

5/15/97

VICKI ELLIOTT: Today we're here for UT-970301, a rule making for pay telephone services. Just as a reminder, if you haven't signed in, we'd appreciate it if you do so. So you can't have any coffee until you sign in. Our purpose today is to really discuss the issues identified by our notice dated April 23, which is also back there if you haven't had a copy of it yet. We're looking to implement the FCC orders regarding pay telephones that came out of the Telcom Act of 96 and also to provide any appropriate consumer protections for the pay phone industry. Today, staff doesn't particularly have a position. We just want to identify the issues and have a discussion. So today we won't really be making any decisions, it's really to hear more what the stakeholders have to say. Another reminder, when you speak, if you'd speak into the microphone and identify yourself, that would be helpful; I think we have some people in the conference bridge that are not in the room, so they know who's speaking. And maybe we can start then with introductions. Maybe the conference bridge can start. Is there anyone on the phones? No?

DOUG BRENT: Uh, yes. Doug Brent from World Com.

VICKI ELLIOTT: Okay. Is there anyone else on the conference bridge that's called in today? Okay, Thanks. Then we'll just go around and do introduction. Thanks.

TIM ZAWISLAK: Tim Zawislak, Commission staff.

SUZANNE STILLWELL: I'm Suzanne Stillwell with Commission staff, Consumer Affairs.

TIM SWEENEY: Tim Sweeney, Public Affairs with Commission staff.

SIMON FFITCH: Simon Ffitch, Attorney General's office, Public Counsel Section.

CHUCK TRUMAN: Chuck Truman with Digital Access Communication, we're a payphone service provider.

BROOKS HARLOW: Brooks Harlow, attorney for the Northwest Payphone Association.

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STEVEN WHITE: Steven White with NCF Communications, a private provider.

STEPHANIE BURST: Stephanie Burst, Telephone Operations Manager, City of Seattle

BOB CATUR: Bob Catur with US WEST.

THERESA JENSEN: Theresa Jensen, with US West.

RON GAYMAN: Ron Gaymen with AT&T.

DON DENNIS: Don Dennis, PTI Communications.

STEVE HANSON: Steve Hanson, Tenino Telephone.

GAIL LONG: Gail Long, --- Telecom.

RICK FINNIGAN: Rick Finnegan, Washington Independent Telephone Association.

GLEN HARRIS: Glen Harris, Sprint United.

JOAN GAGE: Joan Gage, GTE.

TOM GOHRMAN: Tom Gohrman, Yelm Telephone.

VICKI ELLIOTT: (Indecipherable - audience introducing themselves.)

VICKI ELLIOTT: This is our support group back here, Commission staff. (Laughter) Okay, Thanks. I'll go over just real briefly what we're going to cover today. We're going to start with public interest payphones. Tim Sweeney from staff is going to lead that discussion and he has another commitment later in the morning so we'll start with that. Then, we'll talk about

disclosure, what's appropriate disclosure at the payphones and Suzanne Stillwell will talk about that. I'll talk a little bit about minimum service standards and consumer complaints. Suzanne will talk some about some other rule changes that we have. And then Tim will talk about inter-company disputes and the kind of transactions that go on between the companies. So, is there any questions before we get started? No? Okay. Tim, do you want to...

SWEENEY: Good morning, I'm going to start with public interest payphones. I thought what I'd do is lay a quick background of what the Act said and what I think the order says and then you all will have a chance to tell me if I'm wrong. I'd like to just try to identify some questions or at least where we might be some agreement on the interpretation. I'm going to start with what I think is kind of the crux of the issue. The Federal Act, as I understood it, ordered the FCC to determine whether or not public interest phones, that is, phones which meet a public health, safety, or welfare role in locations where they otherwise would not be, whether they should exist and then to ensure that the maintenance is done fairly and equitably. That's how I understand the act to read. And then the Commission, in its order, agreed that as competition develops less profitable, yet public service type phones, might disappear, they actually did perceive a problem. But felt that states and local governments were in the best situation to determine which phones would be in jeopardy and then leave it up to the states to determine how to support them. They did provide us with quite few guidelines. In particular, I guess the most key one is a more specific definition, as I understand the definition, "Public Interest Payphones are payphones which fulfill a public policy objective in health, safety, and welfare, is not provided for by a location provider with an existing contract for the provision of a payphone (we'll probably want to explore that one a bit) and would not otherwise exist as the result of a competitive market place." The role of the state is to take a lead in determining, in my mind, the threshold question of whether such public interest phones should be maintained in this state and if so, how do we ensure that it's supported fairly and equitably. And one of the, and maybe this is kind of jumping ahead, one of the questions I'd like to explore is the difference between setting up a, quote, public interest payphones program with a public interest payphones mechanism or having a more, for want of a better term, ad hoc policy of supporting public interest phones but leaving it up to local governments to do it. As I understand it, if you have a very specific mechanism, called a public

interest payphone mechanism, you have some restrictions on how that money can be used. Whereas a local government through contracting with payphone providers would have a lot more flexibility. For instance, be able to provide public interest payphones, in their mind, you can't use the word, "in competition" with other providers, because as I understand the order, public interest payphones supported phones cannot be, we'll have to figure out how close phones can be to other competitions, and also the issue of contracting, can a payphone provider or a location that already has a contract, a competitive contract receive subsidy through the public interest payphones. So, those two issues that we have to sort out if we have a very visible public interest payphone as opposed to a more, less FCC oriented program which is supporting, having local governments play a role in providing payphones where'd they would like to have them. I'll let you take shots at what I guess I'm... Laughter...Audience comments, indecipherable...There are a number of questions. Actually, it's Monday, it was hard to organize my thoughts on this, but, as I understand the order, if there are some restrictions on how, if there is a public interest payphone mechanism there are some specific restrictions that the FCC would put on how that money can be used. For instance, it could not, we would have to determine the criteria by which that mechanism, or criteria by which the payphone would qualify. Some of that criteria would include how close it would be to a competitive payphone, that's one issue. And I believe the order went into actually tossing out some of yardage distance, or at least an example of one. So we'd have to figure that aspect of it. There's another aspect of it that is a kind of grey area in here. And it seems to conflict in one area, but, one: it says that it can't go to support a payphone on a location, or a location provider, could not receive a support if it already has a contract, a competitive payphone contract. Now, what I didn't understand was, is that for the location or are talking like Southland Corp where they have a competitive contract for probably 3,000 of their 7-11's, but not that other one. Are we talking about the payphone provider or the location? Now, take that aside and say what if it's very important that we ensure that we have payphones where we need to have them and we call together local governments and state government and work out a task force or whatever mechanism it is and we say through our contracts for when we contract with payphone providers we make sure that in addition to giving away our competitive sites we make sure that we have payphones in our less profitable sites. Now how does that fit in to a public interest payphone program?

UNIDENTIFIED FEMALE: I have a question. City of Seattle, we have lots of those...

UNIDENTIFIED MALE: Indecipherable.

UNIDENTIFIED FEMALE: ... is there anything in your interpretation that would indicate that the City can chose to bundle all their payphones, and it's an all-or-nothing kind of situation when you go out to bid.

SWEENEY: That's where I'd like to have some discussion because there's that nice little word called "voluntary" in string of, the order that says that cities could do that in a voluntary contract and I don't see anything wrong with it, but maybe somebody does. Go ahead.

HARRIS: I'm not prepared to comment directly on that question but generally speaking, as I understood what you said, we support very much the idea of, and I think this is what you mean, that instead of having any kind of public payphone program mechanism definition in the regulations, essentially government entities would simply be customers of whatever payphone vendor they chose and if they wanted to put payphones in what they consider public interest locations as one of the customers of this vendor they would do so and that's the entire extent of the public payphone approach.

SWEENEY: It would be a contractual relationship where you would sit down and say, "Here's your portfolio of locations, this one's losing money, this one's makes a lot of money, it's a wash, or you have to compensate us or we compensate you."

HARRIS: I understand there would have to be details worked out about that but that's pretty much the approach that we like.

UNIDENTIFIED MALE voice: It seems to me that there's two different areas: one, you've got port authorities and larger cities that have some areas that may be attractive to a provider to bid on; you've also have the rural areas where you've got the National Park Service where they'd

like to have payphones near recreational facilities for emergency purposes. Most of those locations are not going to be profitable. So if you're expecting like a federal agency to step up and contract with someone and subsidize those phones I think that's going to be a problem. So it seems to that you've got to look at it from two aspects. One, the more populous areas where you might have the profitable phones and the more rural areas where it's going to be difficult to find locations to make a profit.

HARLOW: I'll be happy to answer your questions definitely as I mentioned earlier as I mentioned to you earlier. This is Brooks Harlow, I represent the Northwest Payphone Associations, and these are competitive, basically non-local exchange companies payphone providers. I think Rick may be right about rural areas. But certainly a city the size of Seattle it's very likely that there wouldn't be a public interest payphone anywhere in the city of Seattle because you have so many profitable phones that you probably could enter into a contract that would bundle all the locations where you want service as well as the locations where the provider might want to place service because they think it would be a profitable location. And I think that would be overall very profitable contract. We would agree in that case the location provider, in this case the city with its parks, with its sidewalks and streets, and so forth, could, as part of its contract with a provider, a single or even multiple providers, specify non-profitable locations where the city wants phones that would in effect be supported by the other phones, but the contract as a whole would be profitable. We think that's probably consistent with the Act and consistent with public interest of the state.

HARRIS: This is Glen Harris again. We've given this a fair amount of thought and in rural areas yes, you would have to view it as one method for the taxpayers to subsidize the public interest phones that the city, county, the state, whoever, was willing to enter into the contract and pay to have those phones placed there. It would be taxpayer money, but so it would be through any other subsidy mechanism that we came up with, through the State.

SWEENEY: With the exception that you wouldn't have to necessarily follow the guidelines in the public interest payphone order.

