

the amendment does not affect any small entities. Only individual VA beneficiaries could be directly affected.

The proposed rule is not subject to the Office of Management and Budget review pursuant to E.O. 12291.

Catalog of Federal Domestic Assistance Number for programs affected by this regulation are 64.201 and 64.202.

List of Subjects in 38 CFR Part 1

Administrative practice and procedure, Cemeteries, Claims, Privacy, Security.

Approved: June 11, 1996.

Jesse Brown,

Secretary of Veterans Affairs.

For the reasons set out in the preamble, 38 CFR part 1 is proposed to be amended as follows:

PART 1—GENERAL PROVISIONS

1. The authority citation for part 1 continues to read as follows:

Authority: 38 U.S.C. 501(a), unless otherwise noted.

2. In § 1.621, paragraph (c) is amended by removing the second sentence; paragraph (d) and the designation "[Reserved]" are removed; paragraph (e) is redesignated as paragraph (d); and paragraphs (a) and (b)(2) are revised to read as follows:

§ 1.621 Disinterments from national cemeteries.

(a) Interments of eligible decedents in national cemeteries are considered permanent and final. Disinterment will be permitted only for cogent reasons and with the prior written authorization of the National Cemetery Area Office Director or Cemetery Director responsible for the cemetery involved. Disinterment from a national cemetery will be approved only when all living immediate family members of the decedent, and the person who initiated the interment (whether or not he or she is a member of the immediate family), give their written consent, or when a court order or State instrumentality of competent jurisdiction directs the disinterment. For purposes of this section, "immediate family members" are defined as surviving spouse, whether or not he or she is remarried, all adult children of the decedent, the appointed guardian(s) of minor children, and the appointed guardian(s) of the surviving spouse or of the adult child(ren) of the decedent. If the surviving spouse and all of the children of the decedent are deceased, the decedent's parents will be considered "immediate family members."

(b) * * *

(1) * * *

(2) Notarized statement(s) by all living immediate family members of the decedent, and the person who initiated the interment (whether or not he or she is a member of the immediate family), that they consent to the proposed disinterment.

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[FR Doc. 96-15711 Filed 6-19-96; 8:45 am]

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FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 64

[CC Docket No. 96-128; FCC 96-254]

Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Telecommunications Act of 1996 directs the Commission to promulgate new rules governing the payphone industry. Section 276 of the 1996 Act directs the Commission, among other things, to ensure that all payphone owners are compensated for calls originated on their payphones, and to "discontinue * * * all intrastate and interstate" subsidies for payphones owned by incumbent local exchange carriers ("LECs"). In this NPRM, the Commission proposed rules that would accomplish the following objectives set forth by Congress in Section 276: compensation for "each and every completed intrastate and interstate call using [a] payphone[;]" termination of all subsidies for LEC payphones, including "access charge payphone service elements[;]" prescription of nonstructural safeguards for Bell Operating Company ("BOC") payphones; promulgation of rules permitting the BOCs to negotiate with the payphone location provider about a payphone's presubscribed interLATA carrier, unless the Commission finds that such negotiations are "not in the public interest;" promulgation of rules permitting all payphone providers to negotiate with the location provider about a payphone's presubscribed intraLATA carrier; and establishment of a class of public interest payphones to be located "where there would otherwise not be a payphone[.]" The intended effect of this NPRM is to propose a rule implementing Section 276 of the Communications Act of 1996.

DATES: Written comments by the public on the Further NPRM of Proposed Rule Making and the proposed and/or modified information collections are due June 27, 1996. Reply comments are due on July 8, 1996. Written comments by the Office of Management and Budget (OMB) on the proposed and/or modified information collections on or before August 19, 1996.

ADDRESSES: In addition to filing comments with the Secretary, a copy of any comments on the information collections contained herein should be submitted to Dorothy Conway, Federal Communications Commission, Room 234, 1919 M Street, N.W., Washington, DC 20554, or via the Internet to dconway@fcc.gov and to Timothy Fain, OMB Desk Officer, 10236 NEOB, 725 17th Street NW., Washington, DC 20503 or via the Internet to fain_t@al.eop.gov.

FOR FURTHER INFORMATION CONTACT: Michael Carowitz, Enforcement Division, Common Carrier Bureau, (202) 418-0960. For additional information concerning the information collections contained in this Further Notice of Proposed Rule Making contact Dorothy Conway at 202-418-0217, or via the Internet at dconway@fcc.gov.

SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Notice of Proposed Rule Making in CC Docket No. 96-128, adopted on June 4, 1996 and released June 6, 1996. The full text of the Notice of Proposed Rule Making is available for inspection and copying during normal business hours in the FCC Reference Center, Room 239, 1919 M Street, N.W., Washington, D.C. The complete text of this decision may also be purchased from the Commission's duplicating contractor, International Transcription Services, 2100 M Street, N.W., Suite 140, Washington, D.C. 20037 (202) 857-3800. This Notice of Proposed Rule Making contains proposed or modified information collections subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. It has been submitted to the Office of Management and Budget (OMB) for review under Section 3507(d) of the PRA. OMB, the general public, and other Federal agencies are invited to comment on the proposed or modified information collections contained in this proceeding.

Paperwork Reduction Act

This NPRM contains eight proposed or modified information collections. The Commission, as part of its continuing effort to reduce paperwork burdens, invites the general public and the Office of Management and Budget ("OMB") to comment on the

information collections contained in this NPRM, as required by the Paperwork Reduction Act of 1995, Public Law 104-13. Public and agency comments are due at the same time as other comments on this NPRM; OMB notification of action is due August 19, 1996. Comments should address: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's burden estimates; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

(1) *OMB Control Number:* None.

Title: Proposed Quarterly Report of Interexchange Carriers ("IXCs") Listing the Number of Dial-Around Calls for Which Compensation is Being Paid to Payphone Owners.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 275.

