

LATHAM & WATKINS

ATTORNEYS AT LAW

1001 PENNSYLVANIA AVE., N.W., SUITE 1300
WASHINGTON, D.C. 20004-2505
TELEPHONE (202) 637-2200
FAX (202) 637-2201
TLX 590775
ELN 62793269

NEW JERSEY OFFICE
ONE NEWARK CENTER
NEWARK, NEW JERSEY 07101-3174
TELEPHONE (201) 639-1234
FAX (201) 639-7298

NEW YORK OFFICE
885 THIRD AVENUE, SUITE 1000
NEW YORK, NEW YORK 10022-4802
TELEPHONE (212) 906-1200
FAX (212) 751-4864

ORANGE COUNTY OFFICE
650 TOWN CENTER DRIVE, SUITE 2000
COSTA MESA, CALIFORNIA 92626-1925
TELEPHONE (714) 540-1235
FAX (714) 755-8290

SAN DIEGO OFFICE
701 "B" STREET, SUITE 2100
SAN DIEGO, CALIFORNIA 92101-8197
TELEPHONE (619) 236-1234
FAX (619) 696-7419

SAN FRANCISCO OFFICE
505 MONTGOMERY STREET, SUITE 1900
SAN FRANCISCO, CALIFORNIA 94111-2562
TELEPHONE (415) 391-0600
FAX (415) 395-8095

PAUL R. WATKINS (1899-1973)
DANA LATHAM (1898-1974)

CHICAGO OFFICE
SEARS TOWER, SUITE 5800
CHICAGO, ILLINOIS 60606
TELEPHONE (312) 876-7700
FAX (312) 993-9767

LONDON OFFICE
ONE ANGEL COURT
LONDON EC2R 7HJ ENGLAND
TELEPHONE + 44-171-374 4444
FAX + 44-171-374 4460

LOS ANGELES OFFICE
633 WEST FIFTH STREET, SUITE 4000
LOS ANGELES, CALIFORNIA 90071-2007
TELEPHONE (213) 485-1234
FAX (213) 891-8763

MOSCOW OFFICE
113/1 LENINSKY PROSPECT, SUITE C200
MOSCOW 117198 RUSSIA
TELEPHONE + 7-503 956-5555
FAX + 7-503 956-5556

October 3, 1997

EX PARTE OR LATE FILED

BY HAND DELIVERY

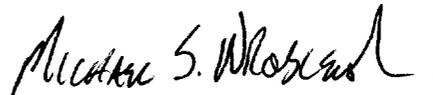
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

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

Dear Mr. Caton:

This letter is to notify the Commission that the attachment was sent to Chairman Reed Hundt, Blair Levin, Chief of Staff and Thomas Boasberg, Legal Advisor to Chairman Reed E. Hundt. Pursuant to Section 1.1206(a)(1) of the Commission's Rules, two copies of this letter have been submitted to the Secretary. Please contact me if there are any questions regarding this matter.

Respectfully submitted,



Michael S. Wroblewski

cc: Chairman Reed Hundt
Thomas A. Boasberg
Blair Levin

RECEIVED
OCT - 3 1997
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DOCKET FILE COPY ORIGINAL

No. of Copies rec'd
List ABCDE

022

Peoples Telephone Company, Inc.
Payphone Remand Proceeding

In light of the DC Circuit's Action Vacating the Payphone Interim Compensation Plan, Any New Order Setting a Default Rate for Per Call Compensation Must Contain Two Features:

- A default rate of greater than \$.30 per dial around call on a net basis.
- Notification to carriers and LECs that the new default rate will apply to the prior 11-month interim period beginning November 7, 1996 and ending October 7, 1997.

The Remand Record Supports a Rate of at Least \$.30 Per Call.

- Peoples' cost data submitted in the remand proceeding demonstrates that a \$.42 per call rate dial around calls is appropriate.
- The remand record provides ample support for setting a dial around compensation rate of at least \$.30 per call, net of new charges to implement per-call tracking.
 - Collection costs for coin and non-coin calls are similar (\$.02-\$.04 per call).
 - Implementing per call tracking capabilities by the LECs for non-coin calls requires costs an additional \$.04-\$.06 per call.
 - Non coin calls do not incur local usage costs of \$.02 - \$.03 per call.
- The equities, the record, and the statute (§ 276) demand that payphone providers obtain compensation from November 8, 1996.

A Commitment to Dial Around Compensation is Critical to Peoples.

- Publicly-traded companies like Peoples require certainty, especially in light of the SEC's suggestion that dial around revenue should not be accrued on Peoples' books in light of the DC Circuit's action vacating the interim compensation plan.
- Peoples has public bond obligations and loan covenants that are dependent upon obtaining dial around compensation for the first and second quarters of 1997, which should be paid by the first part of October, 1997. (There is a 3-month lag between the end of the quarter and payment.)
- Because of these bond obligations, Peoples cannot wait until April 1998 to obtain its first payment under the per call compensation plan, without obtaining the per payphone compensation in the interim.