The OSP limitation in the Commission's current compensation rules has no substantive importance. The only reason for the limitation is that the statute, TOCSIA, under which the Commission initiated the proceeding in which compensation was originally prescribed, was focused on regulation of "providers of operator service" rather than carriers generally, and thus did not expressly direct the Commission to consider payment of compensation by non-OSPs. <u>See</u> 47 U.S.C. § 226(e)(2). The limitation of compensation to OSPs, however, has created a loophole through which certain IXCs can seek to be excluded from the compensation obligation while their competitors must pay. Indeed, there is already one IXC which exceeds the $100 million threshold but refuses to pay dial-around compensation based upon its contention that it is not an OSP subject to the rules.[14]

A continuing exemption of non-OSPs from the compensation obligation could ultimately undermine the compensation scheme. As the Commission is well aware, dynamic changes are taking place in the telecommunications industry. It is not inconceivable that a number of IXCs that currently provide operator services may eliminate or out-source their operator functions. Such IXCs could continue to carry large volumes of access calls and subscriber 800 calls and argue that they are exempt from the compensation obligation due to a technical reading of the rules. The Commission should eliminate the OSP restriction to ensure that the integrity of the compensation rules is upheld.

The Commission has ample authority to effectuate such a change. The original purpose of the operator services limitation was, presumably, to stay within the confines of TOCSIA's mandate. But TOCSIA does not restrict the Commission's authority to order compensation from entities that are not OSPs. While the only <u>express</u> mandate in TOCSIA's compensation provision concerns OSPs, nothing in TOCSIA precludes the Commission from prescribing compensation for calls routed to other entities as well. To the contrary, the Commission has ample authority to prescribe compensation from non-OSPs under the Communications Act.

---

[13](...continued)
threshold for subscriber 800 calls.

[14]<u>See</u> Allnet's October 18, 1993 Request for Removal from List of Potential Payors of Prescribed PPO Compensation Rates Pursuant to Paragraphs 22 and 23 of the September 16, 1993 Reconsideration Decision in CC Docket No. 91-35 (filed January 26, 1994).

First, the Commission may invoke its ancillary jurisdiction under Title I of the Act to expand the class of IXCs obligated to pay compensation. The Commission has been given "broad responsibilities" to regulate all aspects of interstate communications by wire or radio by virtue of Section 2(a) (47 U.S.C. § 152(a)). Capital Cites Cable, Inc. v. Crisp, 467 U.S. 691, 701 (1984) (quoting United States v. Southwestern Cable Co., 392 U.S. 157 (1968)). Section 4(i) of the Act also provides that "the Commission may perform any and all acts, make such rules and regulations, and issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions." 47 U.S.C. § 154(i). The only limitation to the Commission's broad authority is that a proposed regulation or activity must be "reasonably ancillary to the effective performance of the Commission's various responsibilities." Southwestern Cable, 392 U.S. at 172-73. On the basis of this authority, the Commission frequently adopts rules that extend beyond the express provisions of the statute.

For example, in its implementation of the Telephone Disclosure and Dispute Resolution Act (TDDRA), the Commission relied upon its ancillary jurisdiction to extend the pay-per-call billing regulations mandated by the TDDRA to information services falling outside the statutory definition of "pay-per-call." See 47 C.F.R. § 64.1510(b); TDDRA Implementation, Order on Reconsideration and Further Notice of Proposed Rulemaking, 75 RR 2d 1247, 1249 (1994). Certain parties contended that the Commission lacked authority to extend the billing regulations to a class of calls outside the scope of the TDDRA. But the Commission disagreed. "Section 64.1510(b) [the expanded rule] is not inconsistent or incompatible with the statute," the Commission stated, "nor does the TDDRA restrict this Commission's ancillary jurisdiction under Title I of the Communications Act to impose additional regulations. . . ." Id.

Similarly, the Commission can invoke its ancillary jurisdiction to extend the compensation obligation beyond the OSPs covered by the express terms of TOCSIA to encompass non-OSPs. TOCSIA defined a new class of entities, "aggregators," which are subject to the Commission's jurisdiction, and directed the Commission to consider requiring certain kinds of carriers (i.e., providers of operator services) to pay compensation to certain kinds of aggregators (i.e., IPP providers) for the use of their payphones. As the Court of Appeals recognized, Congress' "primary purpose" in enacting the compensation provision was "to protect [IPP providers] from being fleeced . . . ." FPTA, 54 F.3d at 862. In doing so, Congress wanted to ensure that, at a minimum, the

Commission considered the need to prescribe compensation from OSPs. But Congress clearly did not intend to limit the Commission's discretion to go beyond that class of carriers if it determined it was in the public interest to do so. Indeed, Section 226(i) of the Act affirms that TOCSIA was not intended to limit the Commission's authority granted under other sections of the Act. 47 U.S.C. § 226(i). Thus, including non-OSPs within the compensation scheme is clearly within the Commission's authority granted under TOCSIA and the Act.

