

BELLSOUTH

Ben G. Almond
Executive Director-
Federal Regulatory

EX PARTE OR LATE FILED

DOCKET FILED OFF SYSTEM
Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036
202 463-4112
Fax: 202 463-4198

March 20, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 96-128

Dear Ms. Salas:

I am writing in response to an ex parte filed by Sprint on February 13, 1998, in which Sprint suggested that in establishing an interim compensation scheme this Commission should reduce the per-phone compensation amount to reflect the percentage of payphones that are, on average, out of service.

Any such modification would be entirely inappropriate. In the Commission's payphone proceeding, the RBOC payphone service providers ("PSPs") and various independent PSPs submitted data on the average number of calls originated on their payphones. See Report and Order, Implementation of the Pay Telephone Reclassification and Compensation, 10 FCC Rcd 20603-04, ¶ 124 (1996). Like the other PSPs, the RBOCs derived the average number of payphone calls by dividing the total number of calls generated from all RBOC payphones over an extended period of time by the total number of RBOC payphones. See Letter from Michael K. Kellogg to William F. Caton, Acting Secretary, FCC (Aug. 23, 1996).

This calculation automatically took into account any reduction in call volumes due to any periods of time when individual payphones were out of service: to the extent any such service-affecting conditions existed, the total number of calls already reflected such conditions. In other words, since the total number of calls was divided by the total number of installed RBOC payphones, the average number of calls per month submitted by the RBOCs and the other PSPs in fact makes an appropriate allowance for out-of-service phones. Accordingly, Sprint's suggestion that the average number of calls per payphone be decreased again in order to account for out-of-service phones is wholly unjustified. Indeed, any modification of the per-phone rate

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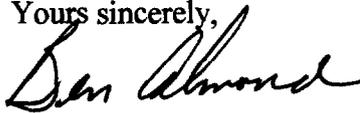
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along the lines suggested by Sprint would lead to undercompensation of PSPs, in violation of Congress's mandate that PSPs be "fairly compensated for each and every completed intrastate and interstate call using their payphone." 47 U.S.C. § 276(b)(1)(A).

If you have any questions concerning this matter, please call me on 202-463-4112.

Yours sincerely,

A handwritten signature in cursive script that reads "Ben Almond".

Ben Almond