

RECEIVED

OCT 30 1998

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

2101 L Street NW • Washington, DC 20037-1526

Tel (202) 785-9700 • Fax (202) 887-0689

Writer's Direct Dial: (202) 828-2236

A5691.553

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

October 30, 1998

EX PARTE OR LATE FILED

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

**NOTICE OF EX PARTE  
PRESENTATION**

Re: CC Docket No. 96-128

Dear Ms. Salas:

The following information is submitted on behalf of the American Public Communications Council ("APCC") to supplement the record in this proceeding.

In response to inquiries from the staff, APCC has been gathering information on the pricing of local coin calls at independent PSPs' payphones in New York State. In staff's view, the pricing of local coin calls in New York is significant because Bell Atlantic, the incumbent local exchange carrier serving most of New York State and the largest PSP in the state, currently continues to price its local coin calls in New York at 25 cents for the initial period, even though in most other parts of the country LECs and independent PSPs generally are pricing local coin calls at 35 cents. In light of the lower local coin call rate charged by Bell Atlantic in New York, staff inquired whether independent PSPs were matching Bell Atlantic's 25 cents price. Evidence that other PSPs are also charging 25 cents in areas served by Bell Atlantic arguably would support the position that the payphone market is competitive, because it would suggest that independent PSPs are constrained to match Bell Atlantic's pricing of local coin calls in order to prevent the loss of customers to Bell Atlantic payphones. On the other hand, evidence that independent PSPs are charging 35 cents in areas served by Bell Atlantic arguably would support the position that the payphone market is noncompetitive, because it would suggest that independent PSPs are not concerned about losing customers to a large, lower-priced competitor.

*OH*

AT&T has submitted an ex parte letter in which it claims to have learned information from certain services about independent PSPs' current and future pricing practices regarding local coin calls in New York.<sup>1</sup> While disputing that the information it claims to have learned supports any conclusions regarding competitiveness, AT&T reports that it was "told" that "most" of the independent PSPs in the four boroughs of New York City other than Manhattan are currently pricing local coin calls at 35 cents. AT&T also states it was informed that "most" independent PSPs in Manhattan and in upstate New York are currently pricing local coin calls at 25 cents, but that "most" upstate PSPs would be charging \$.35 by the end of 1998. However, AT&T's letter does not provide any information on the number of actual PSPs it spoke to, the number of payphones actually operated by its informants, or the evidentiary basis for its informants' generalizations about "most" PSPs' practices. AT&T Letter at 2.

APCC has obtained specific information from New York PSPs themselves regarding their pricing of local coin calls. We have surveyed seven independent payphone service providers ("PSPs") operating in the State of New York. These PSPs, each of whom is a member of the Independent Payphone Association of New York, range in size from a few hundred to several thousand payphones. Together the eight PSPs surveyed operate a total of more than 13,000 payphones in Bell Atlantic territory in New York. The payphones are located throughout New York State – New York City, suburbs of New York City, and upstate. More than 8,000 of these payphones are operated in the four boroughs of New York City other than Manhattan.

Each of the eight independent PSPs we surveyed reports that it is pricing local coin calls at 25 cents for the initial period at all its payphones in Bell Atlantic territory in New York, including the payphones in non-Manhattan boroughs of New York City.

As to their future plans, the PSPs had a variety of responses to the question of how they might respond to a future price increase by Bell Atlantic. However, none of the PSPs indicated that they were realistically considering raising their prices to 35 cents prior to a comparable price increase by Bell Atlantic.

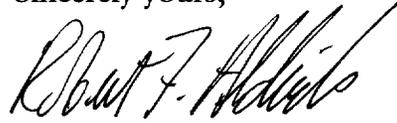
---

<sup>1</sup> AT&T states it had discussions with "representatives of the New England Pay Telephone Association, the Central States Payphone Association and some of AT&T's contracted IPPs . . . ." Letter to Magalie Roman Salas from Brian W. Masterson, AT&T, dated September 10, 1998 ("AT&T Letter"). The trade association representing PSPs in New York is the Independent Payphone Association of New York.

Ms. Magalie Roman Salas  
October 30, 1998  
Page 3

If you have any questions, please contact the undersigned.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Robert F. Aldrich". The signature is written in a cursive style with a prominent flourish at the end.

Robert F. Aldrich

RFA/nw  
Enclosure  
cc: Craig Stroup