Estimated Time Per Response: 1/2 hour.

Total Annual Burden: 550 hours.

Estimated Cost Per Respondent: \$0.

Needs and Uses: IXCs who are responsible for paying per-call compensation to payphone providers must provide this report to the payphone providers. Without provision of this report, payphone providers would be unable to ascertain the compensation amount to be paid by the IXCs.

(2) *OMB Control Number:* None.

Title: Proposed Annual Report of Interexchange Carriers ("IXCs") Listing the Compensation Amount Paid to Payphone Providers and the Number of Payees.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 275.

Estimated Time Per Response: 2 hours.

Total Annual Burden: 550 hours.

Estimated Cost Per Respondent: \$5,000.

Needs and Uses: IXCs who are responsible for paying per-call compensation to payphone providers are required to provide annual reports to the Common Carrier Bureau listing the amount of compensation paid to payphone providers and the number of payees. Without provision of this report,

the Commission would be unable to ensure that all the IXCs are paying their respective compensation obligations. In addition, IXCs must initiate an annual independent verification of their per-call tracking functions.

(3) *OMB Control Number:* None.

Title: Proposed Quarterly Report of IntraLATA Carriers Listing Payphone ANIs.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 400.

Estimated Time Per Response: 8 hours for initial report, 2 hours for subsequent reports.

Total Annual Burden: 5600 hours for initial report, 3200 hours for subsequent reports.

Estimated Cost Per Respondent: \$0.

Needs and Uses: IntraLATA carriers are required to provide to interexchange carriers ("IXCs") a quarterly report listing payphone ANIs. Without provision of this report, resolution of disputed ANIs would be very difficult because IXCs would not be able to tell which ANIs belong to payphones and would not be able to ascertain which dial-around calls were originated by payphones for compensation purposes.

(4) *OMB Control Number:* None.

Title: Proposed One-Time Report of Local Exchange Companies ("LECs") of Cost Accounting Studies.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 400.

Estimated Time Per Response: 50 hours.

Total Annual Burden: 20,000 hours.

Estimated Cost Per Respondent: \$0.

Needs and Uses: LECs are required to provide to the Common Carrier Bureau, on a one-time basis, a report containing engineering studies, time and wage studies, and other cost accounting studies to identify the direct cost of central office coin services. Without provision of this report, the Commission would be unable to ascertain whether the LECs were charging their payphone competitors unreasonably high prices for central office coin services.

(5) *OMB Control Number:* None.

Title: Proposed Initial Report of Bell Operating Companies ("BOCs") of Comparably Efficient Interconnection Plans.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 7.

Estimated Time Per Response: 50 hours.

Total Annual Burden: 350 hours.

Estimated Cost Per Respondent: \$0.

Needs and Uses: BOCs are required to provide to the Common Carrier Bureau initial Comparably Efficient Interconnection ("CEI") plans describing how they intend to comply with the CEI equal access parameters. Thereafter, they may include this information in the CEI plans they already file with the Commission. Without the provision of these reports, the Commission would be unable to ascertain whether the BOCs were providing competing payphone providers with unbundled nondiscriminatory access to their network features and functionalities.

(6) *OMB Control Number:* None.

Title: Proposed Report of Bell Operating Companies ("BOCs") of Modified Comparably Efficient Interconnection Plans.

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 7.

Estimated Time Per Response: 6 hours.

Total Annual Burden: 42 hours.

Estimated Cost Per Respondent: \$0.

Needs and Uses: BOCs are required to provide to the Common Carrier Bureau initial Comparably Efficient Interconnection plans describing how they intend to comply with the CEI equal access parameters. Thereafter, they may include this information in the CEI plans they already file with the Commission. Without the provision of these reports, the Commission would be unable to ascertain whether the BOCs were providing competing payphone providers with unbundled nondiscriminatory access to their network features and functionalities.

(7) *OMB Control Number:* None.

Title: Proposed Annual Filing of Nondiscrimination Reports (on quality of service, installation and maintenance) by Bell Operating Companies ("BOCs").

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 7.

Estimated Time Per Response: 50 hours.

Total Annual Burden: 350 hours.

Estimated Cost Per Respondent: \$0.

Needs and Uses: BOCs are required to provide to the Common Carrier Bureau nondiscrimination reports on an annual basis. Without the provision of these reports, the Commission would be unable to ascertain whether the BOCs were providing competing payphone providers with equal access to all the basic underlying network services that are provided to its own payphones.

(8) *OMB Control Number*: None.

Title: Proposed Public Disclosure of Network Information by Bell Operating Companies ("BOCs").

Type of Review: New collection.

Respondents: Business or other for-profit, including small business.

Number of Respondents: 7.

Estimated Time Per Response: 50 hours.

Total Annual Burden: 350 hours. Report would be issued periodically, when new network services are developed or network changes made.

Estimated Cost Per Respondent: \$0.

Needs and Uses: BOCs are required to publicly disclose changes in their networks or new network services at two different points in time. First, disclosure would occur at the "make/buy" point: when a BOC decides to make for itself, or procure from an unaffiliated entity, any product whose design affects or relies on the network interface. Second, a BOC would publicly disclose technical information about a new service 12 months before it is introduced. If the BOC could introduce the service within 12 months of the make/buy point, it would make a public disclosure at the make/buy point. In no event, however, would the public disclosure occur less than six months before the introduction of the service. Without provision of these reports, the industry would be unable to ascertain whether the BOCs were designing new network services or changing network technical specifications to the advantage of their own payphones.

