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David H. Cockcroft  
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Regulatory and External Affairs

Docket # 96-128

November 25, 1997

Mr. John B. Muleta  
Chief of Common Carrier Bureau  
Enforcement Division  
2025 M Street, NW, Room 6008  
Washington, DC 20036

RECEIVED

NOV 25 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

RE: Implementation of the Pay Telephone Reclassification and  
Compensation Provisions of the Telecommunications Act of  
1996 Ex Parte

Dear John:

Attached is a resource kit about the new payphone marketplace. This kit is part of BellSouth Public Communications, Inc.'s (BSPC's) commitment to maintaining its high level of customer service. BSPC prepared this package to help our employees, customers, and the community navigate the new payphone marketplace and better understand how the changes in the industry will affect them. We also mailed several thousand letters discussing the changes in the new marketplace to our location provider customers as well.

If I can be of any help in explaining particular points or in answering general questions, please do not hesitate to contact me. I can be reached at (404) 237-8554.

Sincerely,

David Cockcroft

cc: Ben Almond  
Ted Kingsley  
Jim Hawkins  
Gail Barber

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A GUIDE TO THE

NEW PAYPHONE MARKETPLACE

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**BellSouth Public  
Communications, Inc.**

[www.bellsouth.com/public](http://www.bellsouth.com/public)

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## A GUIDE TO THE NEW PAYPHONE MARKETPLACE

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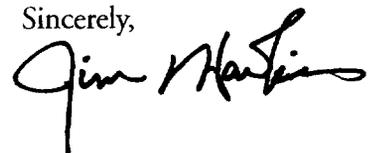
Each day more than 3.2 million calls are completed on BellSouth payphones provided by BellSouth Public Communications, Inc. (BSPC), the nation's largest stand-alone payphone services provider. For people away from home or business, such as the road warrior, the college student, the sales representative, and the parents checking in on the kids, the payphone is one of the most dependable communication tools in America. While each day offers a dizzying array of new communications technologies, the payphone remains a workhorse of our telephone network.

The new telecommunications landscape, which is revolutionizing local and long-distance phone service, cable television, the Internet, and mobile communications, is also ushering in changes to the payphone industry. These changes to a product we've grown to rely on and understand may be a little confusing at first – to our employees and customers alike – but ultimately they will bring about noticeable benefits to all payphone consumers.

The new payphone industry is now a level playing field where thousands of payphone operators – big and small – are able to compete fairly for customers. This new marketplace will give both payphone service providers and location providers new choices and freedom to improve services. It will promote the introduction of new technological features and products. And it will provide BellSouth Public Communications, Inc. (BSPC) the opportunity to respond to the demands of the marketplace for dependable, high-quality payphone services.

This resource kit is part of BellSouth's commitment to maintaining its high level of customer service. We want to help our employees, customers, and the community navigate the new payphone marketplace and better understand how the changes in the industry will affect them. This kit is designed to answer many questions you may have about the payphone industry, BSPC, payphone deregulation, and market-based pricing. It is part of our effort to ensure that the transition to a customer-driven payphone industry is smooth and rewarding for all our employees and customers.

Sincerely,





# A GUIDE TO THE NEW PAYPHONE MARKETPLACE

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<b>BELLSOUTH AND THE NEW MARKET-BASED PAYPHONE INDUSTRY</b> .....	TAB 1
<b>BACKGROUND ON TELECOMMUNICATIONS REFORM</b> .....	TAB 2
PAYPHONE MARKETPLACE AT A GLANCE	
HISTORY OF TELECOMMUNICATIONS REFORM	
<b>MYTHS VS. FACTS ABOUT BSPC AND THE NEW PAYPHONE MARKETPLACE</b> .....	TAB 3
<b>PAYPHONE FACTS &amp; FIGURES</b> .....	TAB 4
<b>BSPC: COMMITTED TO CONSUMERS AND TO COMMUNITY</b> .....	TAB 5
<b>A LOOK AHEAD: THE FUTURE OF BSPC</b> .....	TAB 6
<b>GLOSSARY OF PAYPHONE TERMS</b> .....	TAB 7
<b>STATE-SPECIFIC INFORMATION</b> .....	TAB 8

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If the price of a payphone call had kept pace with inflation, a local payphone call would cost as much as 65 cents today. Yet for the past 12 to 20 years throughout the Southeast, the cost of placing a payphone call across the street, or across town, has remained 25 cents. As a result, a local payphone call remains one of the greatest bargains anywhere.

