVENUES		
(5230)Directory Revenue	35,315,736.84	35,315,736.84
(5240)Rent Revenues	686,673.78	669,478.78
(5250)Corporate Operations Revenue	0.00	0.00
(526[illegible]) Special Billing Arrangements Revenue	48,032.95	48,032.95
(5[illegible]) Customer Operations Revenue	19,045.60	19,045.60
(52[illegible]) Plant Operations Revenue	74,479.63	74,479.63
(5264) Other Incidental Regulated Revenue	1,023,025.52	913,091.52
(5269) Other Revenue Settlements	0.00	0.00
(5260)Total Miscellaneous Revenue	1,164,583.70	1,054,649.70

SCHEDULE II. - OPERATING REVENUE ACCOUNTS

1994

State the telephone operating revenues of the respondent for the year, classified in accordance with the Uniform System of Accounts for Telephone Companies.

	Operating Revenue Accounts (a)	Combined (b)	Intrastate Gross Receipts (c)
		$	$
	LOCAL NETWORK SERVICES REVENUES		
(5001)	Basic Area Revenue	329,525,754.20	329,525,754.20
(5002)	Optional Extended Area Revenue	4,466,269.97	4,466,269.97
(5003)	Cellular Mobile Revenue	0.00	0.00
(5004)	Other Mobile Service Revenue	420,301.45	420,301.45
(5000)	Total Basic Local Service Revenue	334,412,325.62	334,412,325.62
(5010)	Public Telephone Revenue	21,185,367.75	21,185,367.75
(5040)	Local Private Line Revenue	14,523,139.46	14,523,139.46
(5050)	Customer Premises Revenue	1,306,696.38	1,306,696.38
(5060)	Other Local Exchange Revenue	118,085,244.68	118,085,332.89
(5069)	Other Local Exchange Revenue Settlements	0.00	0.00
	Total Local Network Services Revenues	489,512,773.89	489,512,862.10
	NETWORK ACCESS SERVICE REVENUES		
(5081)	End User Revenue (Federally Tariffed)- Gross Revenues	58,519,618.80	0.00
(5082)	Switched Access Revenue (Federally Tariffed)	128,480,505.17	0.00
(5083)	Special Access Revenue (Federally Tariffed)	25,482,016.93	0.00
(5084)	State Access Revenue (State Tariffed)	73,282,160.18	73,282,160.18
(5080)	Total Network Access Revenues	285,744,299.08	73,282,160.18
	LONG DISTANCE REVENUES		
(5100)	Long Distance Message Revenue	73,403,061.80	69,329,499.15
(5111)	Long Distance Inward Only Revenue	1,067,637.20	1,035,319.39
(5112)	Long Distance Outward Only Revenue	8,934,269.53	8,934,289.53
(5121)	Sub-Voice Grade Long Distance Private Network Revenue	24,063.60	24,063.60
(5122)	Voice Grade Long Distance Private Network Revenue	5,166,547.83	5,162,277.86
(5123)	Audio Program Grade Long Distance Private Network Revenue	(1,848.32)	(1,848.32)
(5124)	Video Program Grade Long Distance Private Network Revenue	(56,904.16)	(56,904.16)
(5125)	Digital Transmission Long Distance Private Network Revenue	7,412,545.69	7,408,532.36
(5126)	Long Distance Private Network Switching Revenue	0.00	0.00
(5128)	Other Long Distance Private Network Revenue	(19,939.51)	(19,939.51)
(5129)	Other Long Distance Private Network Revenue Settlements	(2,148,283.99)	(2,148,283.99)
(5120)	Total Long Distance Private Network Revenue	10,369,181.14	10,359,697.84
(5160)	Other Long Distance Revenue	1,565,848.41	1,562,846.41
(5169)	Other Long Distance Revenue Settlements	0.00	0.00
	Total Long Distance Revenues	95,338,808.08	91,221,852.32
	MISCELLANEOUS REVENUES		
(5230)	Directory Revenue	36,882,271.27	36,882,271.27
(5240)	Rent Revenues	1,034,419.02	788,204.02
(5250)	Corporate Operations Revenue	0.00	0.00
(5261)	Special Billing Arrangements Revenue	72,607.95	58,129.95
(5262)	Customer Operations Revenue	20,037.18	17,499.18
(5263)	Plant Operations Revenue	89,397.20	67,203.20
(5264)	Other Incidental Regulated Revenue	6,818,449.30	6,705,857.30
(5269)	Other Revenue Settlements	0.00	0.00
(5260)	Total Miscellaneous Revenue	6,998,691.63	6,848,489.63