SUMMARY OF NOTICE OF PROPOSED RULE MAKING

I. Background

1. Section 276(b)(1)(A) directs the Commission to establish a compensation mechanism to ensure "that all payphone service providers are fairly compensated for each and every completed intrastate and interstate call" from their payphones. Section 276(b)(1)(B) mandates that the Commission "discontinue the intrastate and interstate carrier access charge payphone service elements and payments * * * and all intrastate and interstate subsidies from basic exchange and exchange access revenues." In addition, Section 276(b)(1)(D) directs the Commission to consider whether BOCs should be permitted to be involved with the location provider's selection of the payphone's presubscribed carrier. Together with the other subsections of Section 276, these three provisions help to establish regulatory parity for all payphone service providers ("PSPs"), whether

competitive payphone owners or incumbent LECs (both independents and BOCs).

II. Discussion

A. Compensation for Each and Every Completed Intrastate and Interstate Call Originated by Payphones

a. Scope of Payphone Calls Covered by this Rulemaking

2. Currently, most calls originated on payphones are within one of the following categories: (1) coin calls; (2) directory assistance calls; (3) operator service ("0+" and "0-") calls; (4) access code calls (using e.g., "10XXX" codes and "1-800" or "950" carrier access numbers); and (5) subscriber 800 calls. Each of these categories can be further subdivided between local, intraLATA toll, intrastate interLATA, interstate interLATA and international. Each type of call is a potential source of revenue for the payphone owner, whether the revenue is derived from coins deposited into the payphone, through commission payments on operator service calls, or from compensation mandated by the FCC or the states.

3. The 1996 Act requires the Commission to ensure that PSPs are fairly compensated for all calls originated by their payphones. In light of the multiple sources of revenue for payphones, the Commission seeks comment on what constitutes "fair" compensation and how we should "ensure" that each PSP receives it for calls for originated by its payphones. The Commission concludes that its mandate under Section 276(b)(1)(A) is to ensure that PSPs are "fairly compensated" for "each and every completed intrastate and interstate call" regardless of whether the PSP currently receives compensation for the particular call originated by its payphone. The Commission tentatively concludes, however, that it should use this mandate to *prescribe* compensation only when payphone providers are not already "fairly compensated." Currently, PPOs and non-BOC LECs receive compensation, pursuant to individual contracts, from the payphone's presubscribed IXC for all "0+" calls. IXCs have long competed for this type of business. Therefore, the Commission tentatively concludes that it need not prescribe per-call compensation for 0+ calls because competition in this area ensures "fair" compensation for PSPs. It seeks comment on these tentative conclusions.

4. The 1996 Act does not expressly state that compensation should extend

to international calls. The Commission finds no evidence, however, of congressional intent to leave these calls uncompensated. Therefore, despite the lack of reference to international calls in Section 276(b)(1)(A), the Commission tentatively concludes that it should exercise its general jurisdiction under Sections 4(i) and 201(b) of the Communications Act of 1934, as amended, to ensure that PSPs are compensated for international as well as interstate and intrastate calls originating from their payphones in the United States. The Commission seeks comment on this tentative conclusion.

5. The rate for the most common type of call, the local coin call, is set by state commissions. Typically, the rate set for local coin services provided by the incumbent LECs also applies to the PPOs. Section 276 of the Act requires the Commission to ensure that the payphone provider receives fair compensation for each interstate and intrastate call, including local coin sent-paid calls. Section 276 also expressly preempts state regulations that are inconsistent with the Commission's regulations. The Commission seeks comment, however, on how it should exercise its jurisdiction under Section 276. The Commission notes that it had a range of options for ensuring fair compensation for these calls, and it sought comment on which option will ensure fair compensation for PSPs with respect to local coin sent-paid calls.

6. More specifically, one option would be to set a nationwide local coin rate for all calls originated by payphones. The Commission seeks comment on whether the Commission should take such action and request that commenters identify the specific public interest benefits they believe would result from a nationwide rate, why local rates are inadequate to ensure fair compensation, the impacts of variations among the states in the local coin sent-paid rate on PSPs and the public, and whether those impacts are predominantly local, statewide, regional or national. Another option would be for the Commission to prescribe specific national guidelines that states would use to establish a local rate that would ensure that all PSPs are fairly compensated. The Commission seeks comment on whether the Commission should take such action and request that commenters identify specific public interest benefits they believe would result from the Commission prescribing such guidelines, what factors such guidelines should consider, how the guidelines would ensure fair compensation for local coin calls, the impacts of variations among the states

in local coin rates, and whether those impacts are predominantly local, statewide, regional or national.

7. A third option for ensuring fair compensation for PSPs would be for the states, in the first instance, to continue to set the coin rates for local payphone calls according to factors within their discretion. The Commission has long recognized the interest of the states in setting end-user rates for local calls, including rates for 411 calls. Indeed, as discussed above, the states have long had a traditional and primary role in regulating payphones. However, because Section 276 of the 1996 Act requires the Commission to ensure that PSPs are fairly compensated for "each and every completed intrastate and interstate call," the Commission seeks comment on what further procedures, such as a complaint or petition process, it should establish, should it ultimately determine to defer to the states in setting payphone rates. The Commission also seeks comment on what standards it could use to adjudicate any complaints or petitions that challenge a particular rate. It further asks whether the states' setting of the rates for local coin calls subject to complaint or petition would be consistent with Section 276's mandate that the Commission ensure fair compensation for "each and every completed intrastate and interstate call." The Commission sought comment on whether the Commission should take such action and request that commenters identify specific public interest benefits they believe would result from having coin rates for local payphone calls set by the states.

b. Entities Required To Pay Compensation

8. Because the 1996 Act directs the Commission to ensure that all PSPs are compensated, with limited exception, for "each and every intrastate and interstate call" using their payphones, the Commission also addresses who pays that compensation. The possible payors include: the caller using the payphone; the carrier over whose network the call is placed; or, in the case of subscriber 800 calls, the entity being called (who may or may not directly pass all the charges on to the caller using the payphone). Industry participants have made two compensation proposals that might satisfy the per-call compensation requirement.

