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May 22, 2000

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Services
CC Docket Nos. 96-262; 94-1; 99-249; and 96-45

Dear Ms. Salas:

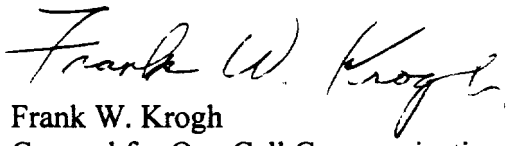
The undersigned, representing One Call Communications, Inc. ("One Call"), and Mitchell F. Brecher, representing Operator Communications, Inc. ("OCI"), met today with Debra Weiner, Assistant General Counsel, and Sonia Rifken, Office of General Counsel, to discuss issues relating to the application to payphone lines of the revised access charge proposal submitted by the Coalition for Affordable Local and Long Distance Services ("CALLS" or "Coalition"). The discussion focused on One Call's and OCI's request that, in the event that the CALLS revised access charge proposal is adopted by the Commission, payphone lines be treated as single line business subscriber lines for purposes of assessing the presubscribed interexchange carrier charge ("PICC") and that the PICC now assessed for those lines accordingly be folded into the subscriber line charge ("SLC") assessed thereon.

The points addressed were those raised in the One Call and OCI comments previously submitted in the above-referenced dockets. In addition, the attached outlines were provided. The discussion focused on the issue of whether the Notice of Proposed Rulemaking requesting comments on the CALLS proposal provided sufficient notice, under the Administrative Procedures Act, of the possibility that the PICC assessed

against payphone PICs might be folded into the SLC assessed on payphone lines for the Commission to adopt such an approach legally. The One Call and OCI representatives pointed out that the rationale for the Coalition's proposed treatment of the single line PICC was directly applicable to payphone lines and that there is no rational basis for carving payphone lines out of such a policy. The discussion also addressed the point that if the PICC now applied to payphone lines were folded into the SLC, such treatment would end the current discriminatory and anticompetitive practice of assessing the PICC on the "0+" PIC at local exchange carrier payphones and on the "1+" PIC at private payphones.

Pursuant to the Commission's Rules, an original and seven copies of this letter and attachments are being submitted for filing in the above-referenced dockets. Please direct any questions or concerns to the undersigned.

Respectfully submitted,



Frank W. Krogh
Counsel for One Call Communications, Inc.

cc: Debra Weiner
Sonia Rifken
Mitchell F. Brecher

ONE CALL COMMUNICATIONS, INC. d/b/a OPTICOM

OPERATOR COMMUNICATIONS, INC.
d/b/a ONCOR COMMUNICATIONS, INC.

CC DOCKET NO. 96-262

UNDER MODIFIED CALLS PROPOSAL, PAY TELEPHONE ACCESS LINES SHOULD BE TREATED AS SINGLE LINE BUSINESS LINES FOR PICC PURPOSES

- Issue of treatment of payphone lines for PICC purposes has been before FCC since 1998 when LECs filed tariffs treating payphone lines as multiline business lines (nothing in Access Reform Orders or Part 69 access charge rules authorizes such treatment).

- 0+ Carriers serving payphones are not able to recover PICC costs from customers:
  -- No ongoing relationship with callers who use payphones or with payphone providers.
  -- Few – if any – 0+ calls are made from most payphones. Reasons include a) prepaid calling cards; b) dial around calling; c) cellular/PCS services.

- Undermines universal service (availability of payphone services) to consumers since PICC charges on payphones will cause carriers not to serve those locations (often urban poor and rural locations) and reduce availability of payphones.

- Payphone services are relied on most heavily by low income and transient users who often do not have their own 1+ service, credit cards or cellular phones.

- LECs impose PICC in a discriminatory manner:
  -- Charged to 0+ PIC at LEC payphones.
  -- Charged to 1+ PIC at private payphones.
  -- Anticompetitive impact because 1+ PIC can pass on PICC to payphone provider, while 0+ PIC cannot.
  -- Michigan PSC found anticompetitive impact from similar discriminatory application of intrastate PICC.

- Payphone lines are more like single line business lines than multiline business lines
  -- separate ANIs,
  -- rarely used to conduct business
  -- located in non-business settings
  [note: Michigan PSC has determined that payphone lines are single line business lines for PICC purposes]

- Imposition of PICC charges on payphone providers through a combined SLC/PICC charge is consistent with FCC policy of assessing charges based on cost causation.

- Impact on ILECs would be minimal (less than 0.33% of access revenues)

PAYPHONE ACCESS CHARGES

Subscriber Line Charge (SLC)

- Under Modified CALLS proposal, nominal cap on single line business (SLB) SLC would go to $4.35 on July 1, 2000 and increase each year until it reaches $6.50 on July 1, 2003.

- Section 69.152(c) explicitly imposes multiline business (MLB) SLC on "public telephones." Continues under Modified CALLS proposal - averaged MLB SLC would go to lesser of $9.20 or amount set by formula in Modified CALLS proposal on July 1, 2000.

- SLC paid by payphone provider (LEC or private payphone owner).

Presubscribed Interexchange Carrier Charge (PICC)

- SLB PICC would be consolidated with SLB SLC and disappear as a separate charge under Modified CALLS proposal.

- MLB PICC would be capped at $4.31 on July 1, 2000 under Modified CALLS proposal (unless SLC cap reductions result in higher MLB PICC cap).

- Section 69.153 silent on assessment of PICC on payphone PICs, but LECs have imposed MLB PICC on them.

Discriminatory Application of PICC

- Most LEC payphones served by "0+" and a "1+" PIC.

    - 0+ calls are made by dialing operator and number to be called. Includes collect calls and calls billed to calling cards and credit cards.

    - 1+ calls are made by dialing 1 and number to be called. Typically paid by dropping coins into phone.

- LECs impose the MLB PICC on the 0+ PIC at LEC payphones and the 1+ PIC at private payphones. Where payphone chooses "no-PIC," PICC imposed directly on payphone provider.

Opticom/OCI Approach

- Opticom/OCI not requesting change in SLC imposed on payphones, just that PICC be folded into the SLC, as CALLS proposes for single line businesses.

- Could be implemented by treating all payphones same as "no-PIC" lines.