HARLOW: One of the things you need to remember when you think about public interest payphones is that every payphone is at some kind of a site and that public interest payphones probably would be in areas like next to a swimming pool where you need to have a payphone, typically it's a requirement of local or state codes that there be a payphone or some kind of telephone available at a swimming pool. A boat launch, a city park, all these facilities are owned by somebody, usually the county or the city, perhaps a port authority, perhaps the National Park Service, and when you really start looking at public interest phones the way they did in California and a few other states what you find, and what I hope we can gain from the experience of the other states, is really there are very few public interest locations simply because of that factor, yes, you have the boat launch that gets one phone call every week but it's owned by the county who also happens to have the fairgrounds or some other highly profitable location that can be tied together, so I like to make a distinction between what I call the "lifeline" payphone which would be that payphone at the boat launch, but it's not necessarily a public interest phone just because it's important to be there because it may be able to be provided through the contract mechanism.

UNIDENTIFIED MALE voice: There may well be a number of instances, as Brooks' has just mentioned, where you can do a contract type of approach but I think there's going to be a lot where it doesn't work. You've got another area where you generally want to have a payphone is at the schools. School districts aren't, don't have a profitable location to trade off so how are they going to support a contract given the limited budgets that school districts have? Another example, again the one I used earlier, of the Federal Park Services, you're all aware that they're going to user fees just to try to keep their budget where it is. I don't they're going to be likely to have a lot of profitable locations. Maybe they do, I can't think of very many.

SWEENEY: I wouldn't want to have this conversations and not go into the specific issue of how we might set up a state public interest payphone. I wanted to get this topic fully flushed out. As I said, you mentioned the potential tax flow through a contract and yet if we do a very specific tax program then it has to meet the FCC order of a public interest payphone and we have to focus close on the criteria, but the notion of using contracts seemed to have a lot of flexibility and seemed to be a good threshold. I think U S WEST talked about how they're going through now

systematically and redoing their payphones. And it seems like it's good to get that part of it done and then see where the gaps are and then have a program for it from that standpoint. Now then the question is, how would we support it? As I understand it, the FCC order suggests that it could be general fund and there are certainly lots of general fund dollars. I don't know if it fits under the 606 Initiative. But, then also there's the potential of using the universal service mechanism if we set up a state universal service fund. Or some specific public interest payphone subsidy or mechanism. So, could we talk a little bit about that, see what your preferences are?

HARLOW: Brooks Harlow again. Northwest Payphones Association. The key thing, from our perspective, and really far out there in priority among everything, is that there be a non-discriminatory support which eliminates the subsidy. But that aside there are a lot of different ways you could do it and still meet that test, which I don't think would necessarily best serve the public interest. The FCC rule isn't completely clear whether you could put a surcharge, if you will, on for example public access lines and basically tap the payphone industry to support the public interest phones. I think probably that is not consistent with the FCC's order, although they don't really directly answer the question. But nevertheless, I don't think that's good public policy even if the FCC would allow it and the reason is if you focus your support base that narrowly to only payphones it really could have a measurable impact on the cost and therefore the price of payphone calls and again remembering that all payphones, potentially, are lifeline phones, you don't want to put a charge on that's going to raise the local call rate by a nickel potentially or by some measurable amount because then you're really taxing the very people you're trying to help with public interest phones. Basing on the California experience, I think, there may only be a few hundred public interest payphones in this state, certainly I think there's likely to be fewer than a thousand. So, if you spread that support out on a general fund type basis or on a universal service fund type basis, it will be the minimis, you'd hardly be able to notice it. But, if you focus it too narrowly and just try to get payphone industry support it, you potentially will be harming the end user in the form of noticeably higher rates.

SWEENEY: Any other comments?

UNIDENTIFIED MALE voice: I think it would be difficult to do it out of general funds just as an observation. So that leaves some of the other mechanisms if the legislature is going to (feedback on tape) study on the universal service funding over the summer. It might be appropriate issue to be included in that discussion. It might be appropriate to take a look at a specific mechanism. Brooks, in California, isn't there, wasn't there some sort of voluntary mechanism that was put in place? I thought I read that...

HARLOW: I believe there was. Yes.

UNIDENTIFIED MALE voice: ...the industry, you know, both local exchange companies and payphone providers got together and agreed on a mechanism...

HARLOW: I believe there was. Chuck do you know how they...

TRUMAN: I don't recall the specifics, I can get that information for the next workshop. Of course, that was done before the act and the FCC rules. I'm not sure that they might not have to revisit that voluntary approach.

UNIDENTIFIED MALE voice: Indecipherable.

TRUMAN: ...citing it more for the standpoint of defining the public interest phone and in fact...

UNIDENTIFIED MALE voice: Indecipherable.

TRUMAN: Of course California, again, the ratio between public interest phones and all public phones is probably a very high number. In other words, there are lot more profitable phones in California to support a lot fewer public interest phones. So it might work better in a state like that, than here.

UNIDENTIFIED MALE voice: Do you know how many public use, or how many payphones

there are in the state today.

TRUMAN: This State? My guess would be, I don't know, maybe 30,000. I think US WEST has about 15 or 17,000 and we probably have about 10, and GTE, I don't know if you can have that number, I would guess GTE would probably be one fifth of US WEST, they typically are. Around 30,000 probably.

AUDIENCE DISCUSSION, NOT LOUD ENOUGH TO DECIPHER.

TRUMAN: California has well over 200,000, they may have over 300,000 total payphones.

CATUR: I'm Bob Catur from US WEST, I believe that the California plan is a fee that is charged on an access line basis on payphone providers, but they have relatively few independent payphone providers but very large, and very large concentrated areas with lots of very profitable payphones, so it may not be as easily workable in a state like Washington. But I also understand that the ratio was one-tenth of one percent of the total number of payphones was public interest payphones in California, so that in Washington, would be 30 or less in the whole state if that were applicable.

TRUMAN: I think we may have closer to one percent in this State.

UNIDENTIFIED FEMALE voice: Indecipherable.

TRUMAN: I'm testifying as an expert witness. How's that. (Laughter) It's really a guess. I mean, until we finish this process we won't know how many there are.

UNIDENTIFIED MALE voice: Unlike California, most of the, a lot of the state is empty.
(Laughter)

MANY VOICE AT THE SAME TIME. Indecipherable.

SWEENEY: That discussion actually anticipated a point I was going to make which, referring to the California program, what we know is that it appears to be funded from within the industry as opposed to a broader base that you had suggested and that it is described somewhat in the FCC order. I might be able to find it here if I leaf through. I agree with your comment, Rick, about not looking to the general fund. I don't think that's particularly practical. I don't have a real strong position at this point on yea or nay on whether it's a should be. We should look to a universal service fund to help this piece, I wouldn't rule it out at this point but it seems like something maybe we ought to look at anyway. The other point that we made in our comments that we filed last week about this issue was whether or not to treat this funding mechanism issue separately from the other payphone issues. I think there are some pros and cons either way, I think there's some argument to be made that it ought to be all looked at once. That may be the most practical approach if the definition affects the size of the funding affects how you want to collect the funding maybe it's just a hard to stay away from that problem in the end maybe you just need to do it that way, but I just throw that out as an issue at this point. That luxury, I guess, at the first outing. Don't have to have answers yet, perhaps.

CATUR: This is Bob Catur at US WEST again, I'd just like to make a couple of comments on and maybe summarize a couple things we've said in some of the things we've said in our comments. I think I would encourage the staff to maybe contact the Iowa Utilities Board and chat with them about their experience because they've deregulated payphones 12 years ago and they lobbied very hard during the notice of inquiry on the FCC docket that it was not necessary to establish a public interest payphone fund and they have not established rules around public interest payphones and they look to the location provider, the person wanting the payphone, whether it's a city, or the state, or the federal government within their state or swimming pool or wherever to determine the need for the payphone and look at it, for example, in terms of like street lights and guardrails, something that's necessarily for public interest and safety, but if they choose to want a payphone look at it like US WEST offers a semi-public payphone and they could negotiate with any payphone provider on that basis to compensate the payphone provider in a location that wouldn't otherwise be profitable. I think the FCC order gives the states the latitude to determine, first of all, whether or not there are any public interest payphones,

secondly, and if there are some, to determine what they want to do. I know that we raised some concern that there may be a very small number of semi-public, excuse me, public interest payphones in this state and setting up a mechanism to fund those may not be in the public interest.

UNIDENTIFIED MALE VOICE: Indecipherable.

UNIDENTIFIED MALE VOICE: You could see, you could see, I mean, if the state, if the Commission, put its blessing on the kind of plan we're talking about and had rhetoric in support of that plan and encouragement in support of that plan that could Washington's decision as to how to maintain public interest phones. I mean, it'd be a little stretchy maybe, but, it could be.

BROOKS: I think all the FCC order required was that the states conduct an investigation. They didn't require you to do anything beyond that.

SWEENEY: I agree with you. I think the hammer though is if anybody feels that we're not, as a Commission, not fulfilling the obligations of the act then they can bring the FCC back in. There's a...okay...

TRUMAN: I just got a copy of your comments this morning and I didn't have a chance to read the Iowa plan and I'm very intrigued with that because I think you raised a very good point. A lot of time was spent in California, a fair amount of time was spent in Oregon, a lot of time can be spent identifying public interest phones. What you're suggesting is really almost a kind of a market approach which is certainly consistent with the way a lot of things are and I think we need to assure public counsel and the staff that the market approach is going to work. If the experience is in Iowa that it works then it might be the most efficient way to go.

UNIDENTIFIED FEMALE voice: I think it would be only fair if a payphone company wants the cream of the crop, you know, Pike's Market, that they should be willing to take Magneson Park and the rest of it that we have to provide the phones for.

SWEENEY: I agree. I think there's two assumptions on that. One, you have a savvy government administrator who recognizes that there's gold within the chaff and that you have enough locations to balance the good with the bad. As Rick points out, some just don't have the property. So, I see a general support for the notion of having the market operate as efficiently as possible and meeting the need but I still think there's, as Simon mentioned, an obligation by the state to make sure there aren't gaps. So, if we could work within that notion just for a little while so I could get to a couple of questions I have and then we could go on to the next topic. We've got a lot to talk about today. First, really quickly if you could indicate to me if you're aware, my thought is public interest phones that don't exist today that should exist in the future is one issue but right now my most pressing concern is phones that might have a public policy purpose that may disappear tomorrow. And I know that some of you are reviewing, particularly local exchange companies as to whether or not sites should stay, phones should stay at certain sites. Could you, without giving or divulging competitive issues, just give me a rough idea just how far you are through that process and whether or not you see phones disappearing where they perhaps might be serving, in your perspective, a public policy role.