RECEIVED
JOHN F. BEACH, P.A.
AUG 2 1995

Southern Bell Tel & Tel Co.
SCPSC Docket No. 95-720-C
SCPCA's 1st Set of Interrogatories
July 18, 1995
Item No. 1-1
Page 1 of 1

REQUEST: In exhibit A of your Application for Alternative Regulation, you state "B.(1) Prices for interconnection service shall equal of (sic) exceed the company's LRIC of providing such service". Provide your LRIC, divided into flat-rated monthly and usage-sensitive, per-minute costs, for providing public telephone access service for customer-provided equipment. If this information is not available in the form requested, please so state and provide the information in whatever form available.

RESPONSE: Some of the requested information is proprietary and will be provided upon the execution of an appropriate proprietary agreement with Southern Bell. Following is the non-proprietary data requested:

Flat-rated monthly costs per station:
- Loop costs..... $15.91
- NTS line term costs..... $1.84

Usage sensitive costs per Local Measured MOU:
- 1st MOU (peak)..... $
- 1st MOU (off-peak)..... $
- Additional MOU (peak)..... $
- Additional MOU (off-peak)..... $

Central Office Blocking with Operator Screening costs:
- Non-volume sensitive one-time cost per central office..... $62.86
- Shared monthly cost per central office..... $0.32
- Directly assigned monthly cost per line..... $0.01

