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October 30, 2000

EX PARTE – Via Electronic Filing

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, DC 20554

Re: Coalition for Affordable Local and Long Distance Service Proposal
CC Dockets 96-262, 94-1, 96-45, 99-249

Dear Ms. Salas:

On behalf of the Coalition for Affordable Local and Long Distance Service ("CALLS"), I submit the following information in response to an inquiry from Rich Lerner, Deputy Chief, Competitive Pricing Division, Common Carrier Bureau.

CALLS opposes the reconsideration petitions by One Call and Operator Communications, Inc. on substantive, as well as procedural grounds.

In their petitions and replies, One Call and Operator Communications, Inc. seek to have payphone lines treated as single line business lines, rather than multiline business lines. The Commission has already decided that payphones are multiline businesses. *See Implementation of the Pay Telephone Reclassification and Compensation Provision of the Telecommunications Act of 1996*, 11 FCC Rcd 20541, ¶ 187 (1996); Order on Reconsideration, *Implementation of the Pay Telephone Reclassification and Compensation Provision of the Telecommunications Act of 1996*, 11 FCC Rcd 21233, ¶¶ 205-208 (1996).

In addition, taking such an action would, over the longer term, not support cost-causative recovery of common line costs. Single line businesses are subject to a lower cap on subscriber line charges, which limits cost-causative recovery to a greater extent than does the cap on multiline business lines.

With respect to the multiline business PICC charge, the problem complained of is transitory, and will be best addressed by the timely completion of the scheduled increases in the primary residence and single line business SLC caps. The nationwide average multiline business PICC decreased on July 1, 2000, and will further decrease rapidly as those increases in primary residence and single line business SLCs are implemented.

In the *Sixth Report and Order*, the Commission decided not to charge PICCs to end users directly. The Commission recognized that doing so, before the SLC transition had been completed and before the Commission had an opportunity to evaluate its universal service and access charge transition, "would exaggerate the difference between business end-user charges in high cost and low cost areas and impact rate comparability between urban and rural areas." *Sixth Report and Order* at ¶ 107. The same is true with respect to payphone lines.

Were the Commission to attempt to exempt payphones from multiline business PICC charges, it would increase the multiline business PICC charges for other users, and in some areas increase per minute carrier common line charges. The latter effect would put upward pressure on long distance rates, including for residential consumers.

Section 276 does not compel the Commission to take these actions. Under Section 276, the Commission was directed to create a per call compensation scheme and to eliminate payphone service elements that previously had been included in access charges and "all intrastate and interstate payphone subsidies *from* basic exchange and exchange access revenues." The multiline business PICC is not a subsidy *from* basic exchange and exchange access revenues to deregulated payphone services.

The actions sought by One Call and Operator Communications, Inc. are therefore unnecessary and contrary to the balance of goals the Commission sought to achieve in the *Sixth Report and Order*.

This letter is being filed electronically in the above-captioned dockets.

Sincerely,

/s/

John T. Nakahata

Counsel to the Coalition for Affordable Local and Long Distance Service

JTN/krs
cc: Mr. Rich Lerner, Deputy Chief, Competitive Pricing Division, Common Carrier Bureau