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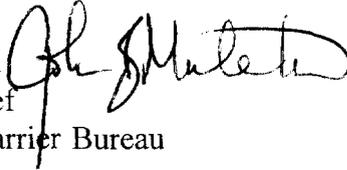
UNITED STATES GOVERNMENT

# memorandum

DATE: January 28, 1998

REPLY TO  
ATTN OF:

John Muleta  
Deputy Chief  
Common Carrier Bureau



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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

SUBJECT: CC Docket No. 96-128, Payphone Compensation  
Section 1.206(a)(3) Note 1 Summary (47 C.F. R. § (a)(3) Note 1)

TO: Magalie Roman Salas  
Secretary

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Pursuant to Section 1.206 (a)(3) Note 1 of our rules (47 C.F.R. § 1.206(a)(3) Note 1), I am submitting for the record in CC Docket No. 96-128 the following summary of a meeting held on January 26, 1998, between U.S. Senator Tim Hutchinson of Arkansas and Commission Chairman William Kennard. Also present, in addition to myself and Tom Power of the Chairman's office, were Jason W. Rupp, Legislative Assistant to Senator Hutchinson, and Lane C. Kidd, President, Arkansas Motor Carriers Association.

The meeting concerned CC Docket No. 96-128, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.

Summary: Mr. Kidd stated his concern that trucking companies, especially dedicated regional operators, have or will experience a significant increase in the cost of their toll-free service as a result of our Payphone Compensation Order (CC Docket No. 96-128). He stated that these trucking companies provide a toll-free line that their drivers can use to check status and pickup orders and the majority of these calls are made from payphones located at truck stops. He provided a two-page hand-out which describes self-reported increases in the monthly phone bill of several trucking companies. Mr. Kidd did not dispute that payphone operators were entitled to "fair compensation." He did, however, express concern about the method of the long distance carriers for recovering these charges and what he described as the apparent unwillingness of the long distance carriers to negotiate with the payphone providers to come up with a reasonable solution to their problem. Mr. Kidd's two-page handout is attached to this summary.

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**SURVEY OF SELECTED ARKANSAS TRUCKING COMPANIES**  
**"Financial Impact of Federal Pay Phone Surcharge"**

<b>Company</b>	<b>Phone Bill</b>	<b>Bill w/ Surcharge</b>	<b>% Change</b>
Southern Transit, Inc. Ft. Smith, AR	\$5,800.00	\$7,100.00	+22%
Hicks Trucking Company Harrison, AR	\$1,240.00	\$1,500.00	+21%
MDR Cartage, Inc. Jonesboro, AR	\$10,500.00	\$16,500.00 (est.)	+57%
J.D. & Billy Hines Trucking Prescott, AR	\$1,095.00	\$1,255.00	+14%
Maverick Transportation North Little Rock, AR	\$21,000.00	\$26,000.00	+24%
D & G Trucking, Inc. Wynne, AR	\$3,466.61	\$3,840.05	+11%
Beech Trucking, Inc. North Little Rock, AR	\$34,500.00	\$64,000.00	+85%
EagleWings Systems, Inc. Ft. Smith, AR	\$6,000.00	\$9,500.00 (est.)	+58%
Millbrook Distribution, Inc. Harrison, AR	\$27,041.00	\$30,286.00	+12%
P.A.M. Transport, Inc. Tontitown, AR	\$52,109.00	\$80,489.00	+54%
J. B. Hunt Transport, Inc. Lowell, AR		pending	
Wal-Mart Stores, Inc. Bentonville, AR		pending	

**THE TRUCKING INDUSTRY'S  
USE OF TOLL-FREE CALLS  
FROM PAY PHONES**

**Number of toll-free calls**

Approximately 12,000,000 toll-free calls per month made by members of the Truckload Carriers Association which represents over 600 long distance trucking companies.

**Number of toll-free calls from truckstops**

40%. The rest are from shipper and receiver docks, salesmen, and customers.

**Average length of toll-free call**

2.5 minutes per call

**Average cost of toll-free call**

7.5 cents per minute

**Number of pay phones**

2 million with 70% owned by "baby bells"; AT&T only owns 29,000

**Number of pay phones at truckstops**

14,000 pay phones on the premises of 1100 truckstops which are members of the National Association of Truck Stop Operators. Truckstops represent second highest usage rate per pay phone (airports the largest)

**Ownership of truck stop pay phones**

Approximately 7% are owned by the truckstop operator, the rest are owned by the "baby bells" or independent operators

**Cost of ubiquitous, indestructible black box pay phone**

\$2,000 - \$3,000

**Cost of off-the-shelf "Princess" phone at truckstop lunch counter**

\$200 - \$300

**Average cost to trucking company to make one toll free call from a truckstop**

\$.187 for the long distance portion of the call / \$.284 - \$.350 for connect charge