9. The first proposal builds on the per-call compensation mechanism proposed for interstate access code calls in CC Docket No. 91-35. If this "carrier-pays" mechanism were extended to all

dial-around calls, the IXC who receives such a call from a payphone would be required to pay a per-call charge to the provider of the payphone. Each IXC would decide independently how to recover this cost.

10. Another approach would be to rely on a "set use fee." The "set use fee" is a fee that the IXC would bill and collect from the end user. The fee would then be remitted to the PSP. In the case of the subscriber 800 and other toll-free number calls, the set use fee could be collected from the subscriber. For access code calls and operator-assisted calls, the set use fee would be collected from the end user that is billed for the call.

11. The Commission tentatively concludes that, for non-coin payphone calls, either a "carrier-pays" system or a "set use fee" system where the end user pays would satisfy the requirements of the 1996 Act. As a general principle, however, the Commission tends to favor an approach that minimizes transaction costs on the caller and on the industry. The Commission finds that the carrier-pays mechanism is preferable because it would result in less transaction costs because the IXC could aggregate its payments to payphone providers. Under a set-use fee, these payments would be spread among a vast number of payphone callers through their individual telephone bills. Therefore, the Commission tentatively concludes that it should adopt a "carrier-pays" compensation mechanism that builds on existing procedures. It seeks comment on these tentative conclusions.

c. Ability of Carriers To Track Calls From Payphones

12. Based on prior FCC proceedings, the Commission tentatively concludes that tracking mechanisms and surrogates exist, or might readily be made available, to support the complete per-call compensation plan mandated by Section 276(b)(1)(A). It seeks comment on what tracking options are currently, or may soon be, available. The Commission seeks further comment on the ability of existing IXC-based tracking mechanisms to accommodate all payphone providers and IXCs. In the event that there is no standard technology or mechanism available for tracking, the Commission seeks comment on alternative surrogate methodologies that could be devised and by whom. Finally, it seeks comment on which party or parties, whether IXCs, PSPs, or intraLATA carriers, should be required to develop and maintain the tracking or surrogate methodologies.

d. Administration of Per-Call Compensation

13. The Commission tentatively concludes that the direct-billing arrangement established in previous Commission orders should be maintained with the simple addition of requiring IXCs, and the intrastate interexchange operations of LECs to send back to each PSP a statement indicating the number of toll-free and access code calls that each carrier has received from each of that PSP's payphones. The Commission proposes to continue to leave the details of the billing arrangements for the parties to determine. All parties, whether carriers or PSPs, would be free to retain the services of one or more clearinghouses to assist them with billing and collection and/or payment of the compensation. The Commission would require, however, that the carrier responsible for paying compensation file each year a brief report with the Common Carrier Bureau listing the total amount of compensation paid, pursuant to the rules adopted in this proceeding, to PSPs for intrastate, interstate, and international calls; the number of compensable calls received by the carrier; and the number of payees.

e. Per-Call Compensation Amount

14. The Commission previously examined various compensation methods in the *Second Report and Order*. The Commission notes that the theory of compensation and price surrogates that the Commission has historically relied upon in its determination of the "range of reasonable compensation rates" provides some guidance for our analysis of how to ensure that PSPs are "fairly compensated" and what should be the appropriate per-call compensation amount for all calls within the scope of this rulemaking. As before, while the Commission noted that it was confronted in the proceeding by the lack of reliable PPO cost data, it tentatively concludes that PSPs should be compensated for their costs in originating the types of calls for which it has tentatively concludes that compensation is appropriate. It tentatively concludes further that these costs should be measured by appropriate cost-based surrogates. It seeks comment on these tentative conclusions. The Commission also questions whether, to ensure that PSPs receive fair compensation, it should prescribe different per-call compensation amounts for the different types of calls originated by payphones. It seeks further comment on how

compensation levels should be permitted to change in the future, and whether some cost index or price cap system would be appropriate to ensure that compensation levels reflect expected changes in unit costs over time. The Commission also seeks comment on whether it should provide PPOs some measure of interim compensation, to be paid until the effective date of the final rules we adopt in this proceeding, for the growing volume of dial-around calls originated from their payphones.

B. Reclassification of Incumbent LEC-Owned Payphones

a. Classification of LEC Payphones as CPE

15. To effectuate the Act's mandate that access charge payphone service elements and payphone subsidies be discontinued, the Commission tentatively concludes that it should treat incumbent LEC payphones as unregulated, detariffed CPE. It tentatively concludes further that incumbent LECs should be required to provide to PSPs, on a nondiscriminatory tariffed basis, all functionalities used in a LEC's delivery of payphone services.

16. The option of using central office coin services, such as coin recognition, answer detection, and other related services, allows incumbent LECs to use the less expensive "dumb" pay telephones, which gives incumbent LECs a cost advantage over their competitors. The Commission tentatively concludes that requiring that central office coin services be made available to PPOs eliminates this cost advantage and will increase competition in the payphone industry. To unbundle payphones from their underlying transmission, the Commission tentatively concludes that incumbent LECs, whether or not they themselves provide payphone service, must offer individual central office coin transmission services to PSPs under a nondiscriminatory, public, tariffed offering. It seeks comment on this tentative conclusion and on which central office coin services must be made available by incumbent LECs to the PSPs to achieve this goal. In the interest of clarity, it seeks comment on both the type of services and the technological requirements necessary to allow PPOs to use payphones that are equivalent to those payphones currently used by LECs. The Commission also tentatively concludes that Section 68.2(a)(1) of the FCC's regulations should be amended to facilitate registration of both instrument implemented and central-office-

implemented payphones. It seeks comment on this tentative conclusion.

