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Federal Communications Commission
Office of the Secretary

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----- Original Message -----

From: Tom Bade
To: kjmweb@fcc.gov ; Richard Griffin
Sent: Thursday, August 10, 2006 6:28 PM
Subject: Re: TPA Membership Update

Chairman Martin:

A friend of mine recently sent the letter below by email to you because of his frustration with his recent Dial Around Compensation payment. I want you to know that I am just as frustrated with a system that is not enforced and designed to fail. Please help us before there are no payphones. This is the only universal service for the poor and homeless!

My hope is that other providers, who are not happy with the FCCs compensation program, they will let you know at: kjmweb@fcc.gov and forward this to other pay phone providers that they know, as well.

Tom Bade

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8/18/2006

August 9, 2006

Honorable Kevin J. Martin

Chairman

Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Martin:

My name is Jack Garrett and I am president of Arizona Coin Telephone, Inc., a small payphone provider in Phoenix Arizona. I started this business with my partner in 1993 with 1 phone and by the late 1990's had built the business to about 150 phones. Sadly, that number has dropped to 84 and is continuing to decline each month as our revenues decrease.

The main reason our revenue is declining is because the carriers are not paying dial around compensation for many of the 800 calls originating from our payphones. Our quarterly dial around payment for the 1st quarter of 2006 was down almost 50% from the previous quarter. We asked our local exchange carrier for a complete list of all 800 calls made from our phones for that quarter. Removing almost 7,000 calls under 45 seconds, some of which were probably completed calls, and calls to 800 numbers that are not eligible for dial around compensation, we should have received payment for 22,785 calls. We actually received payment for 16,354 calls; the difference, 6,431 calls at .494 cents per call, is over \$3,176. This amount is significant to us.

Our dial around revenue per phone is now lower than it was before the amount per call was doubled in September of 2004. I'm sure you can imagine what your personal situation would be like if your income was reduced by 50% or if the FCC's budget was reduced by this amount. You could not continue to operate and neither can we.

The most serious problem we face in our industry is collecting the dial around compensation for 800 calls mandated by Congress. The method of collection that the FCC has established is just not working. A system forcing small individual payphone companies to chase large well financed carriers, along with hundreds of smaller carriers, to collect the amounts owed to them doesn't make sense and is designed to fail. The payments vary widely from quarter to quarter; we have phones that have been averaging over 1,200 dial around calls per quarter for over a year that are now being compensated at a rate of less than 400 calls.

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I don't know of anyone in our industry that doesn't believe that the carriers are under paying payphone providers by substantial amounts. Of all of the carriers we deal with, the ones that show the most variation from quarter to quarter are Qwest and AT&T. We strongly feel that they are seriously underpaying all payphone providers.

The purpose of my letter is to request that you ask two industry representative carriers, Qwest and AT&T, to provide the FCC with the total number of 800 calls that they have billed their customers a pay telephone surcharge on for the past 2 quarters and the number of calls that they have paid compensation to payphone providers during that same period. For Qwest, please request this data for both Qwest the ILEC (U.S. West) and Qwest LD. A substantial difference between these numbers will confirm the problem I am describing.

I know that these carriers will not open their books to our national association, APCC; but, perhaps they will provide it to the FCC if you formally request that they do so. We know that these carriers have this information and can make it available if they choose to do it. After all, they are collecting revenue on every 800 call that goes over their networks and they must account for this revenue.

Thank you for your cooperation and I look forward to your response.

Very truly yours,

Jack Garrett

President

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