Yet, as everyone knows, the world of telecommunications is in a sea of change. Payphones are part of the great shift now under way to a more open, more competitive marketplace for telecommunications services – be it local phone service, long-distance, cellular, Internet access, or, the payphone.

BellSouth has a simple formula for succeeding in the midst of change: we focus on our customers. Customers don't buy technology; they buy solutions – whether it's payphones or the Internet, customers want easy, practical applications that work and are easy to use at a price that provides strong value.

### Payphones Face Market Realities

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Beginning October 7, 1997, the face of the payphone industry will change forever. Under the Telecommunications Reform Act of 1996, most government regulation of payphone pricing will cease. The FCC will permit all payphone service providers – independent companies, carriers, or BellSouth Public Communications, Inc. (BSPC) – to charge market-based rates for local coin calls and directory assistance. These services must be provided without any subsidized support from local exchange telephone companies' local, business, or long-distance phone rates.

Because rates have traditionally been set by government regulation, payphones have been insulated from the effects of the marketplace and the rising costs of providing payphone service to the public. While payphone rates have remained stable, labor costs, equipment costs, and maintenance expenses have increased substantially over the past two decades. These economic factors – not government regulation – will now determine the price of a local payphone call. In order to maintain payphone service at its current and desirable levels, BSPC has determined that a price increase is necessary to ensure the continued widespread availability of high-quality BellSouth payphone service.

BellSouth

## Why A Price Increase Is Necessary

BSPC has worked hard to keep payphone prices one of the best deals in America. Investments in high technology equipment and maintenance are not easily visible to a typical payphone user, but this commitment to service has ensured that BellSouth customers have one of the most modern payphone networks in the world.

Yet while local payphone rates have remained stable for as many as 20 years, the costs of everyday public conveniences and pleasures have increased substantially. The price of postage stamps, newspapers, or a can of soda from a vending machine have nearly doubled while the price of a payphone call remained just a quarter. If payphone rates had kept pace with inflation, a local call in the Southeast would cost as much as 65 cents today.

As the costs of maintenance, vandalism repair, new equipment, and labor have climbed, more and more BellSouth payphones are losing money because the income generated by 25 cent calls no longer covers these rising operating costs. Inflation and the rising cost of doing business make a price increase unavoidable. That's why local payphone call prices have been 35 cents in several states – from Illinois to Colorado – for a number of years.

In the new payphone industry, directory assistance services will also be market-based. Payphone service providers incur costs in providing directory assistance to payphone users, but have often been unable to recoup these costs through reasonable service charges. In order to maintain reliable access to directory assistance, BSPC will offer payphone users a one-stop service for both local and national directory assistance at a reasonable price.

## A 35 Cent Local Call: Keep Inflation in Check, Keep Value High

To maintain its current high level of payphone service and coverage, BellSouth will begin to implement a 35 cent price for local BellSouth payphone calls in its nine state service area. This increase – the first in up to two decades – will enable BellSouth to cover its increased cost of providing payphone service, and will ensure that high quality BellSouth payphone service continues to be available to consumers throughout its service area.

At 35 cents, a local BellSouth payphone call is still one of the best consumer deals in the world and it is still significantly less than if payphone rates had been totally inflation-adjusted. At 35 cents, a local BellSouth payphone call is also less expensive than a most other forms of mobile communications. A typical payphone customer talks, on average, for 3 minutes. A typical wireless customer will spend upwards of 150% more for the same phone call, not including wireless equipment cost and monthly fees. In addition, payphone users can talk as long as they want for a flat 35 cents, while some wireless phone companies charge by the minute.