The Commission also has authority to expand the class of IXCs under Title II of the Act. Under Title II, common carriers enjoy a fundamental right to be reasonably compensated when required to make facilities available for public use. As early as 1984, when payphone competition first began, the Commission recognized that IPP providers are common carriers subject to the Act. Universal Payphone Corp., 58 RR 2d 76, 80 n.12. (1985).

It is indisputable that, under Section 201 of the Act, carriers are entitled to earn reasonable compensation when they are compelled to interconnect with other common carriers. 47 U.S.C. § 201; see, e.g., Lincoln Telephone and Telegraph Co. v. FCC, 659 F.2d 1092, 1108 (D.C. Cir. 1981). As a practical matter, IPP providers are compelled to deliver subscriber 800 calls and other dial-around calls to the networks of the IXCs. This is because (a) IPP providers are expressly prohibited from blocking OSP "access codes"; (b) there is no directory which comprehensively classifies 800, 950, and 10XXX numbers between (1) OSP access codes and (2) IXC access numbers, subscriber 800 numbers, and other dial-around numbers; (c) even if such a directory existed, there is not enough available memory in a payphone to enable it to distinguish between all OSP access code numbers -- which must be unblocked -- and all other 800, 950 and 10XXX numbers; (d) the Commission has made clear that the blocking of numbers at payphones is generally disapproved, cf. Telecommunications Research and Action Center v. Central Corp., Int'l Telecharge, Inc., et al., 4 FCC Rcd 2157 (1989); and (e) the payphones of the local exchange carriers allow free access to (non-OSP) IXC access numbers and subscriber 800 numbers; IPP providers must do the same in order to compete.

In any event, under Title II, IPP providers are entitled to be compensated for the services they render. See, e.g., Bud Antle, Inc. v. United States, 593 F.2d 865 (9th Cir. 1979)(holding that under the Interstate Commerce Act -- the Act from which the Communications Act was born -- a transporting carrier is not excused from compensating a shipping carrier, regardless of whether the shipping carrier "voluntarily" provides its services). Thus, the Commission has the authority under Title II to require compensation from all IXCs who receive subscriber 800 calls and access calls from IPP locations, not just those that provide operator services.

B. Additional Issues Concerning Subscriber 800 Compensation That Should Be Addressed.

1. Per-Call Compensation.

Compensation for subscriber 800 calls can and should be ordered on a per-call basis. Since IXCs can track access code 800 calls, they should also be able to track subscriber 800 calls. Indeed, IXCs receive and capture the Automatic Number Identifications ("ANIs") associated with subscriber 800 calls; in fact, they provide those ANIs to the subscriber. See, e.g., Calling Number Identification Service, 6 FCC Rcd 6752, 6753 (1992) ("ANI is also available through IXCs in conjunction with 800 [service]").

In addition, the LECs now have the ability to track subscriber 800 calls on a per-call basis.[15/] Thus, to the extent that any particular IXC lacks the technical ability to track subscriber 800 calls on a per-call basis, that IXC could rely on the per-call data generated by the LECs in order to verify the number of calls and amount of compensation due to any IPP provider.[16/] In short, there should be no technical barrier to prescribing compensation for subscriber 800 calls on a per-call basis.

[15/] See, e.g., Petition of Ameritech for Waiver of Part 69 of the Commission's Rules to Restructure its Rate to Establish a Pay Telephone Use Fee Rate Element, DA 95-1028, released May 4, 1995 ("Ameritech Per-Call Payphone Access Charge Petition"); and Petition of Southwestern Bell Telephone Company for Waiver of Part 69 of the Commission's Rules to Restructure its Rates to Establish a Pay Telephone Use Fee Rate Element, DA 95-1328, released June 14, 1995 ("SWBC Per-Call Payphone Access Charge Petition").

[16/] This should also apply to any IXCs or OSPs which may become subject to the per-call compensation requirement for access code calls, such as proposed by APCC and several state payphone associations. See n. 17, infra.