b. Transfer of Payphone Equipment to Unregulated Status

17. If the Commission concludes that it will treat payphones as detariffed CPE, the incumbent LECs would have to transfer their payphones and related equipment from regulated to unregulated activities. FCC rules provide that, if reallocations of telecommunications plant (*i.e.*, central office equipment and outside plant) from regulated to nonregulated operations are required, such plant will be transferred at undepreciated baseline cost plus an interest charge based on the authorized interstate rate of return to reflect the time value of money. The Commission seeks comment on the specific assets to be transferred. It tentatively concludes that the assets to be transferred should be defined generally in terms of CPE deregulation. Thus, the assets to be transferred may include all facilities related to payphone service, including associated taxes and depreciation, but likely would not include the loops connecting the payphones to the network, or the central office "coin-service" or operator service facilities supporting incumbent LEC payphones. Including these network support facilities may be inappropriate because it would allow incumbent LECs to continue providing a different form of interconnection to their payphones than is available to PSPs. The Commission also tentatively concludes that a phase-in period for a transfer of payphone-related assets is not necessary, because payphone terminal equipment consists of less than one percent of total plant investment for the entire LEC industry. The Commission seeks comment on our tentative conclusions and the general approach to asset transfers outlined here.

c. Termination of Access Charge Compensation and Other Subsidies

18. Incumbent LECs today generally recover payphone costs allocated to the interstate jurisdiction through the per-minute carrier common line ("CCL") charge they assess on IXCs and other interstate access customers for originating and terminating interstate calls. The incumbent LEC assesses the PPO a subscriber line charge ("SLC") (at the multi-line business rate) to recover the payphone common line costs associated with that phone. In the case of competitive payphones, a PPO recovers its payphone costs out of the revenue it receives from end users, premises owners, and OSPs to whom its payphones are presubscribed.

19. The 1996 Act mandates that the Commission "discontinue the intrastate and interstate carrier access charge payphone service elements and payments * * * and all intrastate and interstate subsidies from basic exchange and exchange access revenues[.]" Accordingly, the Commission must adopt rules that provide for the removal from regulated intrastate and interstate rate structures of all charges that recover the costs of payphones (*i.e.*, the costs of payphone sets, not including the costs of the lines connecting those sets to the public switched network, which, like the lines connecting competitive payphones to the network, will continue to be treated as regulated). It tentatively concludes that incumbent LECs must reduce their interstate CCL charges by an amount equal to the interstate allocation of payphone costs currently recovered through those charges. LECs subject to the price cap rules would treat this as an exogenous cost change to the Common Line basket pursuant to Section 61.44(c) of our rules. The Commission requests incumbent LECs to identify in their comments all accounts that contain costs attributable to their payphone operations. The Commission also requests comment on whether specific cost pools and allocators should be used to capture the nonregulated investment and expenses associated with their payphone operations. It seeks further comment on whether a transition period is necessary to move from subsidized compensation to per-call compensation for LEC payphones, and how that transition would proceed.

20. The Commission also proposes, pursuant to the mandate of Section 276(b)(1)(B), to require incumbent LECs to remove from their intrastate rates any charges that recover the costs of payphones. The Commission solicits comment on whether it should set a deadline and a specific mechanism for elimination of any intrastate subsidies as well, or whether it would be both consistent with the statute as well as preferable from a policy perspective to permit the states to formulate their own mechanisms for achieving this result within a specific time frame.

21. In the telephone network, payphones, as well as all other telephones, are connected to the local switch by means of a subscriber line. The costs of the subscriber line that are allocated to the interstate jurisdiction are recovered through two separate charges: a flat-rate SLC assessed upon the end user customer who subscribes to local service; and a per-minute CCL charge that recovers the balance of the interstate subscriber line costs not

recovered through the SLC. LEC payphone costs are also included in the CCL charge. The CCL charge, however, applies to interstate switched access service that is unrelated to payphone service costs. While PPOs are required to pay the SLC for the loop used by each of their payphones, LECs have not been required to pay this charge because the subscriber lines connected to LEC payphones have been recovered entirely through the CCL charge. The Commission tentatively concludes that, to avoid discrimination among payphone providers, the SLC should apply to subscriber lines that terminate at both LEC and competitive payphones. It tentatively concludes that the removal of payphone costs from the CCL and the payment or imputation of a SLC to the subscriber line that terminates at a LEC nonregulated payphone would result in the recovery of LEC payphone costs on a more cost-causative basis. The Commission seeks comment on these tentative conclusions and, more generally, on how removing LEC payphones from the CCL charge would affect the SLC.

22. The incumbent LECs' multi-line business SLC is currently subject to a \$6.00 per month cap. Those LECs with interstate subscriber line costs that exceed this amount recover a portion of the interstate costs of subscriber lines through the CCL charge. The issue of the appropriate interstate SLC for the future has been referred to a Federal-State Joint Board. To the extent that LECs charge or impute to their own payphone operations only the multi-line business SLC, which may be less than the full interstate cost of the subscriber lines connecting their payphones to the network, and recover the balance of the cost of these lines through the CCL charge, they may, in effect, be subsidizing their payphones with access charge revenues, in violation of Section 276. The Commission seeks comment on whether LECs in those circumstances should charge or impute to their own payphone operations, as well as to PPOs, an additional monthly charge representing the difference between the SLC cap and the full interstate cost of these subscriber lines. It also seeks comment on whether comparable changes should be made to incumbent LECs' intrastate rates.

d. Deregulation of AT&T Payphones

23. In the *Interstate, Interexchange Marketplace* proceeding, the Commission notes that it would consider in the instant proceeding "the issue of bundling pay telephone equipment with the underlying transmission capacity." The

Commission tentatively concludes that other IXC bundling issues should be treated under the same rules we have proposed in the *Interstate, Interexchange Marketplace* proceeding. Commenters who disagree with this tentative conclusion, however, are invited to comment in the proceeding.