For less than the cost of a can of soda, consumers can have access to a world-class telephone network whenever they need it for a quick call, to check on a loved one, or to close a business deal. And from a street corner or an airport, payphone users can quickly obtain a phone number to connect them across town or across the country. Its accessibility and ease of use have made the payphone an American icon, and consistently one of the best values in the country for necessary and vital service.



## Consumer-Driven Telecommunications Reform

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The Telecommunications Act of 1996 was enacted to spark the continued advancement of telecommunications networks and markets throughout the United States. The law is designed to offer consumers more choices and services in local and long-distance calling, wireless phone service, Internet access, cable television, and payphone calling. Long-distance companies have already begun offering local phone service in select areas and some local phone companies are poised to enter the long-distance market in most states.

Now in its second year, the law continues to deregulate all aspects of the telecommunications industry, making way for start-up companies to enter the business and allowing reliable providers, such as BellSouth, to expand and enhance their services to better meet the growing demands of their customers. Deregulation is also ushering in business-like reforms, such as permitting the competitive marketplace – not government regulators – to determine prices for local service and payphone calls.

Because the telecommunications industry was heavily regulated for so long, customers aren't noticing the benefits of telecommunications reform overnight. It takes time for the mechanisms of the competitive marketplace to kick-in, but they will ultimately put the consumer in the driver's seat.

Deregulation will foster greater competition, which will force companies to fight harder to win new business and to maintain the loyalty of long-standing customers. Telecommunications companies will be more accountable for the quality of their service than ever before. With more and more companies vying for their business, consumers will reap the benefits of this competitive marketplace. They will have more technology at their fingertips, enhanced service and more choices. Across the telecommunications industry, customer demands – not government regulations – will now dictate the price and quality of telecommunications services. Nowhere is this more true than in the new payphone services marketplace.

## The New Payphone Marketplace

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Payphones have long been a cornerstone of communications in America. For generations, Americans have relied on public payphones as an important communications tool. Even in the era of mobile communications, payphones remain the affordable communications choice for a society on the go. In fact, each day, more than 3.2 million calls are completed at BellSouth payphones.

To ensure that payphone customers will continue to have access to the best possible payphone service, the Telecommunications Act requires partial deregulation of the payphone industry to allow market-based competition to drive continued improvements in the industry and to encourage even wider deployment of payphones across the country. Just as it is doing in local and long-distance markets, fair and open competition will expand service offerings, enhance high-quality service, and bring about fair market prices for payphone service.

As part of the Telecommunications Act, the Federal Communications Commission (FCC), the U.S. government agency that oversees the provisions of telecommunications service, has issued orders that will enable payphone companies to fairly compete, ultimately ensuring the widespread availability of payphone services. The FCC rules are designed to level the playing field for payphone competition by:

- **removing payphone subsidies** received from basic phone service  
(This means that payphone operations must be financially stand-alone businesses);
- **providing nondiscriminatory access** to the payphone marketplace  
(This means that all payphone service providers, including BSPC, must be afforded access to local telephone companies' access line services on the same terms and prices);
- **ensuring carriers pay fair compensation** to payphone service providers for all payphone calls; and
- **allowing equal opportunity** to compete in the payphone marketplace.

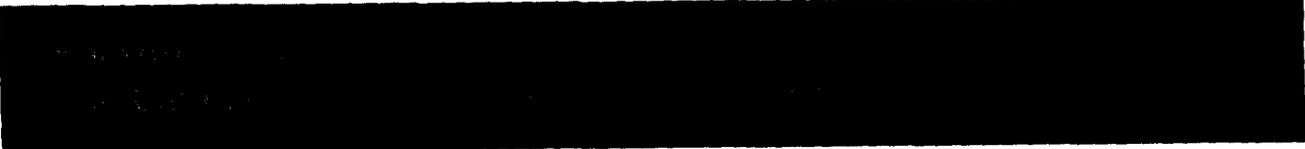
## A GUIDE TO THE NEW PAYPHONE MARKETPLACE

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As part of the payphone industry's new level playing field, BellSouth's payphone unit and other payphone companies will be able to set prices for local calls and directory assistance according to market-based factors. Beginning October 7, 1997, the payphone industry will no longer be subject to government-mandated pricing for local calls and directory assistance calls. Just like any other business, competition, customer demand, and other economic factors such as inflation and operating costs, will determine the price of a local phone call.