Moreover, from a policy perspective, per-call compensation is the most logical and sensible form of compensation. Indeed, the Commission has repeatedly expressed its preference for a per-call compensation system. See, e.g., First Report and Order, 6 FCC Rcd at 4745-46; and Second Report and Order, 7 FCC Rcd at 3252.

AT&T and Sprint, two of the largest IXCs, are already paying per-call compensation for access code calls.[17] And a rulemaking petition is pending to extend the per-call requirement for access code calls to at least two other carriers.[18] Thus, prescribing subscriber 800 compensation on a per-call basis should be relatively easy to administer, particularly with respect to the major carriers who already are, or may soon be, compensating IPP providers for access code calls on a per-call basis.

The modified rules should also make clear that LECs must make their payphone call tracking capabilities available to IPP providers operating in their territory.[19] This will provide a means for IPP providers to verify the number of compensable subscriber 800 calls routed from their payphones to each IXC.

2. Payment Mechanism.

The payment system for subscriber 800 calls can build upon the payment system that the Commission ultimately adopts for per-call access code call compensation. In the Per-Call Rulemaking Petition, APCC and the state payphone associations have proposed that the Commission continue the direct billing mechanism currently used for flat-rate access code call compensation, but that the IXC will send back to the IPP provider a statement indicating the

[17] See Operator Service Access and Pay Telephone Compensation, Memorandum Opinion and Order, DA 94-1612 (released December 29, 1994) ("AT&T Waiver Grant"); and Memorandum Opinion and Order, 10 FCC Rcd 5490 (1995) ("Sprint Waiver Grant").

[18] In the Matter of Petition of the American Public Communications Council and State Payphone Associations to Initiate, on an Expedited Basis, a Rulemaking Proceeding to Amend Section 64.1301 of the Commission's Regulations to Establish Per-Call Compensation of Independent Public Payphone Providers for Access Code Calls ("Per-Call Compensation Petition"), filed July 19, 1994.

[19] See Comments of APCC filed June 5, 1995, in response to Ameritech's Per-Call Payphone Access Charge Petition, supra.

number of access code calls made from each IPP phone line. Likewise, for subscriber 800 compensation, the IXCs could send IPP providers a statement indicating the number of subscriber 800 calls made for each IPP phone line. Furthermore, in light of the LEC's ability to track dial-around calling on a per-call basis,[20] or other technological developments, other tracking and payment mechanisms may need to be explored.

3. Size Of Entities Required To Pay Compensation.

The Commission may exempt certain IXCs from the compensation obligation if their annual toll revenues are below a *de minimis* threshold. The $100 million threshold that currently determines which IXCs are required to pay access code call compensation may not be the appropriate cut-off for the IXCs that should pay subscriber 800 compensation since the structure of the subscriber 800 market may be different from the structure of the access code market. Thus, the Commission should seek comment on whether a revenue threshold should be established and, if so, at what level.

4. Scope Of Compensable Calls.

Any definition of subscriber 800 calls subject to compensation should be flexible enough to include the new "888" toll-free numbers which are scheduled to be activated as early as next April.[21] The Commission should ensure that its definition of compensable calls is flexible enough to encompass all current and future forms of dial-around calling.

5. Amount of Compensation.

The Commission should seek comment on the appropriate amount of compensation for subscriber 800 calls.

---

[20] See, e.g., Ameritech Per-Call Payphone Access Charge Petition, supra.

[21] In addition, other dialing sequences may in the future generate substantial dial-around traffic from IPPs that produces revenue for the IXC. In that event, the same considerations that require prescription of compensation for subscriber 800 calls would also require prescription of compensation for such future forms of dial-around traffic.

6. Set Use Fee vs. Carrier Fee.

The Commission should seek comment on whether to prescribe compensation for subscriber 800 calls in the form of a "set use fee," such as has been adopted in California for intraLATA calls. Under the set use fee model, the compensation obligation falls upon the end-user of the service -- in this case, the 800 number subscriber -- rather than the IXC. The IXC, in turn, is required to bill the end-user -- again, in this case, the 800 service subscriber -- for the charge and remit the fee to the IPP provider.

CONCLUSION

The Commission should promptly initiate a rulemaking proceeding to amend Section 64.1301 of its rules to (a) prescribe per-call compensation for subscriber 800 calls, and (b) require non-OSPs to pay compensation for all types of dial-around calls.

