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EX PARTE OR LATE FILED

September 28, 1998

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

**NOTICE OF EX PARTE
PRESENTATION**

RECEIVED

SEP 28 1998

Re: **CC Docket No. 96-128**

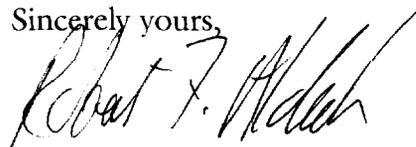
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms. Salas:

On September 25, 1998, I submitted an ex parte letter on behalf of the American Public Communications Council ("APCC"), providing updated results from APCC's payphone calling survey. A series of tables and diagrams showing the quantitative results were mistakenly omitted from the filing. Corrected copies of the ex parte submission, including the missing tables and diagrams, are enclosed.

I apologize for any inconvenience. If you have any questions, please contact the undersigned.

Sincerely yours,



Robert F. Aldrich

RFA/nw
Enclosure
cc: Craig Stroup

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**NOTICE OF EX PARTE
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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: **CC Docket No. 96-128**

Dear Ms. Salas:

On behalf of the American Public Communications Council ("APCC"), the attached report of the complete results of APCC's 1997 Payphone Calling Survey is submitted for the record.

For the reasons stated in its comments and reply comments in the latest phase of this proceeding, APCC believes that the Commission should rely on a market-based approach rather than a "bottom-up" cost analysis. We are submitting this updated information because it is relevant to the Commission's "bottom-up" analysis of payphone costs as developed in the Second Report and Order in this proceeding, FCC 97-371, released October 9, 1997. In recent discussions, the FCC staff has requested updated information on PSP costs. See Letter to Magalie R. Salas from Robert F. Aldrich, dated August 21, 1998; Letter to Magalie R. Salas from Robert F. Aldrich, dated September 16, 1998. To the extent that the Commission does consider such cost information, it is appropriate to rely on the most recent available data concerning the call volumes generated at independent payphones.

The attached data indicate that the average monthly volume of all calls per payphone have fallen substantially from 1996 to 1997.¹ As a result, ceteris paribus, the average fixed cost per call will increase substantially.

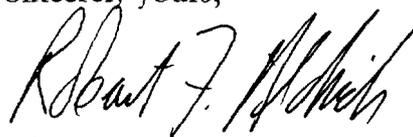
¹ APCC's 1997 survey reports an average of 588 calls per payphone per month. By contrast, APCC's 1996 survey reported an 11-month average of 713 calls per payphone per month. Comments of APCC, August 26, 1997, Att. 4. In developing its estimate of call volume at a "marginal payphone," the Commission used as a starting point a different estimate of average calls, 689 calls per payphone per month, which was developed by APCC's consultant, Kim Dismukes of Acadian Consulting Group, by adjusting APCC's

The reduction in average monthly call volumes similarly affects the Commission's calculations of the per-call cost of a "marginal" or "low traffic" payphone. In order to estimate call volumes at a *marginal* payphone location, the Commission made adjustments to the estimate of call volume at an *average* payphone. Second Report and Order, ¶¶ 48-50. Applying similar adjustments to the reduced average call volume reported in APCC's 1997 survey, in order to estimate call volume at a marginal or low traffic location, would result in an estimated marginal payphone call volume that is substantially lower than the 542 calls per payphone per month estimated by the Commission in the Second Report and Order.

Apart from its direct impact on the Commission's cost analysis, the attached data also shows dramatically the fundamental instability of any attempt at "bottom-up" analysis of payphone costs on a per-call basis. As various market factors change – e.g., increased use of wireless payphones, or changes in the number of payphones installed in relatively low-volume locations, average call volumes will continue to fluctuate substantially.² With each fluctuation, the "per-call cost" calculated under "bottom-up" cost methodologies will change dramatically. And, as explained in APCC's comments, changes in the prescribed dial-around compensation rate based on such changes in the calculated "per-call cost" are likely to be contrary to the change in the compensation rate that is desirable and that would result from a market-based approach.

If you have any questions, please contact one of the undersigned.

Sincerely yours,



Albert H. Kramer
Robert F. Aldrich

RFA/nw
Enclosure
cc: Craig Stroup

11-month average for 1996 and averaging it with other 1996 call volume estimates provided by a separate group of payphone companies. See Comments of APCC, August 26, 1997, Att. 3. The 1997 average is substantially lower than either of the 1996 estimates.

² The change in average call volumes from 1996 to 1997 appears to be due primarily to factors *other* than the demand effect of increased local coin calling rates, because the deregulation of local coin calling rates took effect nationwide only over the last quarter of 1997.

APCC'S PAYPHONE CALLING SURVEY: COMPLETE 1997 DATA

Greg Haledjian, APCC Government Relations Manager

For the last two years, the American Public Communications Council ("APCC") has worked with its members to collect statistics on the number of coin and noncoin calls, including "dial-around" (access code, prepaid card, and subscriber 800) calls, made from independent (non-local exchange carrier) payphones. This report describes the complete results from the most recent phase of the survey, covering all types of calls made from the payphones surveyed during the year 1997. The report supplements an earlier report, submitted in March 1998, which provided data for 1997 on dial-around calling only. The complete data on all calls for the period 1997 updates the data previously supplied by APCC on payphone calling in 1996 -- data which was utilized by the Commission in the First Report and Order and Second Report and Order in CC Docket No. 96-128.