Billed Number Screening costs:
- Cost per query..... $0.026

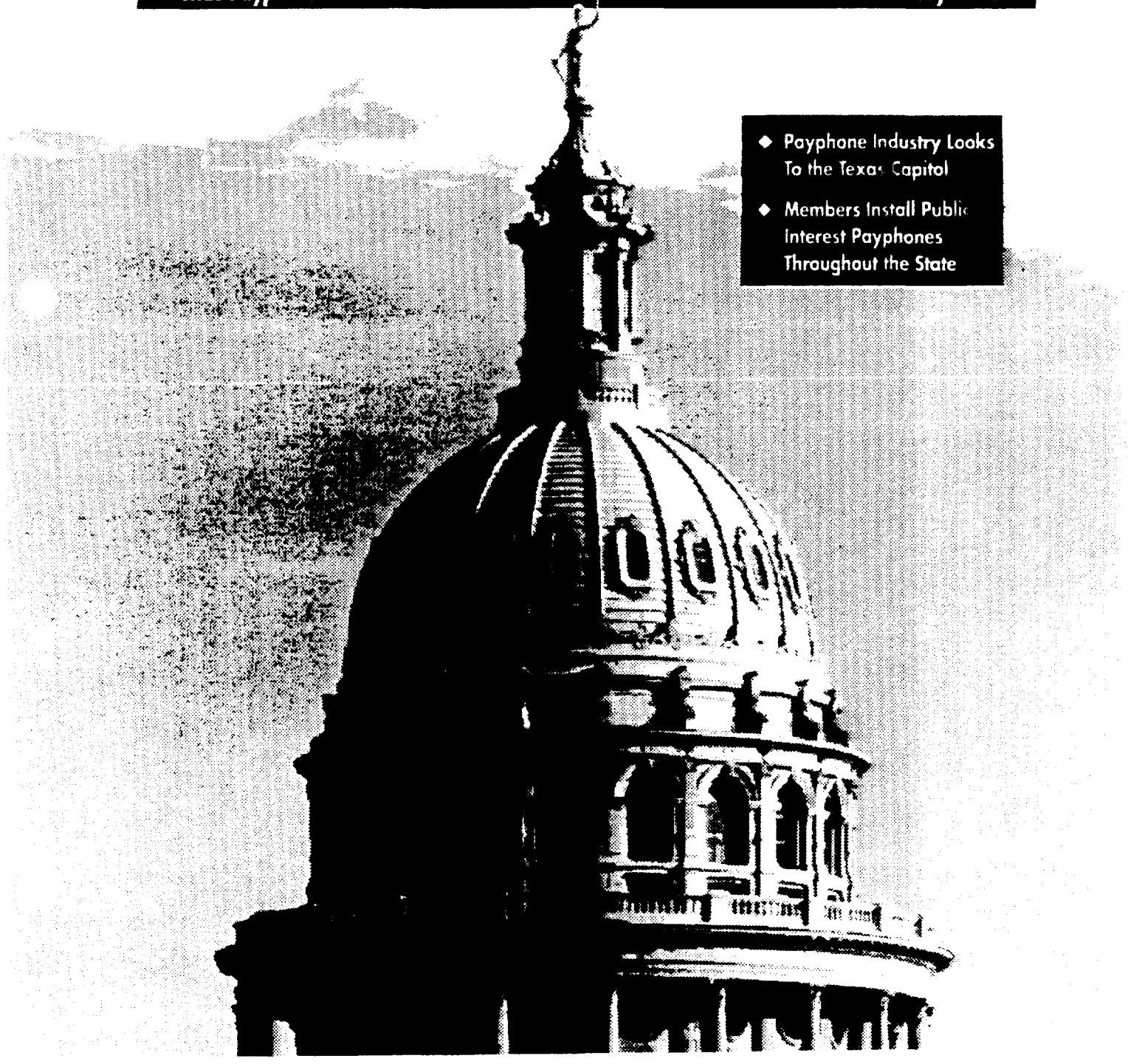
RESPONSE PROVIDED BY:

Reg Starks
Director - Economic Costs
675 W. Peachtree St. NE
Atlanta, Georgia 30375

4

TEXAS CALLING

Texas Payphone Association January 1993



- Payphone Industry Looks To the Texas Capitol
- Members Install Public Interest Payphones Throughout the State

Texas Independent Payphone Companies Install Public Interest Payphones

A bus pulled up at the Sunset Stages bus station in Brownwood at 10:20 p.m. The station office was closed and dark. An elderly gentleman got off the bus and looked for a payphone to use to call someone to pick him up. He looked everywhere, but there was no phone. The only way he could make a call was to cross busy Highway 377 at a blind intersection and walk through the dark to find a payphone.

John Willis, independent agent for Sunset Stages, knew his bus riders needed a payphone at the station. "A lot of people must call relatives to come get them or call Brownwood's only cab," he said. "I contacted GTE about a payphone, and they gave me the runaround the first time or two. I went to the general manager here, and he finally gave me a man in San Angelo to contact. He in so many words told me they just weren't putting in payphones unless they could guarantee a certain amount of revenue per day in large volume locations." Willis let the issue drop, but his business grew to six buses a day with an even greater need for a payphone. "I contacted GTE again, and the man said, 'I guess we could put one in, but it will cost you the installation charge and so much a month for the payphone.'" Willis faced a dilemma: he needed a payphone, but he was operating on a shoestring and couldn't afford to pay them $300 or $400 to install a payphone.

That's when he heard about Teletrust, Inc. of Lubbock, an independent payphone company that serves his area. "The people from Teletrust were very nice, and they paid for the installation of the payphone. It has worked out real well for us. They said they probably won't make any money off it for a while, but they were willing to put it in. We have had very little trouble with the payphone, but anytime I call they are there by the next day."