Along with this price-setting flexibility comes added fiscal responsibilities. According to FCC regulations, payphone companies must operate as self-sufficient businesses. Local telephone companies known as "local exchange carriers," are prohibited from subsidizing their affiliated payphone service operations with revenue from regulated services, such as business and residential service. For local exchange carriers such as BellSouth, the law mandates that all of the companies' payphone assets be transferred into deregulated accounts, so as to keep payphone expenses and revenue separated from traditional regulated services.

Competition has already given payphone consumers in the Southeast more choices. Approximately 3,000 payphone service providers now compete with BellSouth for payphone business in the Southeast. As the FCC rules lead to more intense competition for prime payphone locations throughout the region, the quality of competitors' service and their level of customer satisfaction and convenience will become more and more critical. This added emphasis on service and quality is a benefit for both location providers and end-user customers.



BellSouth Public Communications, Inc. –  
A New Company for a New Era

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BellSouth is eager and prepared for the new competitive payphone marketplace. On April 1, 1997, it launched a new, wholly-owned subsidiary of BellSouth Telecommunications focused exclusively on a full range of competitive payphone services, including single-source management of payphone services. The new company, BellSouth Public Communications, Inc. (BSPC), takes the best of BellSouth's reliability and know-how and combines it with the entrepreneurial, cutting-edge spirit of a new business to best meet the changing needs of payphone customers in a competitive marketplace.

While the Telecommunications Act does not require the establishment of a separate corporate entity for payphone service, BellSouth has placed its payphone operations in a separate subsidiary. The stand-alone business structure of BSPC assures a foremost focus on customers, with the flexibility to respond to customer service and business growth opportunities triggered by the Act.

The need to be both profitable and competitive will make BSPC operate even more efficiently, keep prices in check, maintain its public service commitment and increase its already strong focus on the customer. As part of its enhanced customer-driven service, BSPC has streamlined its organization to better serve its customers. In fact, everyone at BSPC either directly supports the customers or supports those who do. BSPC now maintains and employs an around-the-clock dedicated payphone repair service center seven days a week and employ the latest technology to continually improve the reliability and quality of BellSouth payphone service.

The new payphone marketplace gives BSPC the opportunity to respond directly to the demands of its customers. It also gives BSPC the responsibility to maintain – and improve – its commitment to its loyal payphone customers. Deregulation provides payphone companies more freedom to choose how they operate their businesses, but BSPC knows that in the new competitive payphone market, the real choice belongs to customers.