Background

In 1996, 23 companies submitted data to the project over a period of 11 months. Initial results of APCC's 1996 survey, covering March through May, were submitted to the Commission in CC Docket No. 96-128, as Attachment 1 to APCC's Comments, filed July 1, 1996. The Commission relied upon APCC's initial submission, as well as other payphone industry data, in prescribing interim flat-rate compensation for the period from November 6, 1996 through October 7, 1997. The Commission averaged the initial results of APCC's 1996 survey, which indicated average dial-around call volume of 142 calls per payphone per month, with submissions of other parties to determine that interim compensation should be based on average dial-around call volume of 131 calls per phone per month. Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Report and Order, 11 FCC Rcd 20,541, ¶¶ 124-25.

Final results of APCC's 1996 survey are described in Attachment 4 to APCC's Remand Comments in CC Docket No. 96-128, filed August 26, 1997. Those results, covering 11 months of 1996, based on data from about 4,400 independent payphones, showed that the average payphone generated 152 dial-around calls per payphone per month. The 1996 data also reported average monthly volumes of coin (511) and non-coin (202) calls, and average total calls (713) per payphone per month. APCC's 1996 call data was cited by numerous parties on all sides of this proceeding. See, e.g., Comments of Comptel, filed August 26, 1997; Reply Comments of Sprint, filed September 7, 1997, at 4. The Commission used APCC's 1996 call data in its analysis of differences in costs per call between various types of calls. Second Report and Order, FCC 97-371, released October 9, 1997, ¶¶ 49-50.

The survey was continued in 1997 using the same methodology and most of the same sources. During 1997, 21 companies submitted data. The number of payphones in the sample varied from month to month, reflecting relatively minor changes in the composition of the project as companies added or lost payphones with the necessary call recording capability. In addition, not all companies were able to participate in the project during every month of the year. The lowest number of payphones reporting data in any month of 1997 was 3,644 (January). The highest number of payphones reporting data was 6,218 (July). The average number of payphones reporting data was 5,092.

Project Methodology

The payphones reporting data in 1997 were from 37 states and 116 area codes. Companies were selected to participate in the project based on their response to a membership-wide solicitation and based on their possession of a significant number of payphones (at least 50) with the necessary Station Message Detail Reporting (“SMDR”) technology. Participating companies varied in size from companies with less than 100 payphones to companies with more than 40,000 payphones. In total, the participating companies operate more than 100,000 payphones.

Companies were asked to report data either (1) from all of a company’s payphones equipped with the necessary technology or (2) from a representative cross-section of the payphone locations served by the company. Based on the information supplied by participating companies, location types were represented in the sample in the following percentages:

Convenience Stores	30.9%
Gas Stations	19.9%
General Commercial	8.5%
Shopping Malls	7.3%
Hotels and Motels	3.6%
Schools and Universities	3.2%
Apartment Buildings	3.1%
Truck Stops	3.1%
Government Facilities	0.5%
Other Transportation (rail and bus)	0.3%
Airports	0.1%
Other	19.5%
TOTALS	100.0%

Project participants polled their payphones from their computers in order to download call data into payphone management software. The participants exported the call data to monthly files and sent the files to APCC's administrative office for further processing. Statistics were developed for each company showing month-by-month average call counts per payphone. Average statistics for all the companies for each month were developed by aggregating call data from every company submitting call data for each specific month, and averaging each month's total over the number of payphones reporting data for the month.

For purposes of this project, a dial-around call is defined to include any 800-number call, any 888-number call, and any other call using a number known to be an access code, prepaid card number or toll-free number. The APCC defined a completed call for this project by setting an acceptable duration for each type of call. Local, intrastate, and interstate coin calls were considered completed when call duration was greater than one second after answer detection. 411, 555 and toll-free subscriber calls were considered completed when call duration was greater than one second after outputting the dialed digits to the network. 0- calls, 00- calls, 0+ calls, calls to known access codes, and calls to numbers known to be prepaid card numbers were considered completed when call duration was greater than 60 seconds after outputting the dialed digits to the network. Access codes and prepaid card numbers were identified based on a compilation prepared by APCC. See APCC Comments, Att. 1, filed July 1, 1996.

1997 Results

Detailed results for 1997 are described in the attached tables and diagrams. Tables and diagrams showing the results previously compiled for 1996 are also attached. For 1997, the twelve-month average of total (coin and noncoin) calls is 588 calls per payphone per month: 396 coin calls and 191 non-coin calls. By contrast, for 1996 the eleven-month average of total calls is 713: 511 coin calls and 202 non-coin calls.

Thus, when the 1997 results are compared with 1996, there is a significant decrease in the average monthly calls. This overall decrease is due to a decrease in coin calls; average non-coin calling actually increased somewhat in 1997. Average dial-around calling increased from 152 calls per payphone per month in 1996 to 159 calls per payphone per month in 1997, while average 0+ calls decreased from 24 calls per payphone per month in 1996 to 15 calls per payphone per month in 1997.