"Mr. Willis was referred to us by a good customer of ours, and we heard about how much trouble he had with GTE. We thought the phone would be marginal, but we did it anyway because it was in the public interest," said Bill Davis, Vice President of Operations at Teletrust. "That little bus station is right in the middle of an area that we are serving, because we have other phones in Brownwood," said John Clark, Teletrust President. "We believe that it is part of our responsibility to serve the community."

Teletrust is just one of the many member companies of the Texas Payphone Association that is committed to serving the public interest by providing payphones to people who need them.

NAI owns the payphone at the softball complex.

County Parks and Churches

The Richard Moya Softball Complex in Austin, owned by Travis County, is located at a park in an isolated area in the southeast part of the county. The complex attracts thousands of people during the softball seasons. Players and fans depend on a payphone by the concession stand to call for help when a player is injured or to call for rides home.

This public interest phone was installed by North American InTeleCom of San Antonio, which has a contract for all the payphones on property owned by Travis, Bexar, and Tarrant Counties. "If I looked at every one of our company payphones that lose money, 97% would be phones on county property," said Dave Clark, NAI's Manager of Operations. "But we know there are occasions where we have to sacrifice our profit mode to meet a public need."

Another NAI payphone is located at the county's Pace Bend Park on Lake Travis. "It is a service to the public that I think is tremendously necessary for safety because of emergencies occurring near the

lake," said Kurt Nielsen, Southwest District Manager for Travis County Parks. NAI also has payphones at other county recreational facilities, including Mansfield Dam Park, Hamilton Pool, Webberville Park, and Del Valle Softball Complex. "It is an utter necessity to have payphones for visitors when staff is not readily available," Nielsen added.

Clark said in park settings his company provides phones that have all the required calling features, such as free 911, access to operators, 10XXX unblocking, despite the fact that those are historically low revenue phones with very high vandalism. "We don't cut back on features or take any other steps that would be cost-reducing to the detriment of the calling public," he said. In those settings, NAI has to replace "phenomenal amounts" of handsets and keyboards because of damage done by vandals.

Clark said that NAI also installs payphones at some Little League baseball parks in San Antonio if he can come close to covering his costs. "They make considerable money for three or four months of the year, and the rest of the time they are dead. Sometimes we put the lines 'on vacation' during the winter and incur a minimum monthly charge."

Many TPA member companies place payphones at churches. "Usually a church staff member calls me after she has talked with Southwestern Bell," said NAI's Clark. "If Southwestern Bell thinks the phone won't make money, they will charge the church $60 a month. NAI has half a dozen church payphones, and we don't charge them anything. We are a member of the community out there and we are serving a need for the calling public."

Clark said it is unfortunate that Southwestern Bell has no provision for charging a private payphone company a lower monthly line charge for their payphones that are provided as a public convenience.

Serving Rural Communities

The independent payphone industry is committed to meeting the calling needs of rural Texans. Cherokee Communications, which has 2500 payphones in Texas, concentrates its business in rural communities. "I live in Jacksonville, and I know that a communication link is very important to small town residents," said Cherokee President Eddie

Store co-owner Kay Hein (left) and her sister, employee Patsy Pitts, display the new pay telephone.

Marshall. He said that in small towns payphones are primarily used by people who cannot afford to have a phone in their home, as well as by travelers.

About 90 percent of the Cherokee locations are small mom and pop grocery stores. "We have one technician who drives 2500 miles every two weeks just to check the 85 phones on his routes," he added.

It was big news in the local newspaper in Knippa when TeleCoin Communications, Inc. installed a payphone in the town. "There hasn't been a payphone here in years," said Kay Hein, co-owner of K&W Country Store. TeleCoin also made news this year when the company installed the first-ever payphone in Luckenbach, Texas, a small town made famous by Waylon Jenning's song.