# A GUIDE TO THE NEW PAYPHONE MARKETPLACE



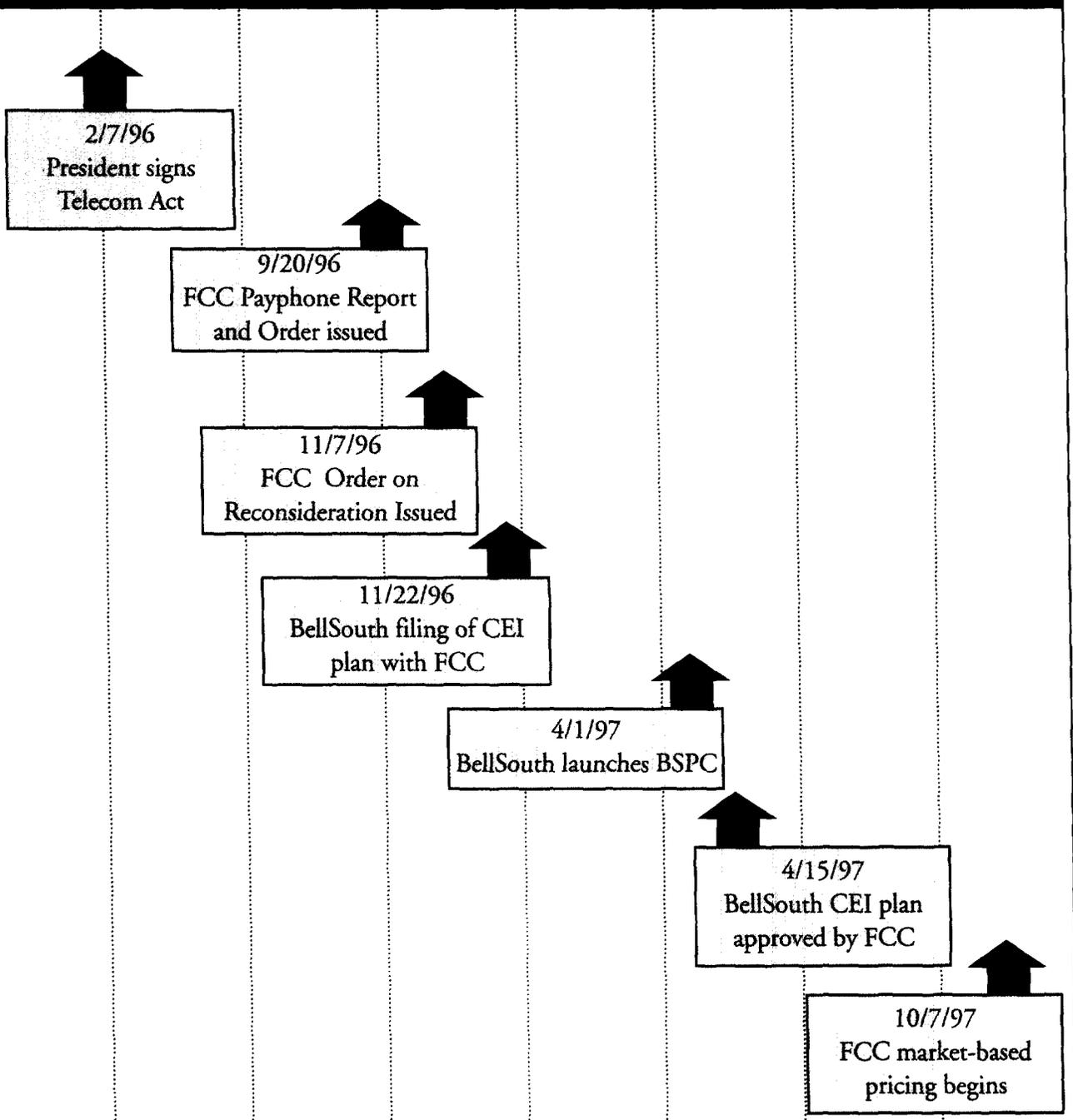
*The Telecommunications Act of 1996 has created a new payphone marketplace. The law has two main goals related to payphone service: (1) to increase competition among payphone service providers and (2) to encourage greater availability of payphones. The Federal Communications Commission (FCC) has the authority to implement these legislative objectives. According to the FCC, "Our ultimate goal is to have a competitive payphone industry that meets the needs of the public by a wide deployment of payphones." The FCC is now enforcing the following changes in the payphone industry to promote these objectives:*