Sincerely,

Albert Kramer

Albert H. Kramer
Robert F. Aldrich
David B. Jeppsen

Attorneys for the American Public Communications Council

AHK:RFA:DJB:jlq

cc: Mary Beth Richards
John Nakahata
Lauren J. "Peto" Belvin
James R. Coltharp
Richard Welch
James L. Casserly
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Service List in FPTA v. FCC

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ATTACHMENT 1

SPRINT EX PARTE LETTER

EX PARTE OR LATE FILED

Sprint

1850 M Street, N.W., Suite 1100
Washington, D.C. 20036

DOCKET FILE COPY ORIGINAL December 23, 1994

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DEC 23 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EX PARTE PRESENTATION

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: *CC Docket No. 92-77 - Billed Party Preference*

Dear Mr. Caton:

This letter responds to an informal request of the Common Carrier Bureau staff for information regarding the amount of dial-around traffic from payphones located in areas served by Sprint's local exchange carriers. In order to gather such information, Sprint processed call records for a 14-day period for all calls originating from LEC-owned and privately-owned payphones in the following operating territories of Sprint's local exchange division:[1]

Carolina Tel. and Tel.	(North Carolina)
United-Southeast	(Tennessee, South Carolina, Virginia)
United North Central	(Ohio, Indiana)
United Midwest	(Kansas, Minnesota, Missouri, Nebraska, Texas)
United Northwest	(Oregon, Washington)

[1] These units account for nearly half of Sprint's total access lines.

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List ABCDE

Mr. William F. Caton
Page Two
December 23, 1994

These phones generated a total of 10,699,872 interLATA call attempts ("calls"). After excluding 1+ coin-sent-paid calls, calls to directory assistance, to 900 numbers, and to commercial 800 subscriber numbers, the total number of calls was reduced to 2,685,311. Of these calls, 55.9% were placed on a 0+ basis and 44.1% were placed using 1-800 access codes[2] or 10XXX or 950 numbers. Of the total dial-around calling (amounting to 1,184,132 calls) roughly half -- or 615,765 -- used 800 access codes, and nearly half -- 568,367 -- used 10XXX/950 codes.

This study also enabled Sprint to determine the ratio of 800 subscriber calls as compared with 800 access code calls. The study showed that 3,287,156 calls were made to 800 subscriber numbers and 615,765 calls were placed to 800 access codes. Thus, only 15.8% of all 800 calls were operator services dial-around calls.

An original and one copy of this letter are being filed.

Respectfully submitted,

H. Richard Juhnke
General Attorney

c: Mark Nadel
Gary Phillips

[2] Sprint does not warrant that it identified all 800 numbers used as operator services access codes -- indeed, Sprint is not aware that anyone in the industry has a comprehensive list of such codes. However, the 800 numbers identified as operator service access codes for purposes of this study included the 800 numbers of the four largest IXCs and other carriers as well.

ATTACHMENT 2

ACCESS CODE CALLS AND SUBSCRIBER 800 CALLS RECORDED BY A MULTI-STATE IPP PROVIDER DURING A SEVEN-MONTH PERIOD

ACCESS CODE CALLS AND SUBSCRIBER 800 CALLS RECORDED BY A MULTI-STATE IPP PROVIDER DURING A SEVEN-MONTH PERIOD

Month	6/93	7/93	8/93	9/93	10/92	11/93	12/93
NUMBER OF PAYPHONES	506	577	619	668	725	834	911
10XXX	7,191	9,601	12,798	11,789	9,335	9,392	8,511
950-XXXX	2,311	2,083	2,272	2,208	1,849	1,817	1,705
800 ACCESS[1]	9,781	12,424	14,749	14,420	12,995	12,875	12,078
TOTAL ACCESS CODE	19,283	24,108	29,819	28,427	24,179	24,084	22,294
SUBSCRIBER 800	37,271	46,639	55,012	55,367	48,470	49,878	45,534
TOTAL DIAL-AROUND	56,554	70,747	84,831	83,794	72,649	73,962	67,828

[1] 800 access traffic was calculated by adding up the number of calls made to each 800 number known to be a carrier access code.

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SEP 28 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

Re: CC Docket No. 96-128

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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September 25, 1998

NOTICE OF EX PARTE PRESENTATION

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

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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 outpulsing 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 outpulsing 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.

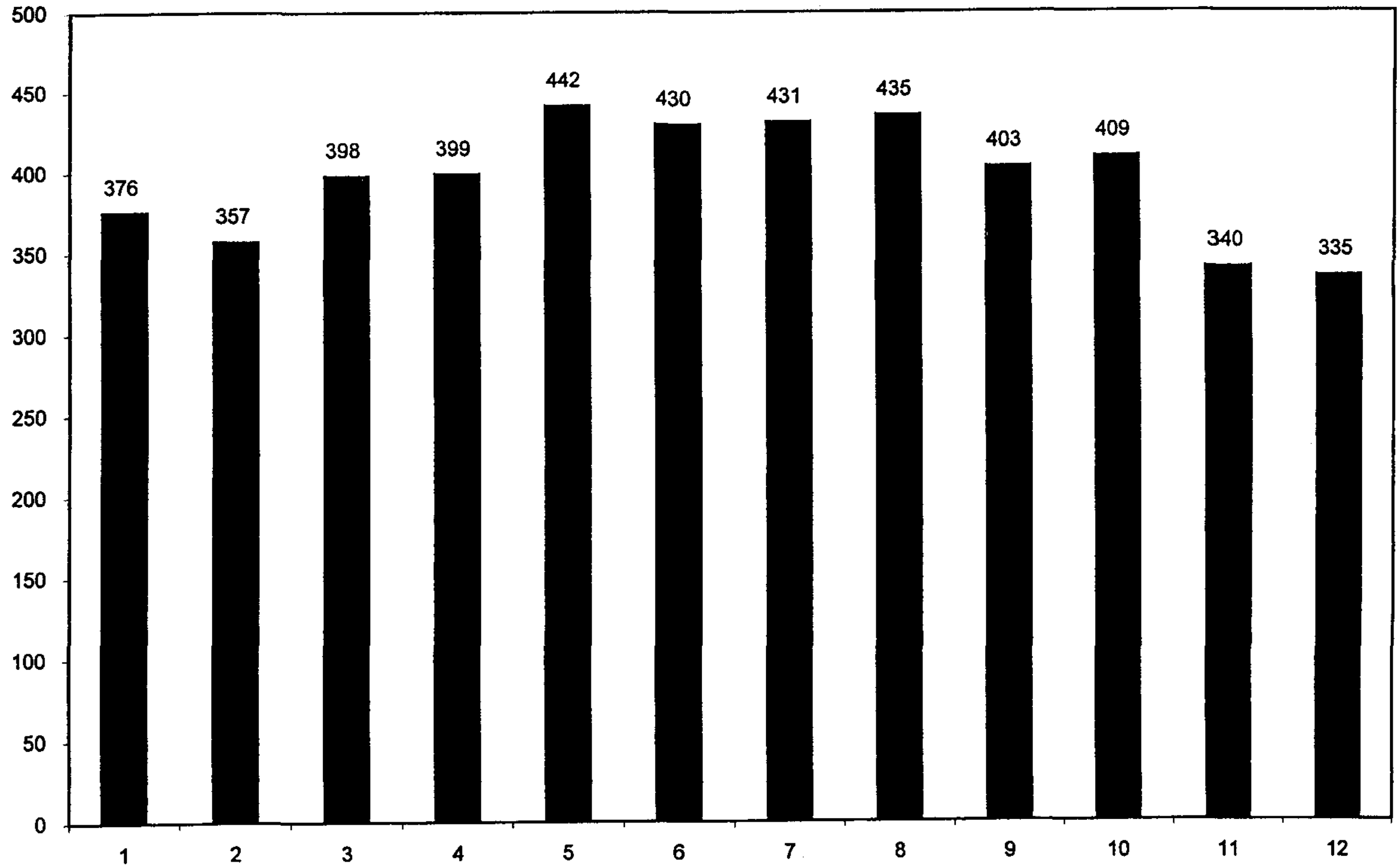
The average percentages of coin and noncoin calling in 1997 were 68 percent coin and 32 percent noncoin. In 1996, the average percentages were 72 percent coin and 28 percent noncoin.