24. Like LEC payphones, AT&T payphones are classified as network equipment and, therefore, may receive subsidies. The Commission tentatively concludes that payphones provided by AT&T should be classified as CPE. While the 1996 Act does not expressly address AT&T payphones, Section 276 directs the Commission to adopt regulations that will "promote competition among payphone service providers and promote the widespread deployment of payphone services to the benefit of the general public[.]" Discontinuing possible subsidies for AT&T payphones would be congruent with the 1996 Act's requirement that the Commission discontinue subsidies for other payphones (*i.e.*, those owned by incumbent LECs) and would provide for symmetrical regulation of the payphone industry. There are other reasons why this proposed action is in harmony with the other rules the Commission has proposed in its proceeding. First, since *Tonka*, AT&T payphones have been treated the same as BOC payphones. Once LEC telephones, including those provided by the BOCs, are declared to be CPE, the basis for treating AT&T payphones as network equipment no longer exists. Second, the Commission believes that deregulating AT&T payphones is in line with its general policy to deregulate non-dominant carriers. It seeks comment on this tentative conclusion.

C. Nonstructural Safeguards for BOC Provision of Payphone Service

25. The *Computer III* nonstructural safeguards currently apply to a BOC's provision of payphone service if enhanced services are provided through the payphone. Under the *Computer III* framework, BOCs are permitted to provide enhanced services on an integrated basis subject to nondiscrimination safeguards. The safeguards the Commission adopted in *Computer III* include: (1) nondiscriminatory access to network features and functionalities; (2) restrictions on the use of Customer Proprietary Network Information ("CPNI"); (3) network information disclosure rules; (4) nondiscrimination in the provision, installation, and maintenance of services as well as nondiscrimination reporting requirements; and (5) cost accounting

safeguards. The Commission tentatively concludes that all *Computer III* nonstructural safeguards must be applied to meet our obligation under the 1996 Act. It seeks comment on this tentative conclusion. We also seek comment on whether there are other nonstructural safeguards that, while not explicitly specified in the *Computer III*, should be applied to BOC payphones.

26. Currently, the Commission regulates BOC provision of enhanced services through Comparably Efficient Interconnection ("CEI") and Open Network Architecture ("ONA") requirements that require unbundled nondiscriminatory access to BOC network features and functionalities. Pursuant to these requirements, BOCs must file a service-specific CEI plan before offering any enhanced service on an integrated basis. A BOC must demonstrate in its CEI plan how it would provide competing enhanced service providers (ESPs) with "equal access" to all basic underlying network services the BOC used to provide its own enhanced services. Subsequently, the Commission required BOCs to develop and implement ONA plans detailing more fundamental unbundling of their basic network services. ONA requires further unbundling of network elements than under CEI because it is not limited to those elements associated with specific BOC enhanced services. In 1993, the Common Carrier Bureau lifted structural separation requirements after each BOC demonstrated that its ONA plan complied with the *BOC Safeguards Order*. Following the *California III* court decision, the Commission has continued to require BOCs to file CEI plans for each individual enhanced service it offers in addition to fulfilling the access requirements of its ONA plan.

b. BOC CEI Plans

27. To ensure BOC compliance with the *Computer III* and ONA requirements, we propose to require that each BOC file, within 90 days of the effective date of the order in this proceeding, an initial CEI plan describing how it intends to comply with the CEI equal access parameters and nonstructural safeguards for the provision of payphone services. Thereafter, the BOCs may integrate the filing of information on payphone services unbundling and nonstructural safeguards with their ongoing ONA filings. Generally, in a CEI plan, a BOC must describe how it intends to comply with the CEI "equal access" parameters for the specific payphone service it intends to offer. The CEI equal access parameters include: interface functionality; unbundling of basic

services; resale; technical characteristics; installation, maintenance, and repair; end user access; CEI availability; minimization of transport costs; and availability to all interested customers or enhanced service providers. Because the 1996 Act requires that we apply safeguards that are equal to those set forth in *Computer III* "at a minimum," the Commission seeks comment on any other parameters or requirements for BOC payphone service that, while not listed in this NPRM, are consistent with the intent of the 1996 Act.

D. Ability of BOCs To Negotiate With Location Providers on the Presubscribed Interlata Carrier

28. While the location provider selects the OSP for BOC and GTE payphones, all other payphone providers are able to select the OSP serving their payphones. As discussed above, payphone providers, both PPOs and independent LECs, compete in the market for payphone services by offering the location provider a commission on coin and 0+ traffic originating from the payphones located on the location provider's premises. In turn, payphone providers earn revenue by reselling local and 1+ long distance service and by contracting for 0+ traffic with OSPs that pay commissions on 0+ traffic. The legislation directs the Commission to provide similar rights to BOCs, unless the Commission determines that it is not in the public interest.

29. The Commission seeks comment on the extent to which extending to the BOCs the same rights that all other payphone providers have to select and contract with the interLATA carriers that carry interLATA traffic from their payphones would be "not in the public interest." The Commission questions whether these rights will benefit the general public by increasing competition, available services, and overall efficiency. It also asks whether carrier-selection rights will help to foster increased competition and market parity that will "promote the widespread deployment of payphone services to the benefit of the general public." Parties commenting on this issue should also address how any Commission action with respect to a BOC's right to select and contract with interLATA carriers would be consistent with the other goals enunciated in Section 276, such as promoting regulatory parity between BOCs and independent payphone providers, and that the location provider has the ultimate decision-making authority in determining interLATA services in

connection with the choice of payphone providers.

30. The Commission seeks comment on whether the ability to select the interLATA carrier serving their payphones is likely to permit the BOCs to behave anticompetitively in the payphone market in the absence of safeguards to prevent cost misallocations and discrimination. In addition, the Commission seeks comment on whether the structural and accounting safeguards mandated under Sections 271 and 272 of the 1996 Act, and any Commission rules implementing these safeguards, are sufficient to prevent anticompetitive abuses. If not, the Commission seeks comment on whether the Commission should adopt rules to prevent BOCs from giving more favorable interLATA rates to their own payphone operations than to their payphone competitors. Parties are asked to specify what safeguards would be necessary to prevent potential anticompetitive behavior by the BOCs in this regard. The Commission also seeks comment on to what extent a BOC not authorized to provide in-region interLATA service under Section 271 of the 1996 Act should be allowed to participate in the selection of the interLATA carrier, especially if the BOC has a non-attributable interest in the interLATA carrier, such as an option to purchase or an agreement to merge.

E. Ability of Payphone Service Providers To Negotiate With Location Providers on the Presubscribed Intralata Carrier

31. Currently, in some states, competitive payphones are required to route intraLATA 0+ and 0- calls, and sometimes other intraLATA calls, to the incumbent LEC. In contrast, Section 276(b)(1)(E) requires the Commission to prescribe regulations to allow PSPs to negotiate with the location provider on the selecting and contracting with the intraLATA carrier serving the payphone. In accordance with this requirement, the Commission tentatively concludes that all PSPs, whether LECs or PPOs, should be given this right to negotiate with location providers concerning the intraLATA carrier. The Commission seeks comment on these tentative conclusions.

F. Establishment of Public Interest Payphones

32. Because Section 276(b)(2) directs the Commission to "determine whether public interest payphones * * * should be maintained," the Commission seeks comment on whether it would be in the public interest to maintain payphones provided in the interest of public health,

safety, and welfare, in locations where there would otherwise not be a payphone."

33. If the Commission determines that public interest payphones should be maintained, then Section 276(b)(2) gives the Commission statutory authority to determine further how public interest payphones should be regulated. As with our jurisdiction over local call rates, the Commission seeks comment on a range of options for maintaining public interest payphones. One option would be for the Commission to prescribe federal regulations for the maintenance of these payphones. It seeks comment on whether and how this approach would serve the public interest, and on whether Section 276 requires the Commission to assume this responsibility.

34. A second option would be for the Commission to establish national guidelines for public interest payphones. It seeks comment on whether there are any state initiatives or programs concerning public interest payphones that the Commission could use as a model for national guidelines. Commenters supporting national guidelines should specify what factors the guidelines should consider and how the guidelines should be applied on a nationwide basis.

35. In the event that the Commission establishes national guidelines for public interest payphones, it seeks comment on what is to be considered a "public interest payphone." The Joint Explanatory Statement for Section 276 clarifies that the term "public interest payphones" refers to payphones where payphone service would not otherwise be available as a result of the operation of the market. "Thus, the term does *not* apply to a payphone located near other payphones, or to a payphone that, even though unprofitable by itself, is provided for a location provider with whom the payphone provider has a contract." The Commission seeks comment on whether a "public interest payphone" should be defined as a payphone: (1) that operates at a financial loss, but also fulfills some public policy objective, such as emergency access; and (2) even though unprofitable by itself, is not provided for a location provider with whom the PSP has a contract. Under this definition, many payphones that fulfill important public policy objectives would not be included because they would be paid for, in the form of lower commission payments, by the entity that is requesting that a payphone be placed in a particular location to fulfill a public policy objective. This proposed definition would not necessarily

decrease the number of payphones in existence fulfilling public policy objectives, but would require the entities that most directly benefit from these low profitability payphones to assume the cost of their availability. The Commission seeks comment generally on this possible definition. Parties may specify whether the definition should be narrower, broader, or more specific.

36. A third option for maintaining public interest payphones would be to defer to the states to determine, pursuant to their own statutes and regulations, which payphones should be treated as "public interest payphones." This approach would treat the provision of "public interest payphones" as primarily a matter of state concern. The Commission seeks comment on whether it would be consistent with the statute and better serve the public interest to allow the states to develop their own guidelines regarding which payphones are "public interest payphones."

37. With regard to a funding mechanism to support public interest payphones "fairly and equitably," the Commission seeks comment on whether such a mechanism should be handled in conjunction with how public interest payphones are maintained, whether through federal regulations, federal guidelines for the states, or by the states themselves. In the alternative, the Commission seeks comment on whether it would serve the public interest for the Commission and the states to administer different portions of a public interest payphone program. Commenters that support a Commission-mandated funding mechanism should detail how the mechanism would function, including who would be eligible to receive funding, who would be responsible for paying into the fund, and who would administer the funding mechanism.

G. Other Issues

1. Dialing Parity

38. Section 251(b)(3) states that all LECs have the duty to "provide dialing parity to competing providers of telephone exchange service and telephone toll service." The Commission tentatively concludes that the benefits of dialing parity requirements that it adopts pursuant to Section 251(b)(3) of the Act should extend to all payphone location providers. It seeks comment on this tentative conclusion and on other methods for achieving dialing parity for payphone location providers, and users, of payphones that are consistent with the definition of dialing parity under Section 3(15) of the 1934 Act, as

amended. As a related matter, the Commission seeks comment on whether the Commission should extend the type of intraLATA carrier unblocking requirements established in TOCSIA to all local and long distance calls.

2. Letterless Keypads

39. At least two distributors of payphone equipment have been promoting letterless keypads. Such keypads defeat callers' attempts to reach their OSP of choice through a "vanity" access number, such as MCI's "1-800-COLLECT" or AT&T's "1-800-CALL-ATT" and "10ATT," that can be easily remembered by callers. Standard payphone keypads contain certain letters of the alphabet that correspond to each digit (e.g., A, B, and C correspond to the digit "2"). A "letterless" keypad does not include any letters associated with the requisite digits. The Commission expressed concern that use of letterless keypads may frustrate the intent of Congress, as expressed in TOCSIA, to permit callers to reach the OSP of their choice from payphones. In addition, the Commission is concerned that these keypads ultimately frustrates congressional intent, as expressed in the 1996 Act, "to promote competition among payphone service providers and promote the widespread deployment of payphone services to the benefit of the general public[.]"