Telecom Act Mandate	FCC Order
1. Encourage Market-Based Pricing	<ul style="list-style-type: none"> <li>■ Government-regulated pricing for local payphone calls must be eliminated.</li> <li>■ Market factors will be allowed to determine local call prices.</li> <li>■ Beginning October 7, 1997, payphone companies can set prices for their local calls.</li> </ul>
2. Remove Subsidies	<ul style="list-style-type: none"> <li>■ Any subsidy of its own affiliated payphone services by each local exchange carrier must be terminated.</li> <li>■ Payphone sets must be unregulated and detariffed.</li> <li>■ Reduce interstate access charges assessed to interexchange carriers for support of telco payphone operations.</li> </ul>
3. Provide Nondiscriminatory Access	<ul style="list-style-type: none"> <li>■ Basic payphone line services offered by local exchange carriers must be available under tariff to independent payphone providers.</li> </ul>
4. Ensure Fair Compensation	<ul style="list-style-type: none"> <li>■ Interexchange carriers will pay compensation to payphone service providers. Calls to be compensated by carriers include "dial around" calls such as access (1-800, 950, and 10XXX) calls, subscriber 800 calls, "0+" calls not previously compensated and international access code calls.</li> <li>■ Toll-free calls will continue to be toll-free.</li> <li>■ Full compensation will occur in stages. Depending on the size of the carrier, a three year time frame has been established for compensation.</li> </ul>
5. Allow Competitors Equal Opportunity to Compete	<ul style="list-style-type: none"> <li>■ BellSouth Public Communications will be on the same footing as other payphone service providers.</li> <li>■ BSPP and other independent payphone providers can arrange to route interLATA calls to a preferred long-distance carrier with the agreement of the location provider.</li> </ul>

# A GUIDE TO THE NEW PAYPHONE MARKETPLACE

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Jan 96    April 96    July 96    Oct. 96    Jan 97    April 97    July 97    Oct. 97





## Myths vs. Facts about BSPC and the Competitive Payphone Marketplace

**MYTH:** BellSouth has no real competition in the payphone marketplace.

**FACT:** There are more than 3,000 independent payphone providers that compete with BellSouth Public Communications, Inc. (BSPC) in the Southeast, ranging from large companies to small start-up firms. In some states, BSPC's competitors account for more than half of the payphone market.

As of December 1995, the following number of providers were certified by state Public Service Commissions to offer payphone service in each of the nine states in the BellSouth region:

STATE	NUMBER OF PAYPHONE COMPETITORS
Alabama	110
Florida	1,016
Georgia	505
Kentucky	293
Louisiana	243
Mississippi	113 (estimated)
North Carolina	491
South Carolina	1,012
Tennessee	387

**MYTH:** Payphones don't compete. A payphone is just a payphone – there is no difference between one phone and another.

**FACT:** The payphone industry is a highly competitive, \$1.3 billion business in the United States. Payphone companies compete against each other for placement of payphones in large volume areas such as shopping malls and airports, as well as for locations throughout the community. Location providers, such as an airport authority, can choose which payphone company they want based on customer service, price, and technology. Therefore, payphone companies have incentives to improve service and quality, and these incentives will grow as deregulation fosters an even more competitive payphone marketplace.

## **Myths vs. Facts about BSPC and the Competitive Payphone Marketplace** *(continued)*

**MYTH:** BSPC has an unfair advantage in the payphone business because it is part of a giant, \$19-billion telecommunications company.

**FACT:** Since April 1, 1997, BSPC has operated as a separate subsidiary of BellSouth Telecommunications. The new payphone company operates under the same rules, regulations and state jurisdictions as other payphone providers in the region. In keeping with FCC rules, BSPC will not receive any operating subsidies from BellSouth Telecommunications. Under its new subsidiary status, it will purchase payphone access lines on an arm's-length, tariffed basis from BellSouth Telecommunications and other local telephone companies. And like its competitors, BSPC will compete on a level playing field as a single-source provider of payphone service in a market-oriented system.

**MYTH:** The changes taking place in the payphone marketplace don't warrant changing state public service commission rate-setting authority.

**FACT:** Today's payphone rates are set by government regulators and, in most cases, are artificially low. Because they've been immune from the effects of the marketplace, payphone prices for local calls have not kept pace with inflation and the rising costs of doing business.

In addition, under the Telecommunications Act, payphone companies must be self-sufficient and unsubsidized by local exchange telephone company operations. In order for payphone companies to operate as self-sustaining businesses in today's new competitive marketplace, payphone rates – like the prices of other services – must be based on the actual cost of providing the service and what the customer is willing to pay.