T&T Communications of Center Point is proud that it owns the only payphones in 19 small towns in Central and South Texas. President Harold Taylor said, "There is a real need for us out there. All of our site owners get personal attention, and they are all friends of ours. We didn't know any of them before, but they became our friends after we got the business." In three small towns, T&T bought all the payphones owned by small telephone companies.

Taylor points with pride to the small town of Lasalle, where the only payphone in town is owned by T&T. "There used to be one GTE payphone there, but it was always out of order," Taylor said. A woman who is the Lasalle Postmaster asked T&T to install a payphone at the general store where the post office is located. "The payphone has never been profitable in the 2 1/2 years we have had it, but we like the lady and we like the people in the town. If our phone were not there, people would have to go 10 miles to use a payphone," Taylor added.

5

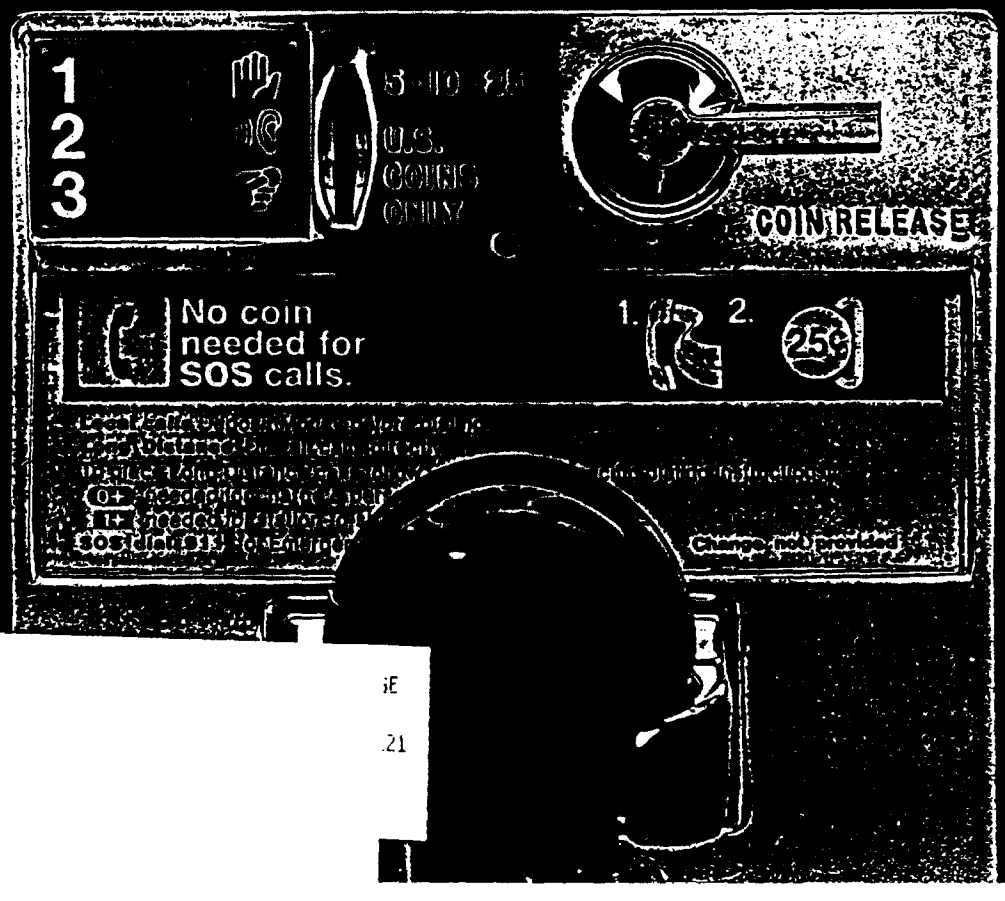
Facts And Figures On Per Call Compensation