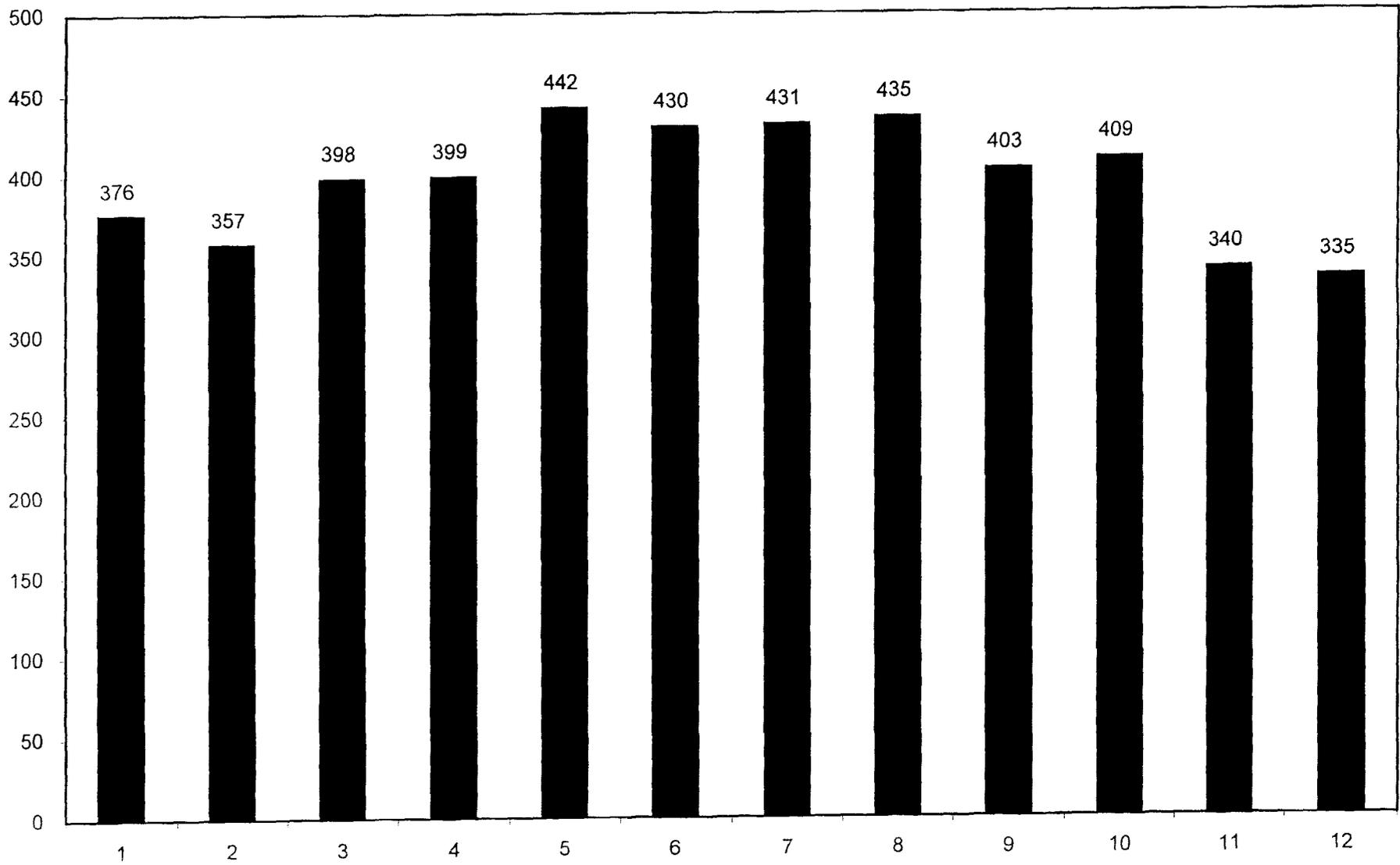
The average percentages of coin and noncoin calling in 1997 were 68 percent coin and 32 percent noncoin. In 1996, the average percentages were 72 percent coin and 28 percent noncoin.

The decrease in monthly call volumes cannot be attributed primarily to the increase in overall local coin calling rates resulting from deregulation, because deregulation of local coin rates did not take effect generally until October 1997. The decrease is more likely due to a number of possible factors, such as increased use of wireless telephones and increased deployment of independent payphones in relatively low volume locations.