**MYTH:** 35 cents for a local payphone call is a rip-off.

**FACT:** Local call rates have remained 25 cents in the Southeast for at least 12 years, and up to 20 years. Meanwhile, the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled. During this time, the costs of modern equipment, maintenance, labor and vandalism repair have risen steadily while the price of a local payphone call has remained the same. In fact, if payphone rates had kept pace with inflation, they'd be as high as 65 cents today.

### **Myths vs. Facts about BSPC and the Competitive Payphone Marketplace** *(continued)*

BSPC's new price for local payphone calls – a 35 cent flat rate per call – takes into account both inflation and rising operating costs, and the company's continuing commitment to high-quality service and value.

Even at 35 cents, a local payphone call is a good value in today's economy. This new rate still offers payphone customers a less expensive alternative to wireless phone service. And in some parts of the country, local payphone rates have been 35 cents for several years.

To guarantee that payphone customers receive added value for their money, BSPC is pledging that BSPC payphones are always easy to find and in working order. That's a good deal for customers. Thirty-five cents for a high-quality local call is a fair and reasonable price increase for which BSPC is accountable.

**MYTH:** Unregulated payphone prices will lead to endless price increases and exorbitant rates for local payphone calls.

**FACT:** Because of the highly competitive nature of the payphone service industry, the FCC encouraged state public service commissions to move to market-based rates for local payphone calls. Beginning October 7, 1997, the price of local calls will be set in order to recover the costs of providing payphone service while meeting customers' demands for high quality, fairly priced service.

In the new competitive market, payphone providers have a bottom-line incentive to maintain competitive prices. Since many companies will be aggressively vying for both location provider customers and consumers, payphone providers will not risk pricing themselves out of the market by raising rates above the amount callers are willing and able to pay.

As an added safeguard, state public service commissions will continue to regulate payphones on a "competitively neutral" basis to ensure fair competition in the payphone market and to oversee price disclosure and other consumer information.

### **Myths vs. Facts about BSPC and the Competitive Payphone Marketplace** *(continued)*

**MYTH:** BSPC payphones are no more technologically advanced than they were when a local call was a dime.

**FACT:** BSPC has invested millions of dollars upgrading its payphone network. Across the region, BSPC has deployed state-of-the-art "smart" payphone sets, which electronically notify BSPC service centers when repairs or coin collection are required. BSPC technology is also helping to manage and control inmate communications. The installation of electronic locks allow service technicians and collectors to have virtually immediate access to payphones, resulting in faster repair. And BSPC has developed a proprietary service information system, which automatically dispatches repair and collection assignments to maintain strong, reliable BellSouth payphone service throughout the Southeast.

As deregulation unfolds, BSPC will slowly expand the availability of innovative new features. BSPC is bringing the latest technological conveniences to travelers on the go – from public fax services to data port access for lap-top computers. Other new technological features include card-reader phones, which allow users to "swipe" the magnetic stripe on many calling and commercial credit cards to conveniently charge payphone calls.

**MYTH:** Once the payphone industry is market-driven, BSPC will abandon its commitment to maintaining phones in rural and inner city neighborhoods.

**FACT:** BSPC believes that fair and honest competition will not only improve service and quality, it will increase and protect the availability of payphone service. Fair market prices will help ensure that payphones continue to be conveniently located and available for the general public. BSPC is committed to maintaining the widespread availability of public telephones.

Widespread deployment of payphones is also a fundamental goal of the Federal Communications Commission as it implements the Telecommunications Act of 1996. To protect vital but less profitable payphone service in communities throughout the Southeast, state public service commissions have been charged with evaluating the need for public interest payphones and ensuring that equitable funding mechanisms are in place to support these payphones.

## Myths vs. Facts about BSPC and the Competitive Payphone Marketplace *(continued)*

**MYTH:** In addition to raising coin call rates, payphone companies are trying to milk long-distance providers through new charges for toll-free calls.