JULY/AUGUST 1994 VOL.2 NO.4

PERSPECTIVES

ON PUBLIC COMMUNICATION

Good Deeds:
Service Beyond Duty



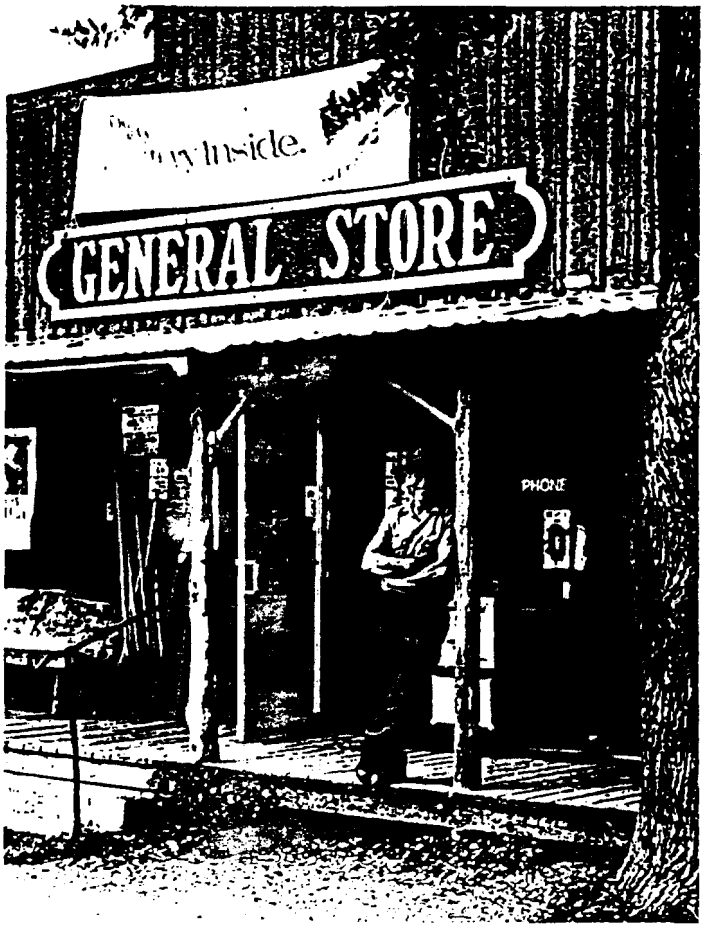
Good Deeds:
Service Beyond Duty

Perspectives on Public Communication will regularly cover "good deeds" in the industry. Readers are encouraged to send their stories to the editor c/o Perspectives on Public Communication, 335 Beard Street, Tallahassee, FL 32303. Fax 904/681-2890.

No one will deny that the independent public payphone (IPP) industry is a complex and competitive environment in which the axiom "only the strong survive" is lived out day after day. In spite of its rough exterior, there is a strong element of human relations and caring which permeates the industry. This "soft" side of the industry may be seen in many different forms. Sometimes it is a route maintenance supervisor reaching, without question, into his or her own pocket to replace a quarter that a customer perceives has been lost in a payphone. Other times it is the reassuring presence of a payphone, available and operating, when a stranded motorist or distressed pedestrian needs immediate communication.

IPP providers are willing to risk their life savings to buy machinery to provide a public service. They work 70+ hours per week to maintain that machinery, fight the monumental legal and regulatory battles required to keep that machinery operating profitably enough to pay the bills and endure the endless vandalism and theft that occur to machinery left unguarded in public places. This is a statement of the depth of commitment these businesses have to serve a basic human need—communication.

At times, IPP providers go far above and beyond the duty to which they are called. Here are three stories of IPP providers whose commitment to their customers and caring for humanity have led them to offer tremendous public services. Each service featured here comes at the expense of the IPP's pocketbook. The payphones involved could have been operated at more profitable locations and for higher rates. Each IPP made the decision to place the needs of its customers above the profitability of its business.



Les Spradling at the center of town.