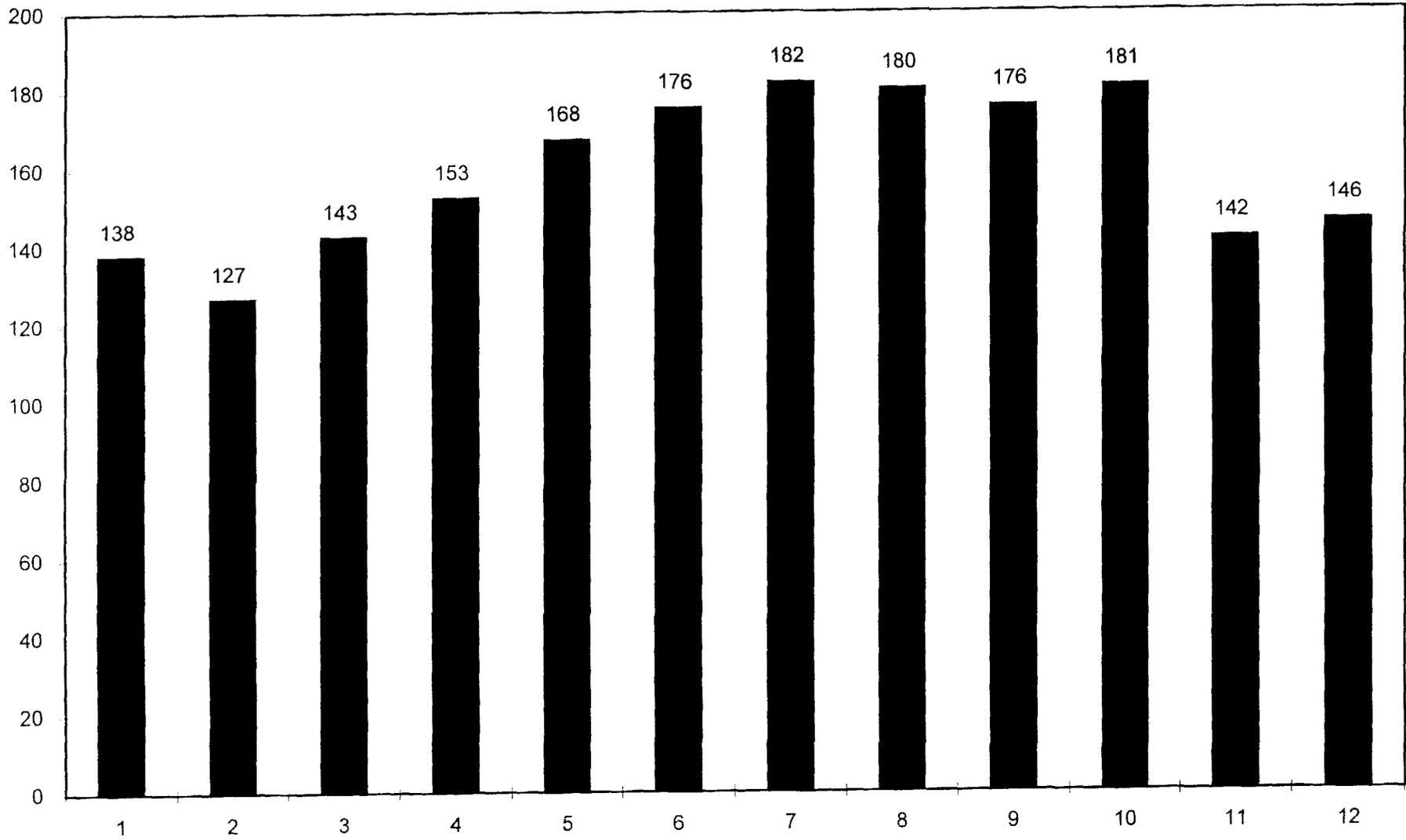
APCC Industry SMDR Statistics for 1997

Industry Statistics													
Average per ANI													
Year/Month	9701	9702	9703	9704	9705	9706	9707	9708	9709	9710	9711	9712	12-mo Avg
No. of ANIs	3,644	4,754	4,964	5,093	5,753	5,832	6,218	5,942	5,522	5,189	4,085	4,105	5,092
Call Counts													
Coin & Noncoin Total	544	511	571	582	646	643	650	652	612	623	509	507	588
Coin calls subtotal	376	357	398	399	442	430	431	435	403	409	340	335	396
Noncoin calls subtotal	168	154	173	183	204	213	219	217	209	213	169	172	191
Matched Access	30	28	31	32	37	39	40	41	36	36	29	28	34
Matched PrePaid	3	3	4	4	4	4	3	3	3	2	1	2	3
Nonmatched Calls	105	95	108	117	127	133	138	136	137	142	112	116	122
411	7	6	8	8	10	10	10	10	9	8	8	8	8
555	1	1	1	1	1	1	1	1	1	1	1	1	1
0-	6	6	7	7	8	8	8	8	7	7	6	6	7
00-	2	1	1	1	1	1	1	1	1	1	1	1	1
0+	14	13	14	14	17	18	17	17	15	15	12	12	15
888	3	3	5	6	7	7	9	10	11	12	9	9	7
Incoming Calls	12	12	14	14	15	15	14	15	14	13	12	12	14
Call Percentages													
Coin calls subtotal	69	70	70	69	68	67	66	67	66	66	67	66	68
Noncoin calls subtotal	31	30	30	31	32	33	34	33	34	34	33	34	32
Matched Access	18	18	18	17	18	18	18	19	17	17	17	16	18
Matched PrePaid	2	2	2	2	2	2	2	2	1	1	1	1	2
Nonmatched Calls	62	62	62	64	62	62	63	63	66	67	66	68	64
411	4	4	5	4	5	5	4	4	4	4	5	4	4
555	1	0	1	0	1	1	1	0	1	0	0	0	1
0-	4	4	4	4	4	4	4	4	3	3	3	3	4
00-	1	1	0	0	0	0	0	0	0	1	0	0	1
0+	8	8	8	8	8	8	8	8	7	7	7	7	8