**FACT:** Although they have borne some expenses, long-distance carriers have enjoyed a free ride for billions of payphone calls over the past several years. Payphone companies received virtually no compensation for the growing number of coinless payphone calls – including “dial around” and toll-free calls – despite the fact that they incurred significant investment and operations expenses to place and maintain payphones used by the public for toll-free and dial-around calls.

To rectify this situation, Congress directed the FCC to establish fair compensation rules for all payphone calls. Long-distance companies wanted payphone users to directly foot the bill for these calls. But since long-distance carriers are the ones benefiting from added business from coinless payphone calls, the FCC wisely opted to make long-distance carriers – and not consumers – bear the costs of fairly compensating payphone providers.

BellSouth supported the FCC’s decision to reject long-distance company proposals to require callers to deposit coins and pay for toll-free calls. This means that the public – and thousands of businesses which advertise using toll free numbers – will continue to benefit from the use of payphones for toll-free calls.

**MYTH:** BSPC is gouging customers by charging for its directory assistance service from payphones.

**FACT:** Payphone companies incur costs for providing directory assistance services, so it makes sense for the prices of these services to be based on market factors, just like all other phone services in the deregulated environment. BSPC plans to offer customers a new market-priced directory assistance service, which will be more comprehensive and easier to use than ever before.

The new service, BellSouth National Directory Assistance, is user-friendly: customers will access it by dialing either 411 or 1+411, depending on the state from which the call originates, to reach both local *and* long-distance directory assistance. Unlike conventional long-distance directory assistance, it isn’t necessary to know the area code before dialing. BellSouth National Directory Assistance is already available in Kentucky, and is expected to become available in all BellSouth states by early 1998.



## A GUIDE TO THE NEW PAYPHONE MARKETPLACE

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- EVERY DAY, MORE THAN 3.2 MILLION CALLS ARE COMPLETED AT BELLSOUTH PAYPHONES.
- BSPC PROVIDES PUBLIC PAYPHONE ACCESS AT 170,000 LOCATIONS THROUGHOUT THE NINE-STATE REGION.
- BSPC SERVES MORE THAN 53,000 LOCATION PROVIDERS IN NINE STATES, PROVIDING SINGLE-SOURCE MANAGEMENT OF PAYPHONE SERVICES AT MANY OF THESE LOCATIONS.
- COMPETITIVE PAYPHONE SERVICES BEGAN IN THE SOUTHEAST IN 1985; TODAY OVER 3,000 PAYPHONE SERVICE PROVIDERS OPERATE THROUGHOUT THE REGION.
- BSPC IS THE NATION'S LARGEST STAND-ALONE PAYPHONE SERVICES PROVIDER.



## BSPC: Committed to Consumers and the Community

### The Consumer and the Changing Payphone Industry: The Choice is Yours

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A new law designed to deregulate the telecommunications industry is fostering greater competition in all areas of communications – from local and long-distance phone service to cable television and payphones. In the Southeast, payphone service customers will clearly benefit from free-market competition. After all, competition means more choices.

Location providers – the business and property owners who provide locations for the placement of payphones – will have a wider range of choices in payphone services to better meet the needs of their location and their customers. And payphone users will likely see a greater availability of payphones, more payphone providers, and a wider array of payphone services.

In the new payphone marketplace, payphone services will be driven by market factors. Until now, payphone rates have been kept artificially low by government regulations. These regulations have stifled service and technological improvements. The new payphone marketplace will allow BSPC to offer and price services competitively and meet its customers' needs for payphones that always work and are easy to find.

After October 7, 1997, payphone companies will be free to make business decisions based on the demands of customers – not the demands of government regulators. Payphone local call and directory assistance prices will be based on the cost of doing business and what customers are willing to pay. Although BSPC customers will see an increase in the cost of local calls – from 25 cents to 35 cents – and new market-based prices for directory assistance, they will notice an array of service and quality improvements, too.

With payphone companies now vying for prime payphone locations and customers' business, the consumer is in the driver's seat. Competition will bring about greater convenience and expanded availability, and drive the development of service improvements and new technology. Here's a closer look at how BellSouth payphone customers will benefit from the new telecommunications environment: