Sprint

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Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TWB-204
Washington, DC 20554

Re: **Ex Parte Communication**

Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996
CC Docket No. 96-128

Dear Ms. Dortch:

At the request of Wireline Competition Bureau staff, Sprint Corporation submits this letter to provide additional information about the costs associated with certain of the American Public Communications Council, Inc.'s ("APCC") requests for additional tracking and reporting obligations on carriers for coinless payphone calls.

APCC has asked, among other things, that the Commission require carriers to track and report noncompleted calls and capture and record the duration of all calls. As Sprint and other carriers have already pointed out in comments in this docket (see, e.g., Sprint's February 10, 2004 comments and February 23, 2004 reply), noncompleted calls are irrelevant to payphone compensation issues, because they are by definition ineligible for compensation to payphone owners. Call duration is irrelevant because compensation for completed calls is paid on a per-call basis, regardless of call length, and duration is a highly unreliable indicator of whether a call was actually completed.

Moreover, as should already be established in the record, existing carrier systems do not generally track or record noncompleted calls, nor the duration of all calls. Noncompleted calls are not billable for the carrier, and, for the vast majority of local calls, duration has no significance for billing purposes. Modifying interexchange ("IXC") and local exchange carrier ("LEC") networks to meet these further demands by APCC simply cannot be cost-justified, given the tiny percentage of total network traffic (a small fraction of 1%) that is payphone-originated coinless calling and the minimal benefit, if any, that these additional requirements would offer payphone owners. Carrier systems are already being audited to confirm their reliability, in any event.

In arguing for tracking and reporting of noncompleted calls and for tracking and storage of call duration, APCC ignores the huge costs that such requirements would impose on carriers, particularly LECs. Like other local exchange carriers, Sprint's LEC operations do not track noncompleted calls. Local exchanges do not all offer measured local service, and their billing is not duration-sensitive. Sprint cannot calculate costs with certainty, but it estimates that modifying its LEC network for these purposes would cost $9 million or more and require at least six and as much as twelve months development time. These costs would be dozens of times the total payphone compensation paid annually by Sprint's LEC operations. In addition, Sprint's IXC operations do not track noncompleted calls, and modifying its network for these purposes would cost as much as $1 million and require at least several months development time. Moreover, the added operational costs could exceed $1 million per year company-wide – and all at a time of declining IXC and LEC revenues. Costs such as these would be experienced by carriers across the nation, including by non-Bell LECs that handle few coinless payphone calls.

The Commission should also realize that in these difficult times, carriers' IT resources are severely limited. Carriers are already taxing resources to implement the new payphone compensation rules and to complete audits of their tracking, reporting, and compensation systems. Rather than straining these resources further for additional payphone-related requirements that cannot be cost-justified, IT resources should instead be focused on increasing efficiency, improving billing, and supporting new services for customers.

APCC's advocacy seems intended to impose so many costs and conditions on carriers that only the largest would be able to handle payphone compensation – thus gutting the new rules' requirement that all switch-based carriers are responsible for their own compensation liability. The fact that APCC continues to press such grossly unrealistic demands should be weighed in the Commission's assessment of any request that it puts forward in this docket.

Sincerely,

John E. Benedict

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