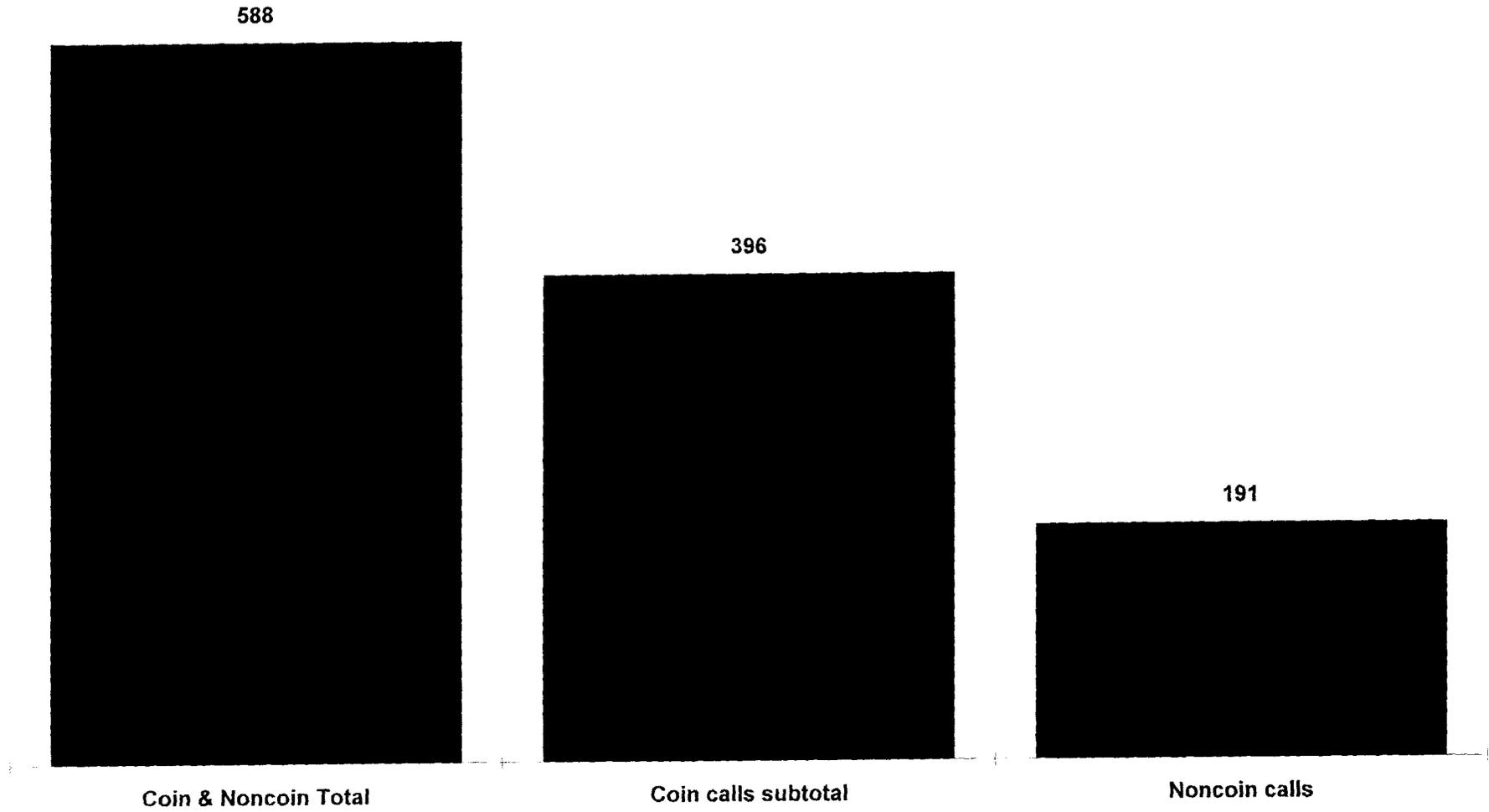
1997: Total Coin Calls By Month
9701-9712



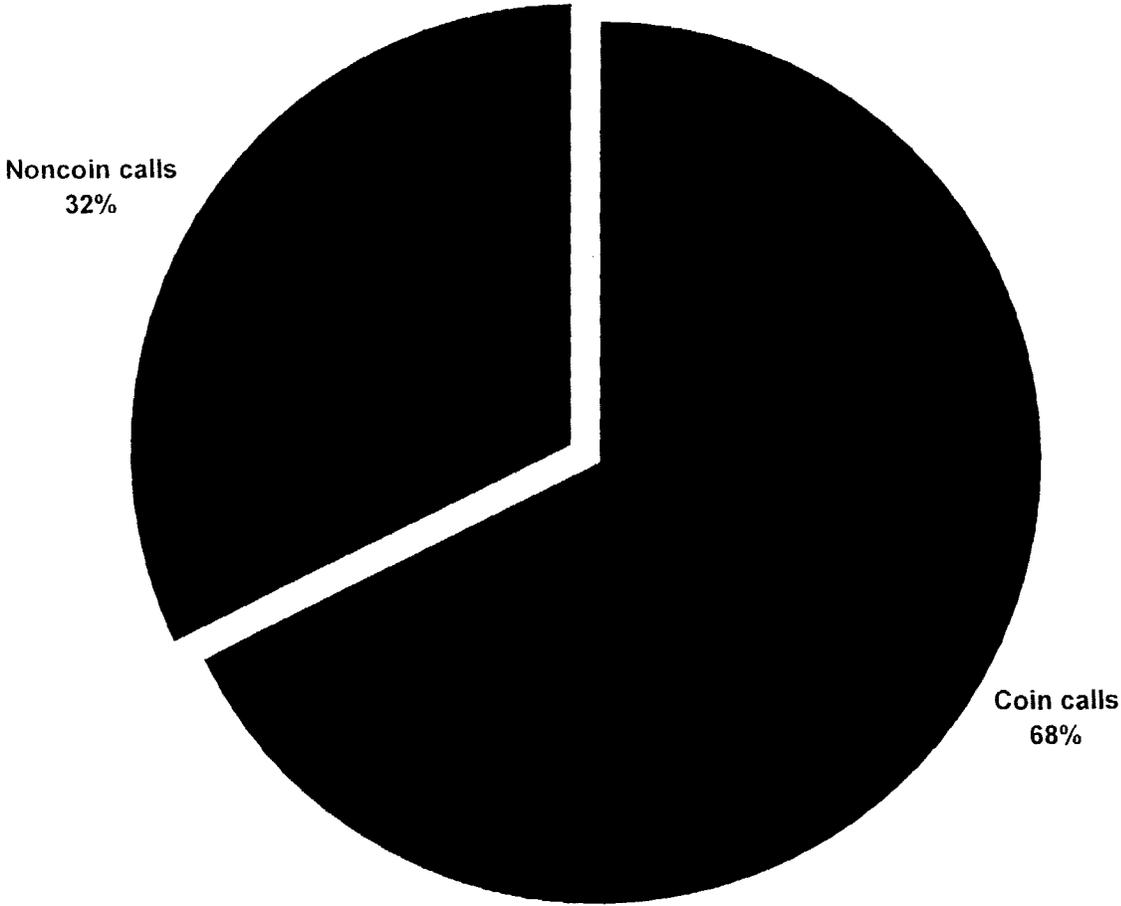
**1997: Total Dial Around Calls By Month
9701-9712**



Coin & Noncoin Calls
12-Month Average: 9701-9712
(Average per ANI)



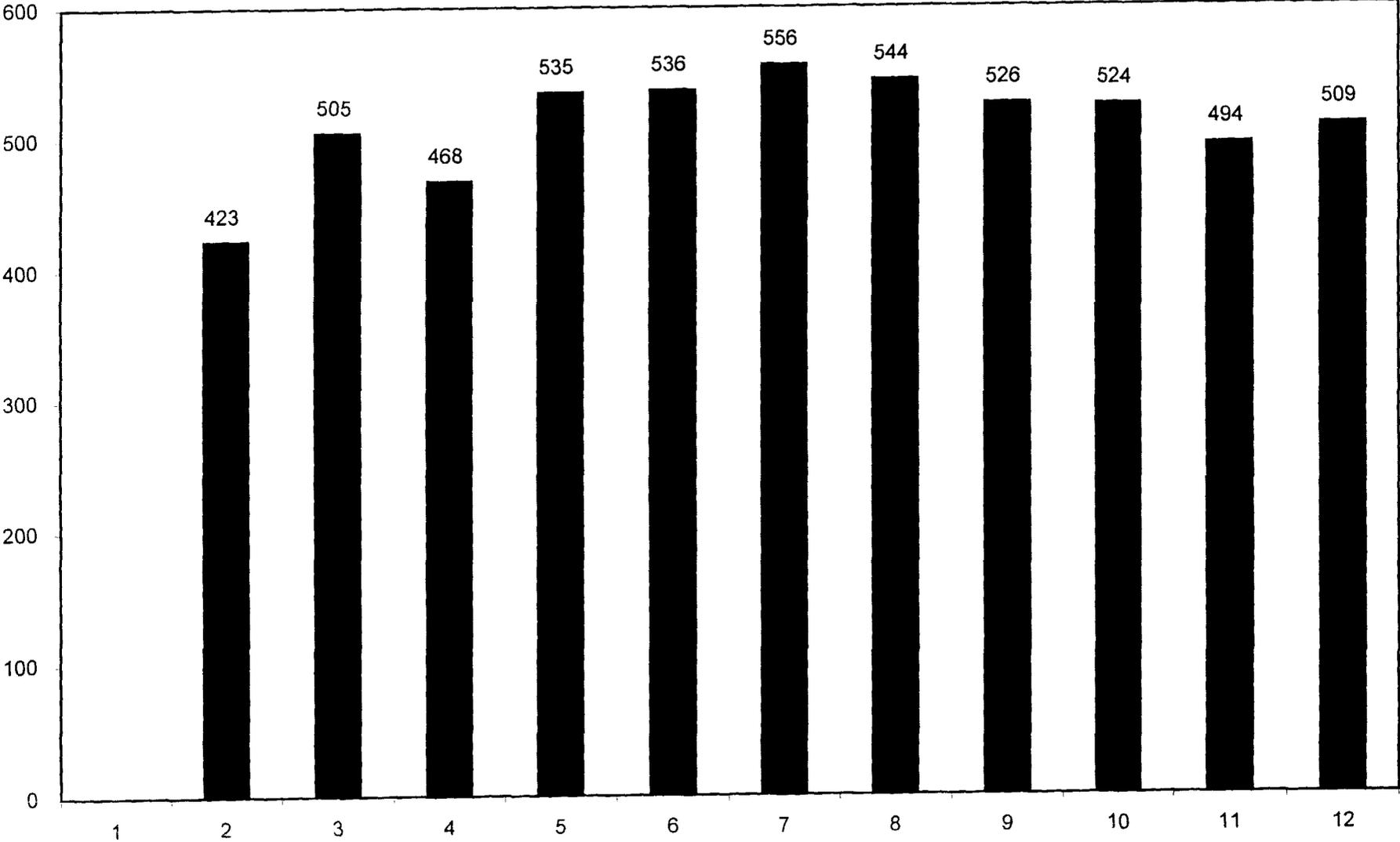
Coin & Noncoin Percentages
12-Month Average: 9701-9612
(Average per ANI)



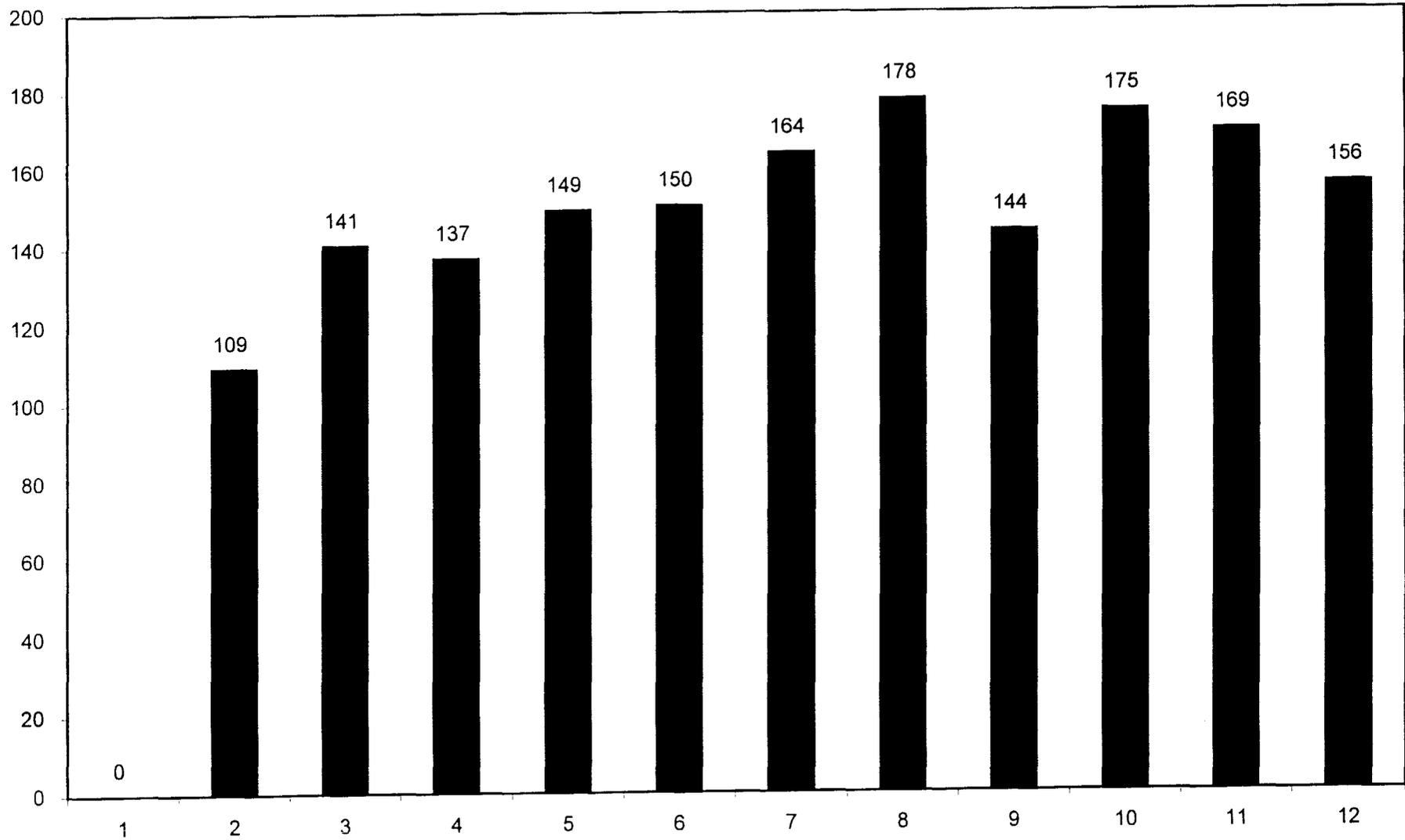
Industry Dial Around Statistics, 5/16/97

Industry Statistics												
Average per ANI												
<i>Year/Month</i>	9601	9602	9603	9604	9605	9606	9607	9608	9609	9610	9611	9612
<i>No. of ANIs</i>		2,383	2,347	3,367	4,000	4,439	3,439	2,610	1,983	1,502	1,390	1,615
Call Counts												
Coin & Noncoin Total		584	701	656	738	742	775	777	716	744	704	703
Coin calls subtotal		423	505	468	535	536	556	544	526	524	494	509
Noncoin calls subtotal		161	196	188	203	205	219	233	191	219	210	195
<i>Matched Access</i>		31	40	38	44	39	46	49	35	39	38	32
<i>Matched PrePaid</i>		3	3	3	3	4	7	7	6	6	5	4
<i>Nonmatched Calls</i>		75	98	96	102	107	111	122	103	130	126	119
<i>411</i>		10	11	11	13	15	14	12	14	12	10	11
<i>555</i>		1	2	2	1	2	2	2	2	3	2	2
<i>0-</i>		11	10	10	11	12	13	11	9	8	7	7
<i>00-</i>		1	1	1	1	2	2	2	2	3	2	2
<i>0+</i>		29	31	26	27	25	25	28	20	19	18	16
Call Percentages												
Coin calls subtotal		72	72	71	73	72	72	70	73	71	70	72
Noncoin calls subtotal		28	28	29	27	28	28	30	27	29	30	28
<i>Matched Access</i>		20	20	20	21	19	21	21	18	18	18	17
<i>Matched PrePaid</i>		2	2	2	2	2	3	3	3	3	3	2
<i>Nonmatched Calls</i>		47	50	51	50	52	51	53	54	59	60	61
<i>411</i>		6	6	6	6	7	6	5	7	6	5	6
<i>555</i>		0	1	1	1	1	1	1	1	1	1	1
<i>0-</i>		7	5	6	6	6	6	5	5	4	4	4
<i>00-</i>		1	0	1	1	1	1	1	1	1	1	1
<i>0+</i>		18	16	14	13	12	11	12	11	9	9	8
Carrier Percentages												
Matched Access												
<i>AT&T</i>		50	48	49	47	49	47	50	49	49	48	47
<i>MCI</i>		28	28	30	32	31	32	33	30	28	28	29
<i>Sprint</i>		7	8	8	8	7	8	8	7	7	7	7
<i>LDDS Worldcom</i>		10	10	7	6	5	7	1	7	8	9	8
<i>Frontier/Allnet</i>		1	2	1	1	1	1	0	1	2	2	1
<i>Total Matched %</i>		96	95	95	94	94	95	93	94	94	94	93
Matched PrePaid												
<i>AT&T</i>		6	7	5	4	4	3	0	5	6	6	6
<i>MCI</i>		11	10	9	8	7	6	3	3	4	6	5
<i>Sprint</i>		6	6	6	7	8	5	7	6	5	6	9

