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May 20, 1998

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

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

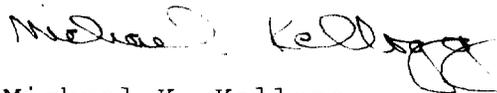
In re Matter of the Pay Telephone Reclassification
and Compensation Provisions of the Telecommunications
Act of 1996, **CC Docket No. 96-128**

Dear Ms. Salas:

Enclosed for filing in this docket are the original and one copy of a letter to Lawrence Strickling. I sent this letter to Mr. Strickling on behalf of the RBOC/GTE/SNET Coalition. I would ask that you include the letter in the record of this proceeding in compliance with 47 C.F.R. § 1.1206(a)(2).

If you have any questions concerning this matter, please contact me at (202) 326-7902.

Yours sincerely,



Michael K. Kellogg

Enclosure

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Lawrence E. Strickling
Deputy Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, DC 20554

Dear Mr. Strickling:

Thank you for taking the time to meet with us on Monday to discuss our concerns about the failure of the IXCs to pay their required per call (and per phone) compensation. As we told you, this is a very significant issue to every member of the RBOC/GTE/SNET Payphone Coalition. The IXCs' payment obligations are clear and unequivocal. We greatly appreciate your offer to help resolve these matters informally, without the necessity of burdening either the FCC or ourselves with multiple formal proceedings. I should note, however, that many of our members have already sent final demand letters to carriers, and are ready to file formal complaints if the carriers do not respond promptly to your efforts with full payment.

I promised to provide you with some more specific information describing the extent of the shortfall, and the status of payments from the major carriers. As you know, the IXCs were all required to make their payments for the fourth quarter of 1997 by April 1, 1998. Yet, even as late as May 18, 1998, most IXCs have flouted this requirement. While payments of approximately \$62.7 million were made, this represented only about 37% of the total compensation amounts that were due to the members of the Payphone Coalition. **We estimate a payment shortfall in excess of \$105 million for the fourth quarter of 1997 alone.** And this figure, of course, does not include any shortfalls for interim compensation due for the April 15 - Sept. 30, 1997 period.

The following chart summarizes the actions of the major IXCs.¹

¹ These figures are for all seven Coalition members. All numbers are in millions (x,000,000).

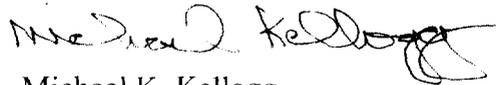
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Lawrence E. Strickling
May 20, 1998
Page Two

IXC	Amount Paid for 4Q/97	Revenue Shortfall	Percentage Paid for 4Q/97
AT&T	\$37.5	(\$37.7)	49.8%
MCI	\$18.9	(\$26.3)	41.9%
Sprint	\$0.0	(\$18.9)	0%
WorldCom	\$5.4	(\$12.4)	30.4%
Frontier	\$0.0	(\$4.8)	0%
LCI	\$0.05	(\$4.7)	1%
Cable & Wireless	\$0.86	(\$0.8)	51%

We stand willing and ready to meet with you and each of these major IXCs within the coming days to see if these matters can be resolved informally.

Yours sincerely,



Michael K. Kellogg