Payphone Serves as Lifeline of Community

IPP providers must go out of their way to establish good relationships with premise owners or managers and to assure that those relationships are maintained. Harold Taylor of T & T Communications provides an outstanding example of an IPP provider who has gone out of his way to establish a relationship with a store owner. The result is a telephone lifeline which never before existed because the local exchange carrier refused to place a phone claiming it was not economically feasible.

Residents of Lytton Springs regularly drop by Spradling's Store to pick up a Big Red or some tortillas or just to talk. The 82-year-old general store is the central gathering place for the small town and the site of the only payphone in the community.

Owner Les Spradling said most of the people who

use his payphone are local residents who don't have a phone in their homes. "We're not real affluent out here, and a lot of people are living on the edge," he said. Many people live in mobile homes throughout the grassy ranchland in Central Texas. The population of Lytton Springs is 150, but many more people live in the outlying countryside.

Texas Payphone Association member company T&T Communications installed the payphone on the porch at Spradling's Store almost five years ago, and today their red payphone provides the town's communication lifeline. Residents without phones in their homes use the payphone for daily calling needs, whether to call doctors or their offices in Austin or San Marcos or to keep in touch with relatives.

"In the evenings after Spradling's ore closes, there are always people talking on the payphone. Sometimes they sit in their cars waiting in line to make a call," said Jerry Cardwell, herdsman for the U-Bar Hereford Ranch. Cardwell sometimes drives up on his tractor to use the phone. "The payphone is right next to the diesel fuel tank I use for my tractor, so it's convenient to fill up and make a call," he said.

In the spring when area creeks rise over their banks, many residents use the Spradling's payphone to call their families and say they can't make it home. During floods, stranded motorists sleep with friends in Lytton Springs or at Spradling's Store.

Spradling's has the ambiance of an old-time country store: It has the original wooden floors, a wood stove, jars of pickles by the cash register, and all the basic food staples. A quilt hangs from the ceiling to be raffled to benefit the local fire department. To keep up with modern times, the general store also sells lottery tickets and rents videotapes.

Harold Taylor, chairman of T&T Communications, said he feels good about meeting the needs of callers in small Texas towns. "Almost all of our payphones are in small towns because I am a country boy myself and I just like traveling through the country," he said. Taylor travels to Spradling's Store twice a month to visit with Les and to check on the payphone and perform routine maintenance.

While traveling around Central Texas, the Taylors ventured down FM 1854 and ran across Spradling's Store. "I talked to Les about installing one of our payphones, and he was glad I did. Everyone seems to appreciate the fact that we are putting a payphone in their small town," Harold Taylor said.

To Be Where No LEC Has Gone Before

On July 30, 1991, *The New York Times* published an article entitled "More Payphones for Poor Urged" by James Barron. (See below). The article cited a study which found that in some neighborhoods, 20 percent of the households do not

Continued on next page

It was the shot he[illegible] world -- David Justice's [illegible]h inning homer with two out and bases loaded [illegible] Braves and made official the end of the 1994 baseball season with a new [illegible] World Champion -- The [illegible] Braves. Not since the 1973 has a team dominated from the beginning of the

NYC To Require Payphones In Poor Neighborhoods

New York City officials issued a proposal recently that would force New York Telephone and other companies which own pay telephones to install phones in poor neighborhoods. "We want to see that if they have a phone at 57th and Fifth, they have one at 157th and Fifth," said Joan Lebow, a spokeswoman for the city's Department of Telecommunications and Energy. The requirement is included in proposed new regulations for thousands of coin-operated telephones over which the department is claiming jurisdiction--those on the street or in city-owned buildings. The agency said the new rules would cover roughly 12,300 of New York Telephone's payphones. The number of pay telephones the company has throughout the city is a matter of dispute: New York Telephone says it has about 56,000, but the department says there are only 42,000. The company claims to have 24,500 payphones in Manhattan, 12,000 in Queens, 13,000 in Brooklyn and Staten Island, and 7,000 in the Bronx. An additional 15,000 payphones are owned and operated by other telephones companies in the five boroughs, the department said. The agency's proposal now goes to the City Council, which can authorize the agency to issue franchises for the phones in question. The telecommunications agency drew up its proposal after commissioning a study that found that in some neighborhoods, 20 percent of the households do not have phones, "making the pay telephone a lifeline to emergency services," the proposal said. The agency also wants to require payphone companies to meet certain standards, including limits on how many telephones can be out of service at anytime. A spokesman for New York Telephone, Robert A. Varettoni, took issue with the idea that the company was not doing enough to serve poor neighborhoods. "It's not a problem," he said. "We have coverage in all neighborhoods in the city."