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

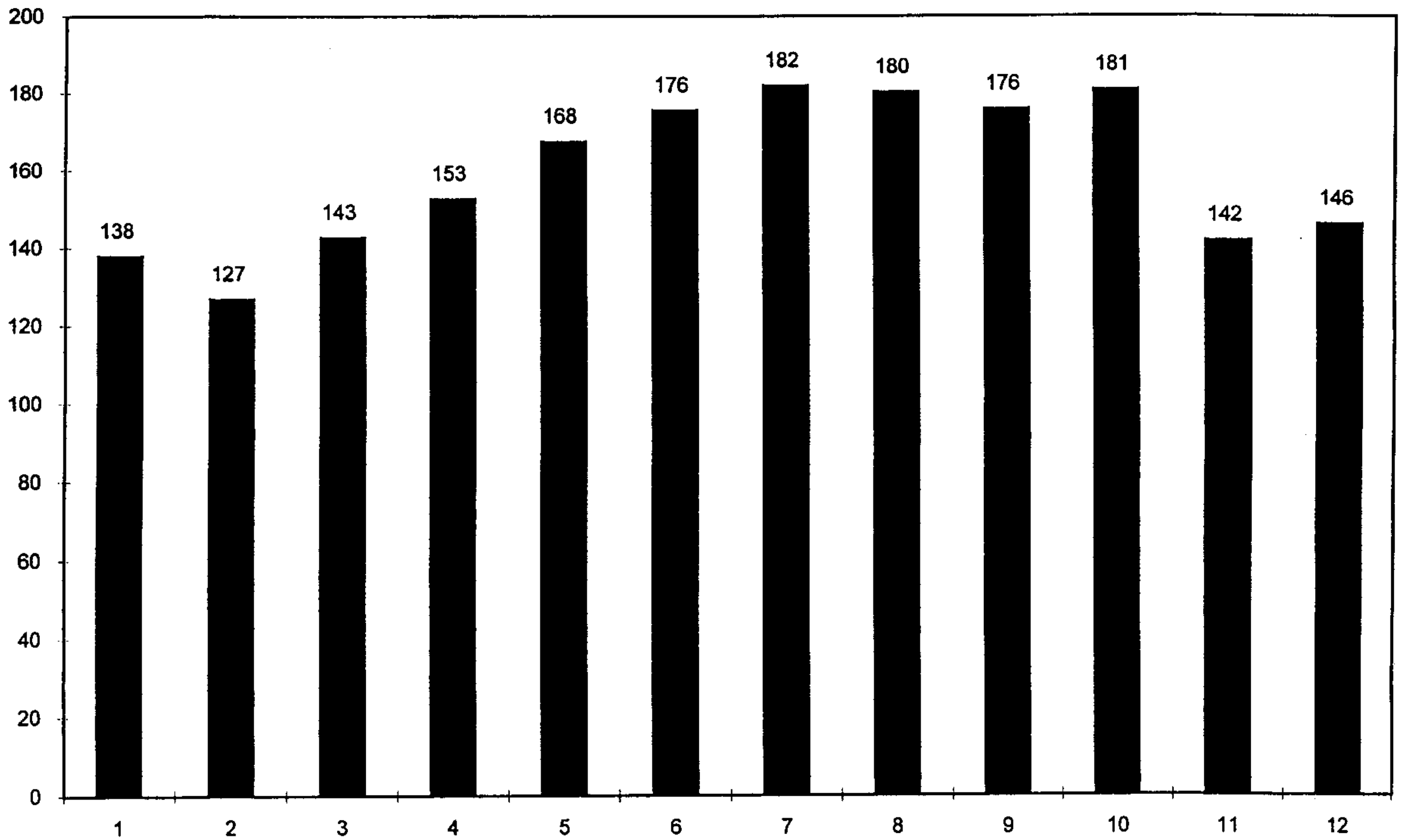
Industry Statistics													
Average per ANI													
Year/Month	***9701***	***9702***	***9703***	***9704***	***9705***	***9706***	***9707***	***9708***	**9709**	**9710**	**9711**	***9712***	***12-mo Avg***
No. of ANIs	*3,644*	*4,754*	*4,964*	*5,093*	*5,753*	*5,832*	*6,218*	*5,942*	*5,522*	*5,189*	*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