UNIDENTIFIED MALE voice: Speaking for Sprint United I believe we've already pulled the phones that we considered non-profitable and haven't had any complaints so I suppose we're done.

UNIDENTIFIED FEMALE voice: Speaking for GTE, we're still doing an assessment state by state.

SWEENEY: Okay, where do you stand in the state of Washington, Joan? Is it possible for you to get us a guess-timate as part of this process, not now, but...okay, Thanks. Okay, US WEST?

UNIDENTIFIED MALE voice: Yeah, I can get you some numbers, I don't have them with me, for US WEST, but I think we're still just scratching the surface.

SWEENEY: I think it would be helpful, particularly for the local exchange companies, because

I'm just guessing here but you're the ones most likely to have the public interest locations. If you could just tell me where you are in the, in paper, tell us where you are in the process and some guess as to how many phones you believe from your perspective in reading the Act, are public interest phones that are gone. That would be very helpful to give us some estimate of the impact out there.

GOHRMAN: This is Tom Gohrman with Yelm Telephone. I would estimate about a quarter of our phones are, what you and I might not consider public interest payphones, but the users do. I guess that's one of our concerns, obviously, how this transition's handled because I guarantee if we've already put our folks on notice that we're going to be making some changes this summer. I can guarantee you that for every one of those phones that will be pulled out -- I don't know how Sprint accomplished it -- I think we will definitely have some people that will say in their own terms, Hey, this is a public interest coin phone. I think it's pretty easy to speak theoretically about how it would work and I think that's probably where we'll have to end up but the concern that we have as local coin phone providers and local exchange carriers is that our customers are going to equate that lack of payphones as some kind of action on our part. So, we're going to have to figure out how we're going to do this transition.

SWEENEY: I'm sorry, I didn't mean to ignore you there, Tom. That raises a good question too because some of this might involve rolling your sleeves up and dealing with specific situations, cities that may not know that they can cut a deal or do a contract where they can support low-profitable phones with more profitable phones. So it would be nice to know some more details and through our public affairs efforts we can help get the word out and City of Seattle is going to hold a seminar on how to train telecommunications experts for every city, next Tuesday. Some really important questions, two key questions for me, if we go down the road of setting up a public interest payphone support mechanism, a program, it seems to me it would be very important to understand the (indecipherable) question that I like to say is the issue of whether you can receive public interest payphone support as the holder of a competitive contract. So if I'm a location owner, and we need to make a distinction between Joe's Tavern and 7-11, but if I just have one location and I have a competitive contract I think it's pretty clear you can't get support

but what if you have multiple locations and you have a competitive payphone contract, would one of your locations qualify for a public interest payphone? I would like to take it with a very narrow definition and say that they don't but I would like to hear the lawyers answer this question. If they haven't looked at the question they can do a by and get it back to us in writing but that's a point I'd like to get clarified. Everybody understand the question though? Okay.

UNIDENTIFIED MALE voice: Isn't that the same question that Stephanie asked, essentially?

SWEENEY: Okay, yeah. If you could review that question and get back to us at a later date or if you have...that would be good.

UNIDENTIFIED FEMALE voice: What would probably be best for GTE would be if you would put into writing your list of questions and send it to us. Probably everybody else would appreciate that.

SWEENEY: Okay. Alright. You're right. There'll be minutes on these meetings and summarizing. But, I just wanted to make sure that was a question worthy of your time.

BROOKS: I think it's a non-issue. Essentially, what you're suggesting is that maybe one of my clients could get the contract for all of Southland and get public interest subsidy for the bad locations and if the state wants to throw money at us for that, I think that's great, but I think we'd be pretty greedy to take that approach. Those can and are currently supported in the market by the contract.

SWEENEY: Then I'm going to take the interpretation that would not be a public interest phone and if anybody disagrees, and I'll put this in a question in their summary so you can have another shot at it, but we're going to go from that position.

UNIDENTIFIED FEMALE voice: Indecipherable.

SWEENEY: Alright. Well, you'll get a second shot at it.

AUDIENCE COMMENTS: Indecipherable.

SWEENEY: The second question, and this was exposed a bit in the, I think the reconsideration, has to do with the proximity of a public interest payphone to a competitive payphone. Is this one where we use common sense and some flexibility within our own rule-making and if so, do we want to use a yardage distance or some other sort of criteria? Has anyone given any thought to this issue or, do we care? Are we familiar with the issue? Okay, alright.

AUDIENCE DISCUSSION: Indecipherable.

SWEENEY: 200 yards is what I heard. Something about an eighth of a mile.

BROOKS: I think case by case is the only way to go, really.

SWEENEY: Okay, well you're going to get this question again, back to you.

UNIDENTIFIED MALE voice: We would agree, keep the tape measures in our pockets.

BROOKS: A lot of times you find freeway rest areas and they're right across the freeway from each other. Having a pay phone at a rest area 200 yards across the freeway doesn't help you because you don't want people taking their wheelchairs across the freeway to use the payphone.

SWEENEY: Okay. Are there any other questions, topics you'd like to bring out on public interest before we move on to the next topic?

FFITCH: This is for reference, it looks like that discussion about the California plan is in paragraph 279 of the first FCC report. It does refer to it as a program funded by the payphone industry as a whole. That's 279, paragraph 279.

STILLWELL: Thank you. Okay, I'm Suzanne Stillwell again. We wanted to talk about disclosure which is a very important part of the payphone and what I'd like to talk about is, I passed out or had available the current rules that we think are affected. And then some new, we want to make the rules of course consistent with the FCC order and just address what we think are important pieces to disclose. The first one is obvious.

UNIDENTIFIED FEMALE voice: Suzanne, before you start though, you're not, you're just looking at this as a whole opportunity. For instance, you're not focusing on the rule as you're relating to disclosure, you're just looking at this as an opportunity to look at what's going on.

STILLWELL: Yes, absolutely. This is general discussion. We want to bring up some of our ideas, some of the changes that we think are necessary, listen to your ideas. One of them, the phone number, right now we have a lot of new area codes. All the phone numbers are going to...we feel they need include the area code. And I assume there would be a consensus on that but, let's talk about that a little bit.

HARLOW: We really think there's a threshold question of whether or not you can regulate payphone disclosures. Because payphones have been declared, all payphones now are CPE according to the FCC. The rates are specifically deregulated, there's no specific mention of other requirements like disclosure and we don't have a position set in stone on this but we think definitely there needs to be a threshold decision of whether or not the state can continue to regulate disclosure and other aspects of what is CPE, more than the State Utilities Commission regulates the use of PBXs or Mickey Mouse phones or any other CPE.

SUZANNE: Well, we think it's very important, the disclosure issue, especially as the industry's becoming deregulated. That's how the consumers are going to know what to do at a payphone. And I think that our view is staff's view is to enhance the rule so that it is clear to the consumer. And so that's kind of the approach that we would take.

SWEENEY: Clearly, I think the notice issue is one that's paramount for phone customers. There

are existing notice and informational protections and we would hate to see the rules go backwards on that, there may be some need for some refinements with this new environment we're moving into. I think we probably would disagree perhaps with the Payphone Association's view on the limitations of the Commission's jurisdiction here and just one thing I'll note is that the FCC payphone orders refer to continuing state authority in this area to provide information to customers, so that would be our position.

UNIDENTIFIED MALE voice: ... might make this discussion a little faster, could you kind of just go through your list of what you think is deficient in the current rule?

STILLWELL: Sure.

(THE TAPE RAN OUT, SOME CONTENT WAS LOST DURING IT BEING CHANGED.)

STILLWELL: ...area codes, since there are now several in this state. Local coin rate. Local coin rate is in the FCC order. Emergency number. Address of FCC for complaints which is current. Emergency number is current. We want to eliminate any duplicate language that's in the posting, the 138 subsection in 141, the payphone rule and AOS rule, the duplicate language referring to posting, we want to, you know, revise it so that's it's clear but no duplicity. How to receive a rate quote that's current. That's important. How to access to your preferred long distance company, that's current, it's important.

UNIDENTIFIED MALE voice. By current you mean that it's in the rule and you want it to stay there.

STILLWELL: Yeah.

UNIDENTIFIED FEMALE voice: Maybe you could focus on the new things too.

SUZANNE: Okay. Well, I think probably some of the big issues is we need to talk about the

local coin rate, we need to talk about the two, in the comments that were filed there seems to be issue about two-way calling. So, that's an issue where now you must have written authorization from police and it's been suggested that the owner have that ability. So, that's an issue we need to talk about.

UNIDENTIFIED MALE voice: When you're talking about the rate are you talking about posting the payphone rate or regulating the payphone rate?

SUZANNE: Yeah. We're talking about posting. Yeah, we're talking about posting, disclosing information, so the consumer, when they're at the payphone can make an informed choice. Another question, in the past, it says all available 800 services shall be available. Well now, it seems that an 800 subscriber, like an Avis rent-a-car, can choose not to provide the service if they don't want to compensate. So how do you post that on the phone? So, those are the areas where I see the biggest questions. Let's just start talking about the local coin rate.

UNIDENTIFIED FEMALE voice: Are there areas that the Washington Commission Staff is proposing that we disclose that the FCC is not? And could you identify those if there are?

BRENT: Suzanne?

STILLWELL: Yes,

BRENT: Hi this is Doug, on the phone, I can't hear the discussion in the room. It hasn't mattered as much until now. I don't know what you can do. I can hear Brooks fine, but I'm having trouble hearing others.

SUZANNE: Okay, I would just ask that everyone speak into the mike when they talk. They're consistent with the FCC.

UNIDENTIFIED FEMALE voice: You're not asking for more than the FCC is outlining.

SUZANNE: No. No. The local coin rate, let's talk about...

UNIDENTIFIED FEMALE voice: Suzanne, before you leave that, the last one you threw out on the 800 number, could you elaborate on that a little? I didn't understand that.