**1996: Total Coin Calls By Month
9602-9612**

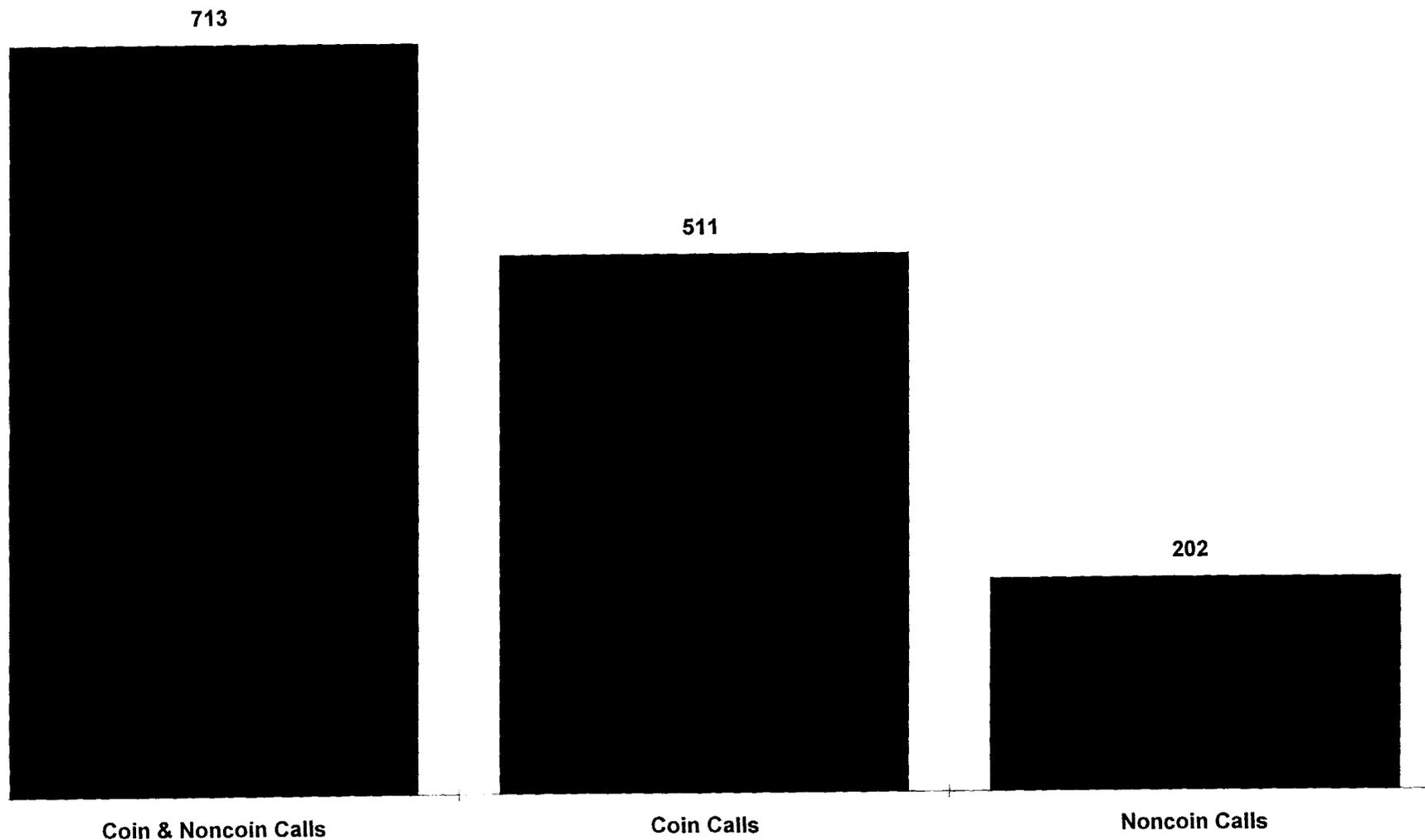


**1996: Total Dial Around Calls By Month
9602-9612**



9/14/98

Coin & Noncoin Calls
11-Month Average: 9602-9612
(Average per ANI)



Coin & Noncoin Percentages
11-Month Average: 9602-9612
(Average per ANI)