♦

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have phones, "making the payphone a lifeline to emergency services." For many members of the Empire State Payphone Association (ESPA), the provision of basic communications services to low income neighborhoods is their primary business. A majority of the members of ESPA can boast that as many as 90 percent of their telephones are located in neighborhoods where they are the sole conduit, connecting those who cannot afford a private telephone with necessary emergency services such as fire, police and EMS.

These IPP providers offer a service of enormous value to the inner city community. Phones are located in apartment complexes, convenience stores, major intersections, and points of congregation like parks, school yards and business districts. For many, these IPPs are the only vehicle through which citizens can stay in contact with relatives and friends both near and far.

IPPs did not arrive in these formerly under-served areas by chance. After the unbundling and deregulation of telephone services, IPPs recognized the need to fill existing voids and, most decidedly, heard the outcry from citizens in the poorer neighborhoods. The maintenance of payphones in underprivileged neighborhoods is not without tremendous risk. There is a much higher chance of vandalism or theft, greater risk of having a payphone condemned as a conduit of drug trafficking and a difficult time finding a location owner who will serve as "business partner". In spite of this, IPP providers in New York City have provided tremendous benefits, indirectly saving countless lives and making day-to-day communications more pleasant and convenient for millions.

Peoples Telephone Company responded in the aftermath of Hurricane Andrew.

IPP Provider Key Element in Disaster Relief

When natural disaster strikes, communication lines are broken leaving people distressed and alone with distant relatives panicked. The simplest message of "I'm O.K." or contact with a familiar voice can relieve mountains of anxiety. Unfortunately, in the compelling face of disaster, individual human needs are often overlooked in the attempt to restore order for the masses.

On August 24, 1992, Hurricane Andrew ripped through South Florida tearing down phone lines and stranding hundreds of thousands of residents. After the storm, many victims made their way through the rain soaked streets to hastily constructed shelters and "tent cities". The shelter residents were often penniless, having lost their belongings to the storm.

Peoples Telephone Company, Inc. of Miami, Florida responded to the disaster with a swiftly executed relief plan. Dedicated Peoples employees, in some cases themselves without homes, worked around the clock under emergency power at the storm damaged Peoples Telephone headquarters. They produced mobile phone banks which they personally transported to the most damaged areas so residents could make critical calls, helping them to begin to rebuild their lives.

Peoples worked closely with government and carrier disaster response teams to quickly and effectively deploy the emergency telephone banks. Responding to the extraordinary need at hand Peoples in conjuction with its underlying carriers provided free telephone service during the initial week after the storm.

IPP providers play an important role in the lives of millions of citizens. From the provision of telephone service in underprivileged and underserved areas to a vital role in disaster relief, IPP providers fulfill the public communications needs of their customers. This responsibility is taken quite seriously by industry members in each of the stories printed above. All have gone far and beyond the roles mandated for them by law. In doing so, each has positively influenced the lives of their customers and provided a positive image for the IPP industry.

Editor: Thank you to Larry Diamond for relaying the ESPA story, Caroline Hinckley Boyle and the Texas Payphone Association for permission to reprint their story and to Bruce Renard of Peoples Telephone Company, Inc. ❑