SUZANNE: In the FCC order it's indicated that an 800 subscriber can choose not to, if they don't want to do the compensation they can choose not to allow their 800 number from payphones. So the question is how do you disclose that, how do you post that on a phone? Whereas in the past all available 800 numbers needed to be available.

BROOKS: That issue may be resolved on the federal level in terms of discussing what kind of recording will be played by the blocker of the 800 call. Not sure you could ever figure out how to post that.

STILLWELL: Okay, well those are some things we need to talk about because...

BROOKS: That sort of thing too is likely to change week to week, month to month, you'd be constantly re-posting if you were ever to figure out how to do it in the first place. Highly impractical.

SUZANNE: So, there's discussion, they're discussing that at the federal level, that there be some kind of branding that indicates...

BRENT: Suzanne, what is required to be posted today about access to 800 numbers?

SUZANNE: Well, today the rule says access to all available 1-800 numbers.

BRENT: But is that a posting requirement or a substantive rule that applies to the payphone

owner?

SUZANNE: It is an access requirement, it's not a posting requirement. We just raised the issue because it's changed. It sound like the Feds are looking at it from as a recording on the phone and that may address the issue.

BRENT: Yeah. I guess from our perspective... [garbled]...change the rule...if the rule continues to require that payphone providers not give access to 800 numbers that rule will not be inconsistent with the FCC's order which would permit subscribers to selectively block incoming calls. That would involve no action by the payphone owner.

SUZANNE: Yes, our rules though, at this time, say that you must provide access to all 1-800 numbers. So, somehow that will need to be addressed.

BRENT: It seems to me that the payphone owner would still be in compliance with that.

HARLOW: But you're still providing access, the payphone is,

BRENT: Yes, the payphone owner is allowing that number to reach the network and that's the essence of the rule, that they not interfere with the dialing sequence chosen by the caller.

SUZANNE: Yes, I see. Yes, I would agree. Okay, let's talk about local coin rate, I would like to talk about the two-way calling as well but let's talk about local coin rate first. It has to be posted. I want to throw out some, ask for some suggestions on how it's posted, where it's posted, on the phone, how big, should it be seen from when you pull up to a payphone, or should it be seen from, like a gas station, like a roadway. I want to get your ideas on what you think, how it should be posted.

UNIDENTIFIED FEMALE voice: I think, Suzanne, it's in everyone's interest to post it so the user can use the phone. I think the fact that it's posted is where it ought to lie. Obviously, if the

user doesn't know how much it's going to cost to place a call they're not going to be able to place it. It's in everyone's best interests to post it in the manner that they feel appropriate so that the user can place the call. I think it ought to stop there.

SIMON: A couple of observations about this coin rate posting question. Historically, historically telephone calls have cost a dime or, showing my age, now a quarter. The rate is not a question in people's mind. The rate has been regulated, the rate has been stable for long periods of time. That's not the situation anymore. People, customers are now going to be operating in a competitive market. In order for them to function as informed consumers in the market, they're going to need to know the price on a given payphone. The prices will now be different, presumably, or perhaps, in different locations. We don't know. It's going to be a really different situation from what it has been for customers. If you are selling something in competitive marketplace, why would you, this is a rhetorical question, why would you anything other than advertise your price in a clear and effective manner? If the customer has to, let's say, leave a car or perhaps walk up to the payphone and bend double and use their bifocals to find out what the rates going to be, why would you put a customer in that situation? If you're comfortable with your price in the marketplace, why wouldn't you make it clearly visible at a distance to the customer. I think there's some reasons to think about maybe changing at least the coin rate disclosure making it a little more effective here and letting competition work for the customer. In other words, let's not conceal in effect the price from the customer by having a pro forma which really doesn't disclose anything to the customer until they've made the commitment, they've gotten out of the car or they've walked 5 blocks or whatever it is they've done. Let's let them make a real effective choice if we're going to have a competitive marketplace.

JENSEN: Simon, I think you hit it on the head. The market will control that and it's not in any provider's interest to attempt to conceal what the rate is for a particular payphone. The customer needs to know how to use it. You need to be very careful about prescribing for the market place what I think the market with prescribe for itself. I mean, I don't see companies now deciding to change their current practices just because they have more freedom around the rate. I think customers can't use the phone if they don't know what it costs them. I don't know that you find a

different rate on every payphone from a single provider. I think that clearly the customer's going to need to know how to use the phone. It's just common business practice and marketing.

UNIDENTIFIED MALE voice: On the other hand, you seem to be implying that might be appropriate to have it visible 5 blocks away or even from your car. I'm not sure that's necessarily appropriate. I don't observe all the prices in the store before I walk into it and a variation in price is likely to be from 25 to 50 cents, somewhere in there. You're talking about re-signing every payphone in the state that so a person could sit in their car whether they want to drive somewhere else in order to save 10 cents. It just doesn't sound to me like it makes sense at all to do that.

SWEENEY: Well it may be that you only re-sign the phones which have to be re-signed which are those phones which are those phones which are those phones which go up above the 25 cent rates. Five blocks is probably an exaggeration. I was thinking of the person searching for the phone. I'm not quite sure I understand your point, Theresa, about how what's important is how the person needs to be able to know how to use the phone. I'm not advocating that not post the price at all. I don't think you, maybe I'm just not understanding your point.

JENSEN: I guess I understood an inference in the discussion, and I don't recall who brought it up, that the price may not be clearly posted based on this new pricing freedom and my point is it would benefit no one to not clearly post the rate and therefore I don't think that there's a need to modify rules or create rules based on a perception or an anticipation of improper market behavior. I think the market will do what is proper and continue to do what is proper in terms of posting its rates. If a customer doesn't know the rate for placing a call from a payphone they can't place it. Maybe I'm just being too simplistic.

FFITCH: I have not been suggesting that there be no posting whatever or that anyone has proposed that and I haven't heard that proposal. I do think there is an incentive to conceal your rate in the sense if if you are -- there is a lack of voluntariness to the use of the payphone which we address in our comments. Typically people are using the payphone for essential calling, business or personal necessity. They are looking for a phone and they need to make a call. If

they cannot determine the rate on the phone until they are right at the phone, if they are shopping around for a coin rate, you've got them, they're there, they say, oh, to heck with it I'll pay this rate. Alternatively, if you're walking down the street and you've got competing payphone providers on both sides of the street and this guys charging 50 cents and this guys still at a quarter or thirty-five and you can see that visually without walking up to a foot away from the phone then competition works better for that customer. Now, unfortunately, there aren't going to be that many situations where you have that kind of competition because of locational monopoly problems, but if you have competing payphone providers battling it out on competing corners it would nice for customers to be able spot the phones and be able to tell what the coin rate is visibly from a distance. I don't want to beat this to death, but that was my point, I think competition works better with better information.

HARLOW: I noted that in your comments and this is probably the best time to respond to that. I think you're thinking intuitively and my thinking intuitively would have been, I would have shared your thinking in your comments that people really need a phone and they're stuck with it. Having worked with this industry for many, many years now what I have learned is that, in fact, the payphone industry is very competitive and that the customers, a large number of them, tend to be repeat customers. They tend to, may make the mistake once, and pull into the one at 50 cents but the next time they'll cross the street and every time after that they'll cross the street. And that's particularly the case with your clientele. Those of in this room who go to work in a tie every day or a suit, whatever the rate is on the phones outside the door, we'll pay it because we can afford it and it's a matter of convenience, but the low income people, the people in the less affluent parts of a city (I won't name them, to be politically correct, but I think we know where they are), those people will shop around for a payphone, they'll cross the street, they'll walk down a few blocks to find a cheaper local coin rate. The reason we know this is the case is particularly with cent paid long distance, where Chuck's company was a pioneer of this, they started out offering 3 minutes for a dollar anywhere in the United States, it's now 5 minutes for a dollar and what Chuck has found, he's actually got letters and I've seen some of them, he's probably got a bunch I haven't seen, people writing, asking for lists of their sites so they can find out, when they travel where to go for these payphones. A lot of your heavy payphone users are

truckers and people who travel for a living. And again, they actually will seek out the payphone site. We've got letters and comments from some of Chuck's site owners that the payphones attract business into the mini-mart. The payphone is the business getter. So, intuitively, I think a lot of people will share your feelings, but I want to assure you that people do shop around for payphones and you can't conceal the rate because it's cent paid, you pre-pay, you don't get to make the call. It's a very different animal when you're talking about cent paid whether it's toll or local versus something that's billed later on a credit card.

DENNIS: Certainly. This is Don Dennis, I agree with what Brooks has said, but I think another thing we have to look at, I'm from Gig Harbor, and there's such a restrictive sign code in Gig Harbor that you would not be able to post those rates in any coin telephone in Gig Harbor. And I'm sure other cities are looking at the same things, restrictive sign codes.

FINNEGAN: This is Rick Finnigan. One of the things I think we ought to do when we're talking about this posting issue is to look at how we can make it simpler rather than more complex and try to identify those things that are the very most important things for the consumer to know, post those and forget about the rest of the stuff. It just seems to me that trying to specify everything that's conceivable that a customer might want to know may take us too far. The other thing that we ought to think is whether or not in some cases is that a company might want to like to put in a phone in a particular location that the only thing you can access from it is 911. Truly for emergency purposes only. It might be out at a resort beside a lake so somebody could call and say somebody's drowning. We need to think about whether our rules would even allow that. As I read them now, you couldn't put that type of phone up because of all the posting requirements you'd have to put up with.

STILLWELL: You've raised a good point there. We've had a complaint on that very same issue recently. And they're interested in the public interest phone perspective, but right now paying for it themselves but it is just dialing 911, a little boy drowned in the lake. I'm hearing from you all that consensus is that notification of the local coin rate, you feel it's going to take care of itself, it's going to be done properly, the market will bear. I think back a couple of years ago when a

couple of the local restaurants charge \$.90 for a local phone call, (AUDIENCE COMMENTS, indecipherable)...right outside a restaurant. And you know you would think that the market would bear the proper rate, the person would go to another restaurant but if there wasn't another payphone close by, they're stuck. So So those are the kind of issues that we're concerned about. So what happens if some of the owners charge \$.90 for a local call. And there could be some incentive to print that very finely.

BRENT: There are incentives in some cases for an owner to charge a very high coin rate and even disclose it. The reason being there will be some location where some people who install phones don't anticipate a lot of local coin cent paid traffic but they do anticipate a lot of long distance access code type traffic. Under the federal rules, the perk compensation rate is linked to the coin rate. For example, payphones at the airport, where you don't anticipate many local calls, and then charge a dollar. It's not out of concern that you would lose local revenue, rather [garble]... dial-around revenue. I think the disclosure requirement is pretty important but I don't think even disclosure will make a difference in some locations. Market pressure consists not only of whether people will walk away from a local coin phone but it also includes whether there's going to be demand for dial-around calling from the same location.

STILLWELL: Can I ask you all what your plans are as far as posting? Are you going to use the current posting that you have now, because typically the local coin rate is posted. Could some of you share with me what, or share with us, what your plans are for posting.

HARLOW: There's no plan to change that I'm aware of. Same as always.

UNIDENTIFIED MALE voice: Most inexpensive way is to keep it the same.

STILLWELL: Okay. Before we move on, it seems like there's a lot of advertising starting to take place, either on or around the payphones and it sometime can muddy up the, it's not quite clear, it can mess up what is clear on the pay phone. Can you share with me what you see happening out there as far as advertising? Are you encouraging this, is someone just coming up

and slapping a label on your phone or next to your phone? Can we talk about that a little bit?

UNIDENTIFIED MALE voice: I believe I've heard our marketing people talk about that as a revenue opportunity, but I have no idea how massive the effort is that they're thinking about, how much advertising we get slapped on the booth, but I'm sure there's going to be some.

UNIDENTIFIED MALE voice: We used to look at the same thing for revenue producing, but we've eliminated that. That doesn't mean a taxicab driver doesn't come out and stick those things all over the place. We just try to control that, take them off when we get there.

STILLWELL: You do. Any others have experience with that?

FERMAN: This is Chuck Ferman with Digital: Tow truck companies always post their stickers, we have to take them off. We do have some of our locations that are under advertising agreements and those are done more professionally. Regularly framed advertisements which are framed and maintained. It's a lot different than somebody advertising their own home hair care or something like that where they stick it all over your equipment.

STILLWELL: Those that you have agreements with, are they posted next to the phone, or right on the phone?

FERMAN: Nothing is on the phone itself other than the requisite placards.

STILLWELL: So if I come across somewhere it's just been the local towing company, they've usually just done it on their own?

FERMAN: Absolutely.

STILLWELL: So, the practice is, it sounds like, to take it off.

FERMAN: Right.

STILLWELL: Sir.

UNIDENTIFIED MALE voice: There is a line of enclosure that provides space for advertising... (indecipherable, not speaking into a microphone)

STILLWELL: Part of the enclosure though, not the phone.

UNIDENTIFIED MALE voice: I think what our people were looking at was something outside or on top of the enclosure, certainly nothing slapped on the phone.

CHAIR: We want to make sure what notices pertain just to the payphone and are clear for the consumer. One other issue and then we can move on for minimum standards but I do want to discuss the two way calling feature. The rule as it exists now is that we do require other in libraries and hospital is that we do require a letter from local law enforcement before you can restrict incoming calls. It has been suggested by a couple of you that the private owner has the ability to enable or disable the incoming feature. I'd like to hear some of your reasoning.

CHUCK: One of the biggest problems we have in certain areas is a loitering problem. It's very difficult for the police department when they drive by and they perceive a loitering problem, if these people can just walk over to the payphone, then the police department can do nothing. Basically, they say they are not loitering, they are waiting for phone call or something like that. Word gets around very fast in the business community. The payphone industry is very competitive and there are certain locations where you have to address that problem before you can even sign the owner up to an agreement. They know a lot of times about the problems and one of the things you can do is restrict incoming calls. The other thing you can do is restrict certain types of pager calls and things like that. We've experimented and worked with police departments, and you can do posting against illicit use and try to curb that activity. But if you can restrict incoming calls and you clearly mark it that there is no incoming calls so grandmother

who's waiting for a cab or somebody to call her isn't waiting there forever, then the police department can also work with that because it is clearly marked. Loiterers can say, well I'm waiting for a call; it's clearly marked, there's no incoming calls. But it is a high demand from a lot of our mini-marts and those things in the various neighborhoods.

CHAIR: So it's primarily the location owners who are requesting that?

CHUCK: Yes, they request it. Of course, we don't make any money on incoming calls. That's not our motive.

STILLWELL: Is there anyone else who has a similar view?

UNIDENTIFIED MALE, US WEST: Yes, US West would have a similar view as well. We have found that blocking incoming calls is by far the best deterrent to the illicit use of payphones. There are lot of other things you can do with smart payphone technology but blocking incoming calls by far works the best.

STILLWELL: Okay, you were discussing more loitering but you're referring to illicit. And that's why we've had the police involvement with our current rules is because of the illicit use, there's not a problem there. I'm thinking about a consumer complaint where it wasn't marked, the phone was disabled, the daughter was in downtown Seattle, called home, left a message, "Mom call me back at this number, missed the bus home to the Eastside," teenager sitting around downtown late at night and the phone wasn't, it was ringing but the ring back was, the audible was disconnected. Those situations are going to happen and so if something like that is considered, the posting is very, very important.

UNIDENTIFIED MALE voice: We would certainly not object to having it clearly posted that incoming calls are blocked but we would also support having the blocking up to the location owner. Not the posting, not leaving the posting up to the location owner. Leaving the blocking up to the location owner.

FINNEGAN: I agree with those comments. I think this is one of those things with the FCC order, the question sort of flip-flops. It's not why should you be allowed to justify blocking incoming calls but it's just a matter of letting the market decide where that is appropriate to market to the customers, or not, it doesn't become an issue for the Commission to determine, it becomes an issue for the market to determine.

STILLWELL: I think we need to be aware to of what happens when what happens if ninety percent of the payphones are restricted from incoming calls. There needs to be a public interest consideration as well. Maybe the every location owner decides they want their phone ringer turned off, then the person that really needs a call back can't receive that.

HARLOW: One of the ways to incent against that behavior is to eliminate the prohibition on charging for incoming calls. As I indicated in my comments, rates are very clearly deregulated, and I don't see any barrier for charging for incoming calls now.

STILLWELL: Who would you charge?

HARLOW: Who would you charge? The person who's picking up the handset on the payphone would have to deposit the local rate, I would presume, at least the smart phones would be programmed to do that. I don't know about the dumb phones.

UNIDENTIFIED MALE voice: What Brooks said is right, you put a public interest phone in a high school or a school and it takes about 15 seconds to figure out how to call once and have the parents call them back. Or whoever else they're calling, not just their parents. So there's no sense in putting a coin phone in that location, just put a phone.

UNIDENTIFIED MALE VOICE (not using mike): In other states it's legal to limit the hours of the phone for the phone provider in the same kind of circumstance where you have problems late at night...

STILLWELL: We had a very extensive pre-rule making that addressed that issue and we decided we were not going to change the rules because of the public interest, primarily low-income, that needed access to the phones, but we have allowed for waivers which follow a very specific policy, in fact the city of Seattle has an excellent program where they have local stakeholder involvement before it's decided whether or not to restrict the hours. So if that is of interest to you for a particular location you need to take a look at our policy and would need to apply for a waiver of the rules but it gets the community and local government involved before that decision is made.

UNIDENTIFIED MALE voice, SWEENEY?: This occurs to me as an editorial observation that if we're talking about allowing the market to determine this issue and it sounds like moving towards a lot more one-way calling from the consumer's point of view this is going to be another situation where deregulation and competitive marketplace equals less service and I would suggest that maybe if there's a problem with two-way calling you want to address it with refining your standards. We already have some standards to address these problems, maybe they're too cumbersome, maybe there's another way to do it. I would like to see the default still be toward more service towards the two-way calling unless you have a problem you need to fix.

STILLWELL: Our next topic's going to be minimum standards, so that's an area we can expand on that. Did anyone else have any comments about the disclosure? Why don't we take a quick break, because we're moving along, we still have a lot of information to cover. Why don't we take a five minutes break, get yourself a cup of coffee and restrooms are right outside the hall and then we'll come back to talk about minimum standards.

(Break)

ELLIOTT: Let's see, next on the agenda, let's talk about minimum service standards. There's some current ones in the rule. What we mean by the service standard, for example, currently the rule requires the operator to be able to dial emergency services with one keystroke, stay on the line until emergency services are dispatched, that's the kind of thing we're talking about with

minimum service standards. What we want to talk about was not especially the current ones because we mostly intend to leave the ones that exist but there's a couple new ones that we were considering adding to the current rules. Let me go through those and we can talk about those. The first one is automatic number identification of the location of the payphone to include both the phone number and the address through the OSP. So if I'm at a payphone and I don't know where I am, and for whatever reason the phone number is not on the payphone, I can dial the operator and they can tell me where I am and the phone number of the booth that I'm at. So that if you have some sort of, where you really don't know where you are, you're lost and you don't know where you are.

STILLWELL: So maybe someone's in from out of town, grabbed a payphone, the number's ripped off, they need to know....

ELLIOTT: They need to know where they are so they can have somebody come pick them up or...

STILLWELL: I think what's happened in practice, what we're finding is that some operator service providers are giving the information and some are not.

ELLIOTT: What the rule currently says it that it's required for, that the location be available. What we found when we did some calling is that some of the OSPs would give that information to the caller and some would not give it to the caller. So, the purpose of this is more to clarify that. The information needs to be available and it needs to be given to the caller upon request.

STILLWELL: So I guess we're asking for discussion on why are some giving it and some not giving that information out?

ELLIOTT: And should they?

UNIDENTIFIED MALE voice: Who's giving it out and who isn't?

UNIDENTIFIED MALE voice: Are we sending it?

(AUDIENCE DISCUSSION: non-identified voices talking at the same time.)

STILLWELL: May not have it because...

ELLIOTT: There's some technology that won't allow it?

UNIDENTIFIED FEMALE voice: Basically I'm confused. Isn't the address, how would they not know the address? They're in a building or....

STILLWELL: They're a tourist.

UNIDENTIFIED FEMALE voice: But isn't the address posted? I mean...

ELLIOTT: Not necessarily.

(Some audience discussion, off microphone)

STILLWELL: We just find that there's some inconsistency in which operator services are providing the information and which are not but it sounds like it depends on the equipment.

HARLOW: It could be the location, not the operator/service provider. The phone number gets sent over any technology but in order to send additional information like address and location you've got to have a the SS7 network, all the way in between the operator service and the phone. And I'm sure that's not the case.

SUZANNE: So, the operator service provider may only have say, the telephone number.

ELLIOTT: But in all cases they should have the telephone number. Is that right? Because there

were times we couldn't get that either.

HARLOW: That is the operator service provider, yeah, they would have the phone number.

STILLWELL: Doug, are you there?

BRENT: Yeah, this is Doug.

STILLWELL: Good. Because this does pertain to OSPs, this issue. And the owner of the equipment too.

BRENT: I'm sorry, which is the current rule that we're discussing?

STILLWELL: Subsection 130...[tape cuts off] Subsection 7.

BRENT: Okay, yeah I need to go pull my copy of it.

STILLWELL: It's primarily for emergency calls that the operator have the ability to...

BRENT: I'm wondering where this obligation extends. Does it extend to the carriers providing [garble] to the payphone? Or does it extent to any OSP that might receive a call from the phone?

STILLWELL: We're raising the question because we're finding that there are some inconsistencies out there in who provides what information. So that's why, just general discussion...

UNIDENTIFIED FEMALE voice: Suzanne you're talking about non-emergency calls, aren't you? Because this is for emergency calls, the current language which is handled differently than just a call like the one you describe.

STILLWELL: We've had people out doing, asking for emergency numbers and getting inconsistent information too.

UNIDENTIFIED FEMALE voice: But, if a call is placed to a 911 number that's on E-911, and you're dealing with a whole different database that of course would have the address as well as the phone number. But that's a different call process than the one Glen was describing. For emergency calls I don't think this an issue at all.

STILLWELL: It's not emergency calls we're talking about. It's non-emergency calls.

ELLIOTT: One of the other things that we talked about was keypads that must include both numbers and letters. And that actually came out of the FCC order.

HARLOW: Are there any that don't?

(AUDIENCE DISCUSSION, off microphone.)

HARLOW: I wonder how much they save by leaving the letters off?

(AUDIENCE DISCUSSION, off microphone.)

HARLOW: There's less motivation for that with that with per-call compensation.

(AUDIENCE DISCUSSION, off microphone.)

ELLIOTT: One of the other things we were talking about is a rule that the company may not disable the touch tone capabilities. We found a number of phones where once you got through the first set of numbers you could no longer use the touch tone capabilities so people had trouble accessing voice mail or whatever from the pay phone.

HARLOW: Can I explain why some companies do that? And it's not the best technological solution. But there is a reason for that. I'm glad Chuck is back. Chuck, help me if I leave out some of the reasons. But, the question is why some phones disable the tones on the keypad after the number is called and the reason is something called regeneration of dial tone where what you can -- I guess I probably shouldn't say this publicly, I won't describe how you do the fraud, but there's a way you can defraud the phone and make free phone calls and one way to avoid that is to disable the keypad so you can't generate tones and to make a free call. There are other ways that some smart providers have figured out to avoid that kind of fraud but some of them shut down the keypad either after so many digits or after a period of time, but the savvy ones recognize that's not good because it can cause you problems with your voice mail. Really the best solution to this, in our view, is answer supervision, line-tight answer supervision, because then you can prevent calls from being generated without further payment when you get a signal back that the original call has been terminated. The key to line-tight answer supervision is really the rate that is charged for it. It's difficult economically to justify the rates most [lex?] are charging and one of the things that we hope to look at in this rule making, and I won't get ahead any further than to preview it, one of the things we do hope to look at is some rules on appropriate pal rates and rates for services like answer supervision which can solve some of these very frustrating consumer/end-user issues.

STILLWELL: So, what I'm hearing you say is that some companies would subscribe to this service but generally not because the rates are too high for answer line supervision? Where you feel rates are too high.

HARLOW: Yes. The...

STILLWELL: And technically, that is the best solution?

HARLOW: Technically, that is far superior. I believe that's what all the LEX use for both their smart and their dumb phones. Either line-side or trunk-side answer supervision.

ELLIOTT: We weren't even aware too much of this situation until recently and we received, I think, four or five complaints, real recently about people who could not, once they were connected with the number, could no longer use the touch tone.

HARLOW: I've run into it myself. It's very frustrating. At least I understand, still I'm not pleased, because there are other solutions to the problem. But, and I'd be happy to meet with you in a less public forum to explain some of these fraud things and why we need a better network service.

STILLWELL: There's a lot of touch-tone type services. Sales people sending in their order through touch tone. They're out on the road all day long and they send in orders on touch tone. We all know we need to access our voice mail. So, it does create complaints. Does anyone else have any comments on that issue?

ELLIOTT: One of the things we talked about in our meetings before this was unlimited service for local calls. So payphones could not measure local service. It would be whatever the local coin rate was with an unrestricted number of minutes that the person could talk. We've ran into some payphones where it was restricted, limited.

(AUDIENCE COMMENTS, not into microphone.)

HARLOW: I think you're clearly pre-empted from local calls.

UNIDENTIFIED MALE voice: How do you regulate a deregulated service?

HARLOW: One way to reduce the incentive for that, and it's less of a problem in this state because we don't have a lot of measure service left anymore, is if you don't have a metered or a measured line rate then there is certainly is less incentive for the payphone provider to charge a per-minute charge.

STILLWELL: Could you restate that?

HARLOW: If, let me just turn it around. Let's pick on Oregon, for example, where the rates are measured at typically two or three cents a minute, obviously after about 12 minutes or less a quarter phone call becomes a money losing proposition for the pay phone company just on the bill they're getting from the LEC, so if you don't have measured rates you have less incentive to charge or to time the calls.

STILLWELL: A question to the payphone providers. Do you find this loitering issue that you brought up earlier, do you think there are location providers out there who are requesting to shorten the length of the calls because of that problem?

UNIDENTIFIED MALE voice: Definitely. Or they've got a location that's, maybe it's near a school, and so you've got a large group of people with a limited amount of time that want access to the phone.

STILLWELL: So, is it the location provider that's making that decision?

UNIDENTIFIED MALE voice: Typically it is, yes, they call and complain. They even put up their own signs and try to self-enforcement. "Five minutes maximum please," or something like that. It's not anything that we request.

STILLWELL: So, the owners of the payphones wouldn't necessarily restrict the usage. It's typically based on a request from the location provider?

UNIDENTIFIED MALE voice: That's correct.

UNIDENTIFIED MALE voice: We would want to be able to satisfy that request from the location provider without it being in a Commission rule. I would think that a Commission rule would be a form of rate regulation.

ELLIOTT: We were also looking at some of the payphones. We found that there was phones, that apparently had two-way calling because they weren't marked otherwise, where the ringer was not audible when you called back. We were contemplating putting that in the rule, that on two-way calling the ringer must be audible.

UNIDENTIFIED MALE voice: That often happens. It's not in our control. It's often happens when a location owner, he either doesn't want to go to the police or he can't get police support to have one-way calling and they think they have good reasons, so they disable the ringer. We don't do it.

ELLIOT: So the location provider does. At the sight.

(AUDIENCE COMMENTS, off microphone.)

ELLIOTT: Do you have to know what your doing, or you just go turn it off?

UNIDENTIFIED MALE voice: Oh, no. There's not a switch. You have to know what you're doing.

ELLIOTT: And then there was a couple of things that were in the FCC order that we were contemplating adding in minimum service standards. Access at no cost to the customer. Currently, the rules require that customers be provided access to the operator, to emergency calling, to dial tone. In the FCC order it also adds telecommunications, relay services for the hearing disabled, to toll-free numbers except where they're blocked by the 800 number subscriber. And then, one of the ones we had was to the preferred long-distance carrier. Access to those would be available at no cost to the caller.

UNIDENTIFIED FEMALE voice, off microphone, not decipherable.

ELLIOTT: Yeah.

UNIDENTIFIED FEMALE voice, off microphone, not decipherable.

BRENT: This is Doug. I can't hear the discussion from in the room.

HARLOW: Are you not suggesting though that the carrier would not be compensating the payphone provider for those calls?

ELLIOTT: No, at no cost to the customer, to the caller.

HARLOW: No pre-pay.

(AUDIENCE COMMENTS, off microphone.)

STILLWELL: I have a question. How many post paid phones are still out there? Any? There are? There's a few. Eventually they'll get phased out? So, just a handful. It used to be pretty common in the smaller rural areas. Okay. (Audience comments, not into microphone) What do you mean? (Audience comments, not into microphone) Okay. I see. (Audience comments, not into microphone) The older post paid ones. Alright. There's a section in one of our rules that applies specifically to post-paid phones and I was curious if there was very many out there.

[again, off mike questions.]

STILLWELL: Yeah, you have to dial the number and the party picks up before you put in your quarter in, or your dime.

HARLOW: It's a form of answer supervision. But the caller does the answer supervision.

UNIDENTIFIED MALE voice: It was originally put in effect so the caller could place an emergency call without having a dime in their pocket. Get a hold of the operator without having a dime, or a nickel.

STILLWELL: Really? Interesting.

ELLIOTT: Is there any other comments on the minimum service standards before we move on?

UNIDENTIFIED MALE voice: I thought I heard you make a comment about TDD access.

STILLWELL: Part of the FCC order said that customers should have access at no cost to the customer to telecommunications relay services for the hearing disabled.

SWEENEY: There is another docket addressing that so we might want to look into that.

ELLIOTT: Oh, there is? Okay.

BRENT: Isn't the TRS issue taken care of by the fact of the access to the TRS via 800 access?

SWEENEY: It is today but I don't believe that docket's been concluded. Off the top of my head I don't remember the FCC docket number.

BRENT: Are you referring to the TRS docket?

SWEENEY: Yes.

BRENT: I don't know that the docket is closed but the structure is in place. The centers are up and operating in every state and they all use 800 access. That seems like it would be kind of hard to undo.

UNIDENTIFIED FEMALE voice: And wouldn't there be ADA requirements of some sort?

BRENT: Well, that's what the FCC's docket was based upon, the requirements of the ADA. The TRS rules have been in place for, what, going on three years?

STILLWELL: We just bring it up because there's a requirement in the order that addresses the need for toll-free access to the TRS service.

FINNEGAN: I think in this area you will need to take particular care in looking at the comments that Brooks made in his written submission, about Federal pre-emption and lack of commission authority over CPE to the extent that you put standards in place for CPE. There may be a real question about the Commission's jurisdiction to do so. Some of the other stuff I don't think, stuff like posting and that sort of thing, form a different question than this one. This one seems to me a lot of treads real close to the line if not over it.

ELLIOTT: The next area we wanted to talk about was consumer complaints. We really don't have very many suggestions in that area yet. What we wanted to talk about was just some general discussion on who is really responsible for what on the consumer complaint issue and what is the process when the customer has a complaint. And the FCC number is on the phone but there's probably a lot of things that they can't address. At one time we contemplated putting our name and number on a phone and Suzanne about did me in so, so we didn't decide to do that exactly and so this is really just an open question. What's the responsibility of the location provider, the OSP, the payphone service provider? How should a customer start with a complaint? Should it be posted on the phone how they do it, how does that all work? So that's really just a question at this point.

STILLWELL: Maybe we should share what we do now. Typically, if a call comes in from a consumer, if it's directly related to the phone, we will suggest that they go back to the phone and report the problem, because there's a repair/refund number on the phone. It's not always reasonable that the person can go back to the phone. In that case then whatever service, either it's the owner or the service you've contracted with to take those calls, would get involved. We also tell them to go back to location provider if it's a rate issue. First we will check out the rate to make sure it's in compliance, but if it is, let's say it's the \$.90 local coin rate that restaurant payphone is charging, we would also suggest that person go back to the manager of that restaurant and complain because right there if that restaurant got enough complaints then they're

going to have that changed. If customers have done we will get involved and traditionally the way the rule is written now the LEC is responsible to ensure compliance of the payphone and then on the operator side responsible as well for the posting and access and branding, etc. So, it's a new area where indirectly or directly everyone's responsible. We just want to talk about some good ways to do it.

HARLOW: I think we all need to give some more thought and spend some time on this. I have not, unfortunately, spent much time thinking about it so I don't have the answers, but I do want to stress and I think everyone in this room would consider themselves to be a legitimate provider of payphone services and it's in our business interests as providers who want to have a good reputation, to find a good way to deal with complaints. I mean, the last thing we want is to have somebody call you and then you tell them to go to our site who's our customer and complain. We failed in providing good service then, which is our goal, so I think this is something where maybe we can explore some creative options. I know a lot of our providers use, is it 211?, 211 which is inconsistent with what AT&T wireless uses, 611, and it would be nice if we had a consistent number, consistent way for people to reach the provider of that payphone. Like I say on a lot of our payphones 211 which is posted on the phone connects the caller right into our payphone providers business office. I think it's something we all ought to all try to work on, to try to minimize any need for people to be calling you, Suzanne.

ELLIOTT: Maybe that's one of the one's we can put into our summary as a question. Like some of the earlier ones we were talking about.

STILLWELL: Did you else have comments on that though? Before I move on? Okay. I've got some other items, other rule changes to bring up. Certainly the dissimilar terminology we want to change. AOS, we thought we'd suggest Operator Service Provider; payphone owner, payphone service provider. Any other suggestions on those two major ones? One of things we definitely want to just update the terminology. One issue that I want to address is the local operator service rates. When the rule was changed to reflect AT&T daytime rates plus a quarter, for some reason local wasn't addressed. This Commission feels that it's very important that this

be a fair and reasonable rate. Right now some of the companies are charging measured rates plus the operator service fee plus the quarter, so you can get a local operator assisted charge for \$5.27.

[off microphone question]

SUZANNE: Not everyone filed local operator assisted rates.

[off microphone]Washington, doesn't that require a tariff or a price list?

STILLWELL: I guess we see this, this is a forum where we can address the issue, and in the rule it addresses intra- and inter- lata, but it doesn't address local. (Off microphone question.) Yes. The OSP Rule 141, 10 and 11 addresses interlata and intralata, and we would like to address local operator assisted, being unmeasured, local rates.

HARLOW: Suzanne, we're over hear scratching our head because we assumed it did cover local, that it covered all intrastate calls.

STILLWELL: Your understanding was that it covered local as measured?

HARLOW: No, as the cap. Perhaps as measured, because some, and I'm not sure, maybe Doug knows the answer to this if he's still on, whether the OSP platforms can tell whether the call is local or long-distance.

STILLWELL: Doug, are you here?

BRENT: I am. I'm not sure that I can answer that question, I think that has been historically a big problem in determining whether that call falls within the local calling area. From the perspective of WorldCom, we've moved away from handling that type of traffic. The only time we are likely to pick up a local call would be through inadvertence when a caller dials a double zero and then makes a local call, but we generally aren't in that business.

STILLWELL: There are some operator service providers that are handling local calls and have for quite some time, but since the rule was changed there are some that treat the local as intralata so they charge a measured rate.

BRENT: Someone made a comment about their reading of the rule, a local call is an intralata call. I understand that type of interpretation.

HARLOW: But you have to look at the underlying cost structure. For most of the competitive providers to provide that call it's going to go through an operator service platform, probably an 800 number, ten triple x, I'm not sure, but I believe the carrier is paying originating and terminating access on that traffic.

BRENT: Right, it's terminator access, it's not a real pretty site.

HARLOW: Right. So you're talking about it would be within the intrastate jurisdiction, so your access charges might easily be five or ten cents a minute for originating and terminating and so to expect to not have that call be charged at a measured rate is unrealistic. The provider would be faced with the situation of disallowing the calls, and it is important to public service, I mean it's a huge percentage of payphone non-cent paid calls are local, just for the convenience factor, the customer doesn't have a quarter. I think what we need to do is get the root of the problem, which is the cost structure, currently for carrying those calls. I'm concerned that if you prohibit measuring those calls they'll just be shut off and the public will be left high and dry going to a payphone and not being able to make the call.

STILLWELL: It seems to me it depends on who's handling the local traffic. If it's the LEC handling it, it's typically local unlimited calling. If it's a operator service provider handling the local traffic, depending on the company, it's coming out measured, time and distance.

UNIDENTIFIED FEMALE voice: I think, Suzanne, I would caution you because there's no such thing as THE LEC anymore, there's a lot of LECs and if you look at the tariffs or price lists,

alternative local exchange companies most of them do have an operator surcharge within their tariff, and they're not really present here today, so I would be very cautious about a rulemaking that doesn't include their participation. You may be thinking about it from an AOS perspective, but that market is changing. I mean, there's a lot of question as we move forward over the next few years about who's operator, who's directory assistance operator. I would suggest to you that probably in reviewing the tariffs of each company they ought to go through the same tests that everyone goes through. As two rates, are they just and reasonable and do they cover costs? I'm not sure how a company could have a rate structure in place that is operating in the state of Washington that your staff hasn't reviewed and approved or denied, in some part. You might just give that some thought, but this is an area which is going to continue to evolve and increase.

STILLWELL: We will be sure to ask some very pointed questions on this issue. We'd like some more feedback.

HARLOW: It's really a tough area because there are all kinds of technical issues and cost issues and then the threshold legal issue, don't forget, of whether there's the ability to regulate that local call.

STILLWELL: In this case I'm referring to the operator assisted local calls. That's really the biggest issue on that. What I kind of foresee is on the terminology we'll provide some examples to you and you'll have an opportunity to comment. I think that's all for me.

ELLIOTT: Thank you Suzanne. I think our last area is company to company issues. Tim is going to talk about those. Tim. Thanks.

ZAWISLAK: For those of you who don't know me, my name is Tim Zawislak and I work in the telecommunications section of the regulatory services division here at the UTC. The next set of issues I'd like to explore deals primarily and maintaining a level competitive playing field. The issues that were specifically noticed were requiring equity between services provided by the local exchange companies to themselves and to private providers, defining unfair methods of

competition, acts or practices, and establishing processes for handling intercompany disputes effectively. I would like to open the discussion by asking that each participant address these issues with two thoughts in mind. First, what rules and/or processes has the FCC implemented and, second, what kinds of rules or processes can the WUTC establish that will be complimentary to those that the FCC has implemented. I'd like to open it up. We've worked a little bit the Northwest Payphone Association in the last couple of months on the non-discriminatory PAL line filings and as well the incumbent local exchange carriers. I think there was some pretty good informal resolutions of some of these type of issues with the access lines and the unbundled features, but I would just like to open it up for discussion. If there's anything more that we can do as part of staff to facilitate this kind of resolution.

HARLOW: Are we going to go around the room? You're looking in my direction. We've only got fifteen minutes left, so I'm not going to repeat our comments other than they've been handed out and I assume people will look at them when they get a chance. We've put together some very detailed suggestions on some rules to ensure parity. We think that the FCC gives the states a lot of latitude to go farther in ensuring parity as well as ensuring really the lowest possible cost structure for payphone service providers as a way to help competition do it's job of keeping rates down to end users. It can make a tremendous amount of difference. I've gone through some scenarios with staff and Simon. Where you look at, we looked at the PAL rate filed by one independent company compared to the one we were advocating. And the difference turned out to be about five or ten cents a call, that would translate into the rate increase to the end user. These issues can make a tremendous amount of difference to the end issue. Another thing that I've been kind of preaching for a long time is we got to get answer supervision rates to a reasonable cost base rate because it's just not economic to buy them at two or three dollars or four dollars a month and yet this is a big issue for the end user who has his quarter dropped when he has his quarter dropped when his call wasn't answered but the call was to Connecticut and they don't use SIT tones back there so the payphone didn't know that the call wasn't answered, drop the coin in the coin box, and the end user calls up Vicki Elliott and complains about that payphone. Or the handset gets ripped off by the end user and the next person can't make a phone call at all. These are kinds of things we have at the beginning of our comments and the State not only can but

needs to go much further than the FCC did. The FCC set forth the minimal requirements but I think our state can do a lot better job to ensure both parity as well as a playing field that will promote really robust competition and excellent service to the end user.