'/14/98

1997: Total Dial Around Calls By Month
9701-9712



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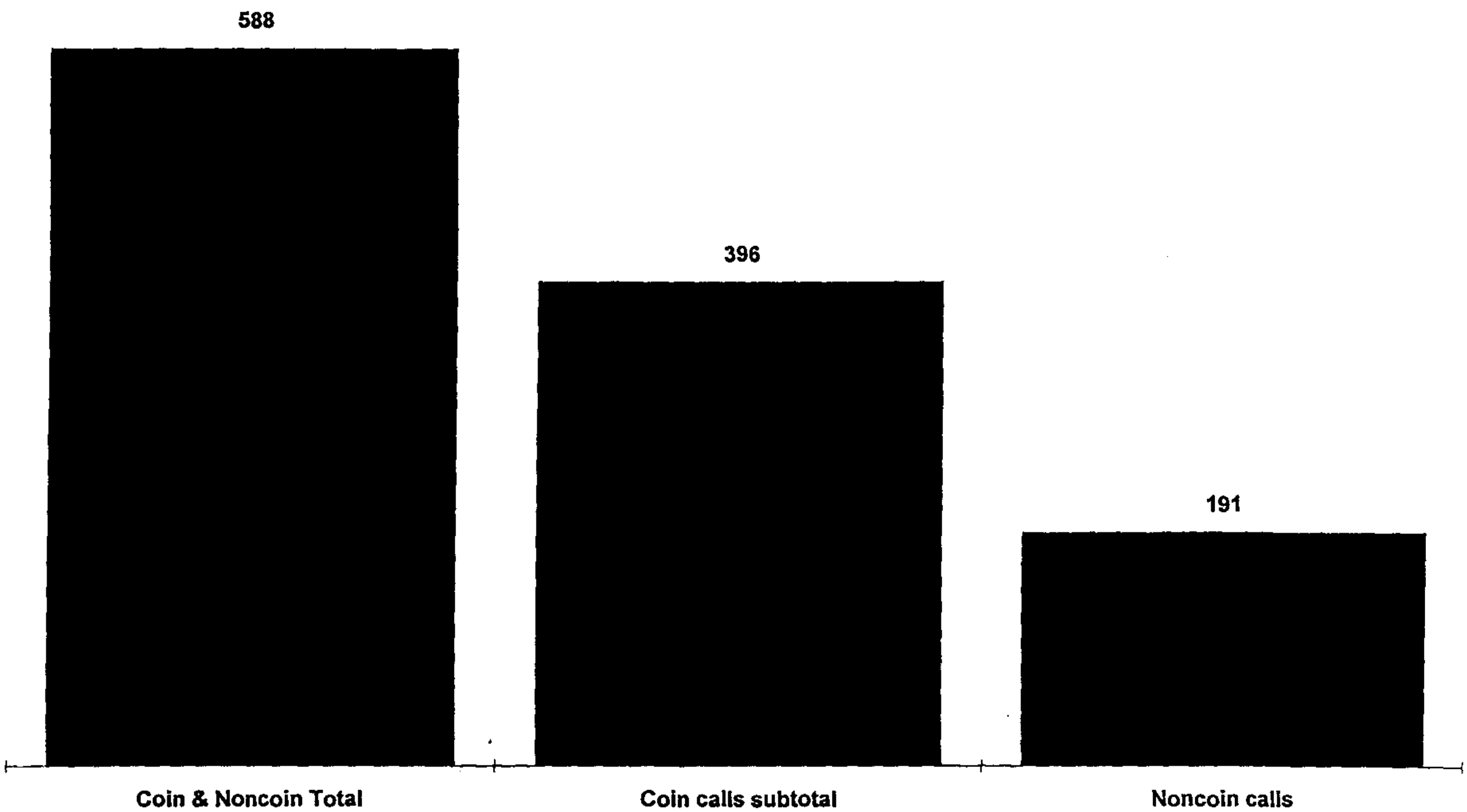
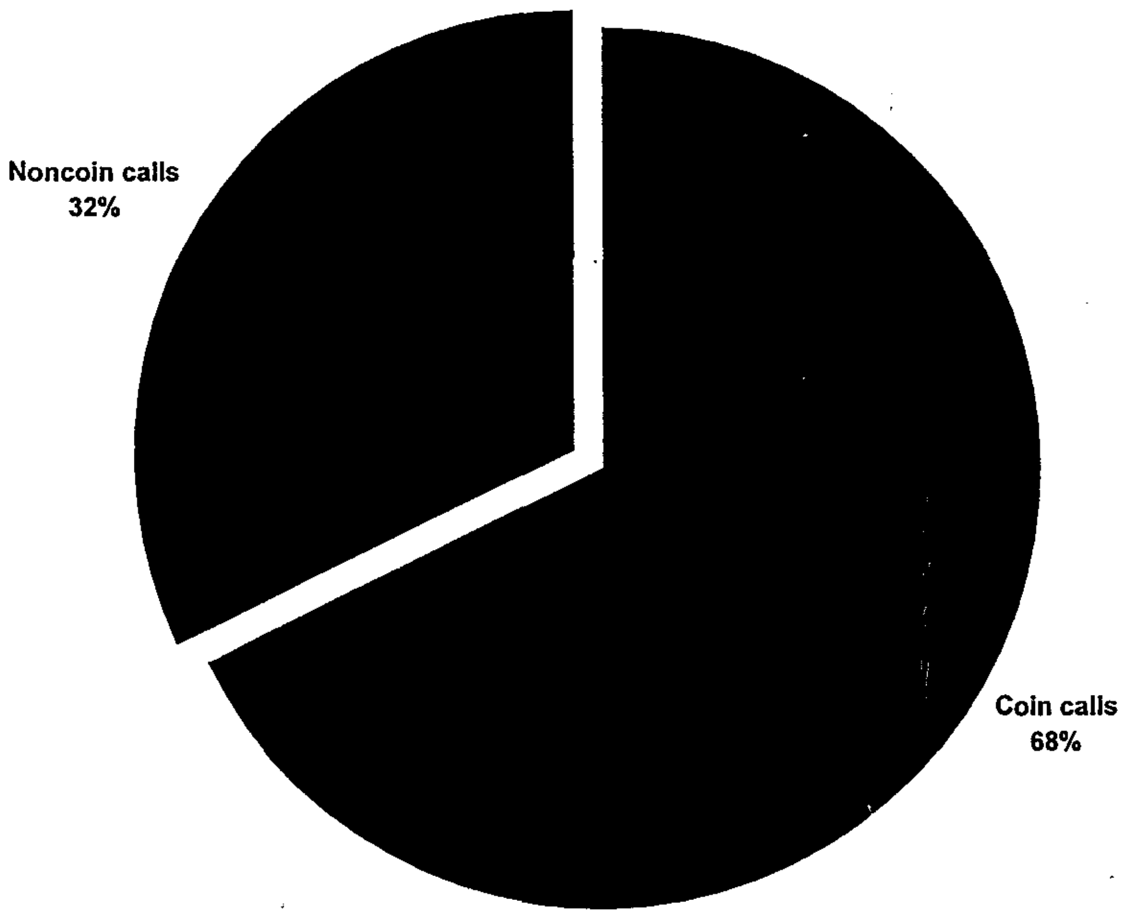
Coin & Noncoin Calls
12-Month Average: 9701-9712
(Average per ANI)



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



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Industry Dial Around Statistics, 5/16/97

Industry Statistics												
Average per ANI												
Year/Month	*9601*	*9602*	*9603*	*9604*	*9605*	*9606*	*9607*	*9608*	*9609*	*9610*	*9611*	*9612*
No. of ANIs		*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
Matched Access		31	40	38	44	39	46	49	35	39	38	32
Matched PrePaid		3	3	3	3	4	7	7	6	6	5	4
Nonmatched Calls		75	98	96	102	107	111	122	103	130	126	119
411		10	11	11	13	15	14	12	14	12	10	11
555		1	2	2	1	2	2	2	2	3	2	2
0-		11	10	10	11	12	13	11	9	8	7	7
00-		1	1	1	1	2	2	2	2	3	2	2
0+		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
Matched Access		*20*	*20*	*20*	*21*	*19*	*21*	*21*	*18*	*18*	*18*	*17*
Matched PrePaid		*2*	*2*	*2*	*2*	*2*	*3*	*3*	*3*	*3*	*3*	*2*
Nonmatched Calls		*47*	*50*	*51*	*50*	*52*	*51*	*53*	*54*	*59*	*60*	*61*
411		*6*	*6*	*6*	*6*	*7*	*6*	*5*	*7*	*6*	*5*	*6*
555		*0*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
0-		*7*	*5*	*6*	*6*	*6*	*6*	*5*	*5*	*4*	*4*	*4*
00-		*1*	*0*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*	*1*
0+		*18*	*16*	*14*	*13*	*12*	*11*	*12*	*11*	*9*	*9*	*8*
Carrier Percentages												
Matched Access												
AT&T		50	48	49	47	49	47	50	49	49	48	47
MCI		28	28	30	32	31	32	33	30	28	28	29
Sprint		7	8	8	8	7	8	8	7	7	7	7
LDDS Worldcom		10	10	7	6	5	7	1	7	8	9	8
Frontier/Allnet		1	2	1	1	1	1	0	1	2	2	1
Total Matched %		*96*	*95*	*95*	*94*	*94*	*95*	*93*	*94*	*94*	*94*	*93*
Matched PrePaid												
AT&T		6	7	5	4	4	3	0	5	6	6	6
MCI		11	10	9	8	7	6	3	3	4	6	5
Sprint		6	6	6	7	8	5	7	6	5	6	9