FINNEGAN: Just by way of a brief response, there's sort of a conflict internally within the FCC's orders and the Commission shouldn't compound that mistake. The FCC's declared that the payphone market is effectively competitive. If it's effectively competitive, why do the regulators need to be involved in it? I think a minimal level of involvement may be appropriate and the FCC has said here are some things that you can take a look at and should take a look at. There are certain elements of the service that need to be unbundled and there are certain things that an incumbent LEC needs to provide if it providing it to its own phones, it's own payphones. So I think that level of supervision is appropriate but if we have a competitive market the cost of regulation should be minimal, and we should take a look at making sure it is minimal. Obviously, there are some things in Brooks' comments that I think, the industry, that the LEC industry could agree with, there are obviously things on the wish list that will probably take strong disagreement. But this is not going to be an easy part of it at all. I do think that a rule-making is not an appropriate place to do rate setting. It seems to me that that's not the purpose of rule making, which is to set general standards for performance as opposed to taking a look at the rates that a company should charge for this particular type of access line.

ANDERL: If I could just jump in with my two cents here, to the extent that the issue that we're faced with is carrier to carrier issues, I think a lot of those issues, including the service standards and the provisions for dispute resolution are going to be addressed in the arbitration decisions and arbitration agreements that result between the, say US WEST and AT&T or MCI. And that to the extent that the issue is, as we've said, carrier to carrier the Commission has made a determination, at least implicitly, that the independent payphone providers are not carriers, are not considered telecommunications companies. And so perhaps we would be looking at, I'm not sure whether there's a disconnect there or not, but it's important to keep that in mind, if they are wishing to be treated and carriers and register as appropriate with the Commission as telecommunications companies, then perhaps there could be a set of uniform carrier to carrier standards that would

make sense to apply.

HARLOW: I'm just kind of curious, do you represent the network side or the CPE side now? Or are you guys representing both? Do you represent public services as well as your LEC side?

[answer inaudible, comments off microphone]

CATUR: I guess I would just like to get my two cents in too, in reading the FCC's order it is my belief that what the FCC is asking the states to do is to review, and they specifically said, review your rules to see that there are no barriers to entry and exit, and remove those if there were, and gave some latitude to establish other rules if you felt necessary to regulate on a competitively neutral basis, but what they asked the state to do was really limited to that. They really were not asking the states to go much beyond removing entry and exit barriers.

ZAWISLAK: Thanks. One question I had that came up in the process of the access line filings was they talk about the FCC's computer three and ONA process where there's 120 day process for the FCC. How does that work, and do you see that addressing some of these issues?

ANDERL: We've had that process in place for quite some time, Tim, and in fact it's also the process that's been established as far as new carrier requests for unbundled elements and so forth. It's interesting that the process has not been as busy as one would have thought when you looked at the initial list of unbundled element requests way back in the ONA days versus how many had actually gone through the process. It was kind of like a wish list. If I could have anything I want, here's what it looks like. Probably like our Christmas lists looked when we were about six years old. The reality of the requests that have formally gone through the process has been fairly small in number but that process is available for any network element at least, I think, in the majority of the company. Works well to my understanding, I've never heard a complaint about it.

ZAWISLAK: As I read through the comments, especially with the Northwest Payphone Association, I was wondering if there was like specific ruling you were thinking of or just

generally working with the companies on an informal basis?

HARLOW: We generally proposed specific rule language. Some of it's clear what the thrust is, it's pretty simple, those are probably the ones Rick will agree with, and some of them I'd be happy to explain if there are questions. Overall our goal, we do not consider ourselves to be carriers, I think it was an open question at the state level, but I think given the FCC action to convert all payphones to into CPE I don't think it's viable to consider payphone providers as being carriers, and I don't think it's good public policy. Just because there are too many to effectively regulate all of them. Our overall goal was to ensure that payphone providers could get the best possible rate that might work with their phones to ensure competitive parity between LEC owned payphone divisions and non LEC owned payphone companies and to ensure that essential services would be available like answer supervision and screening. The state has been very aggressive in reducing payphone access line rates so we don't have a big complaint there. We're willing to keep looking at that. The FCC's April 4th order, all of you need to have it and read it for this docket, clarified a lot of things about the November 96 order and the cost standards to be applied and what they're to be applied to. We don't know yet whether LECs are going to refile their rates in the state based on that April 4th order. To the extent they don't, we have a ruling then here that would force companies that haven't met the FCC's cost standard, which is their new services task, to refile within a certain time period after the application of the rule. So we don't anticipate the rule becoming a place to make rates, but to make sure that the rates do get filed and that proper cost support is filed. Answer supervision is the best example. Some companies might be able to raise their access line rates under the new services test, some might be able to lower them, we'd have to see their cost support, but answer supervision for every LEC is priced way above the cost of service, in my belief. U S WEST filed cost support for answer supervision at the FCC and came up with a recurring cost of two cents per month per line. Answer supervision is at lowest price in the state that I'm aware of is US West's price of a buck, so that service is marked up 50 times its cost. And so I think that needs to be looked at.

FINNIGAN: Just as a practical matter I'm going to jump in here. The small companies have already spent more money dealing with these payphone service issues than they make off of

payphone service in a year. We've got companies with 1,000 and 2,000 access lines that have to go through these hoops. And I'll tell you that if, I know I've read the April 4th order and I think there's some awful loose use of language, but it says what it says. To the extent that a company of a 1,000 to 2,000 access lines has to go to the cost of doing this kind of cost support, that in itself will be the largest component of the cost. It's just a ridiculous situation.

HARLOW: Rick, we're willing to consider you differently. Like I said, we're not going to push, I don't think we're going to push for anybody to refile their access line rates in this state, because we've got rates that we can probably live with. I won't commit to that, but, and so we're willing to try to work around that. We don't want to spend any more time on the telephone companies that only have three payphones and they're provided by us or you. We don't want to spend anymore time on that than you do. We do all have to allocate our resources.

ZAWISLAK: I'd like to clarify that, that was the FCC's April 4th order?

HARLOW: Yeah, it's a bureau order, it's a clarification order. It's probably cited in our comments.

AUDIENCE COMMENTS, not speaking into the microphone.

ZAWISLAK: I appreciate your comments. I would like to move on unless anybody has anything else they'd like to add?

UNIDENTIFIED FEMALE voice: I'd like to ask a question. Where would I find where it states that the payphone provider must adhere to local taxes and all of that and acquire business licenses in the city they want to operate in?

STILLWELL: I think I'll defer that to a payphone owner because I think it is a city/local government issue.

HARLOW: I think that is a local government enforcement issues.

AUDIENCE COMMENTS, not speaking into the microphone.

UNIDENTIFIED FEMALE voice: Could it be included in your minimum standards as a reminder that they have to get a business license?

AUDIENCE COMMENTS, not speaking into the microphone.

STILLWELL: We certainly can take that suggestion. So they're not registered? So, they're not filling out...in their information packets. Interesting.

AUDIENCE COMMENTS, not speaking into the microphone.

HARLOW: We considered putting out an information packet, but it's not such a good idea because if you leave something out you've been giving legal advice and you're guilty of malpractice. Then you take on the responsibility of keeping it up to date and correct, and frankly, it's an untenable position to be in I think. Like any business, payphone or whatever, telemarketing, have to figure out what the local laws are and follow them.

ELLIOTT: Are there are additional comments for today before we conclude? Tim Sweeney who left us gave us an assignment. It sounds like we'll distribute a summary of the meeting and some questions that we would like the participants to answer. So, once we do that, we'll probably do that. Is two weeks reasonable to answer that?

AUDIENCE DISCUSSION/ANSWER, inaudible, many people speaking at the same time, not all into the microphone.

DOUG: What will distribution be on the summary? Is this the people who signed up today?

ELLIOTT: I imagine the whole IP list, the Interested Parties list that we have established.

STILLWELL: It's generally the telecommunications companies, those that are signed up for the rule making list, telecommunications company attorneys,

BRENT: In other words, if we got the notice...

STILLWELL: Yes. And then those interested persons that came forward to us that were interested in this issue. I believe there's about 500 on the list right now. Those that were involved in the line restriction issues, we'll probably add some people to that going forward. Get some more consumer-oriented people involved.

JENSEN: Think of three weeks. There's a lot of short intervals of late.

ELLIOTT: That's fine. What I hope to do is to get something out by the end of May and then, I'll give three weeks. If you need more time, you can let us know. One of the things we'll probably ask in what we send out then is whether everyone feels that we need another meeting or whether we can do it by written comment. We'll ask for your thoughts on that. Anything else? Suzanne? Simon has his finger up there.

FFITCH: We had suggested in our comments that the staff might consider holding a public hearing. I just wanted to throw that out for discussion now and see if you felt that might be of some value, particularly for some of the participants on the social service side who may have interest in the public interest payphone question. There might be some value to giving a forum to those people who come in and give us some information about the problems we're facing.

ELLIOTT: Any thoughts on that? That's something we'll consider and we'll talk about that. Is that it?

AUDIENCE COMMENT, inaudible, not speaking into a microphone.

ELLIOTT: We had a really ambitious time frame that I think we've already blown so...

AUDIENCE COMMENT, inaudible, not speaking into a microphone.

ELLIOTT: I think there's a lot of stuff in the FCC order that takes effect in October, so we wanted it in place before then. But we'd probably shoot for something like July or August, and then when it runs over as it inevitably will, we have some time.

AUDIENCE COMMENT, inaudible, not speaking into a microphone.

FINNIGAN: From our perspective we've certainly encouraged doing what we can to get it done by October. I think a lot of companies are looking at that date and trying to figure out what's going on and this proceeding is a key component of those companies.

ELLIOTT: We really wanted to get it done before that but and it will be before that, but it may not be much before September.

AUDIENCE COMMENT, inaudible, not speaking into a microphone.

ELLIOTT: Thank you all for participating.