40. To promote consumer access to OSPs, TOCSIA required the unblocking of 800 and 950 access numbers at aggregator locations and directed the Commission to mandate the unblocking of 10XXX access codes and/or the establishment of 800/950 access numbers by each OSP. In the succeeding years, some OSPs have chosen to use "vanity" dialing sequences for access numbers. While the Commission has previously found that it does not have conclusive data showing a net change in the average number of access code calls (both 10XXX and 800/950 access calls) originated by each competitive payphone each month, payphone industry representatives have argued that use of "vanity" dialing sequences by payphone users has grown since their introduction.

41. The Commission staff has reviewed advertisements for letterless keypads that specifically refer to a "bypass keypad" that "prevents dial around [calls]." The Commission tentatively concludes that the use of letterless keypads violates both TOCSIA and the 1996 Act by preventing callers from accessing their OSP of choice. It seeks comment on how the Commission should take action to prohibit use of these "bypass" letterless keypads to

restrict the availability of "vanity" access numbers.

3. Other Pending Payphone Proceedings

42. Several proceedings pending before the Commission concern the rules governing the payphone industry. The Commission tentatively concludes that it would further the public interest to consolidate and address those proceedings within this rulemaking. The pending proceedings are as follows: (1) Petition of the Public Telephone Council to Treat BOC Payphones as CPE, DA 88-2055; (2) Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket. No. 91-35 (payphone compensation issues only); (3) Petition of Oncor Communications, Inc. Requesting Compensation for Competitive Payphone Premises Owners and Presubscribed Operator Services Providers, DA 95-1921; and (4) Amendment of Section 69.2 (m) and (ee) of the Commission's Rules to Include Independent Public Payphones Within the "Public Telephone" Exemption from End User Common Line Access Charges, RM 8723. Each of these proceedings addresses issues covered by Section 276 of the Act. We seek comment on the implications of our tentative conclusion. Specifically, the Commission seeks comment on which proceedings on the list commenters believe may be resolved here, and reasons for such opinions, and which proceedings should continue separately from this rulemaking, and the reasons for those opinions. The Commission also concludes in the NPRM that the Commission need not address the *Florida Payphone* remand in a separate proceeding because the rules adopted in the proceeding will address the remand by ensuring that PSPs are compensated, pursuant to the 1996 Act, for all intrastate and interstate calls, including subscriber 800 calls.

III. Comments and Ex Parte Presentations

43. All interested may file comments on the issues set forth in this NPRM, on which comment is specifically sought, by June 27, 1996, and reply comments by July 8, 1996. All relevant and timely comments will be considered by the Commission before final action is taken in this proceeding. To file formally in this proceeding, which involves issues concerning the Commission's expedited implementation of the 1996 Act, participants must file an original, ten copies, and the electronic version on disk of all comments and reply comments. Comments and reply comments should be sent to the Office of the Secretary, Federal

Communications Commission, Washington, DC 20554. If participants want each Commissioner to have a personal copy of their comments, an original plus fourteen copies must be filed. In addition, participants should submit two additional copies directly to the Common Carrier Bureau, Enforcement Division, Room 6008, 2025 M Street NW., Washington, D.C. 20554. The petition, comments, and reply comments will be available for public inspection during regular business hours in the Dockets Reference Room (Room 230) of the Federal Communications Commission, 1919 M Street, NW., Washington, DC 20554. Copies of the petition and any subsequently filed documents in this matter may be obtained from ITS, Inc., 2100 M Street, NW., Suite 140, Washington, DC 20037, (202) 857-3800.

44. To facilitate review of comments and replies, both by parties and by Commission staff, the Commission requires that comments be no longer than seventy-five (75) pages and replies be no longer than thirty-five (35) pages, including exhibits, appendices, and affidavits of expert witnesses. Empirical economic studies and copies of relevant state orders will not be counted against these page limits. The page limits will not be waived and will be strictly enforced. Comments and replies must include a short and concise summary of the substantive arguments raised in the pleading. Comments and replies must also comply with Section 1.49 and all other applicable sections of the Commission's rules. The Commission also directs all interested parties to include the name of the filing party and the date of the filing on each page of their comments and replies. Comments and replies also must clearly identify the specific portion of this NPRM to which a particular comment or set of comments is responsive. If a portion of a party's comments does not fall under a particular topic listed in the outline of this NPRM, such comments must be included in a clearly labelled section at the beginning or end of the filing. Parties may not file more than a total of ten (10) pages of *ex parte* submissions, excluding cover letters. This 10 page limit does not include: (1) written *ex parte* filings made solely to disclose an oral *ex parte* contact; (2) written material submitted at the time of an oral presentation to Commission staff that provides a brief outline of the presentation; or (3) written material filed in response to direct requests from Commission staff. *Ex parte* filings in excess of this limit will not be

considered as part of the record in this proceeding.

45. Parties are invited to submit, in conjunction with their comments or replies, proposed text for rules that the Commission could adopt in this proceeding. Specific rule proposals should be filed as an appendix to a party's comments or reply, and will not be counted against the page limits set forth in the preceding paragraph. Such appendices may include only proposed text for rules that would implement proposals set forth in the parties' comments and replies in this proceeding, and may not include any comments or arguments.

46. This is a non-restricted notice and comment rule making proceeding. *Ex parte* presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed as provided in Commission rules.

IV. Conclusion

V. Regulatory Flexibility Analysis

47. As required by Section 603 of the Regulatory Flexibility Act, 5 U.S.C. Section 601 *et seq.* (1981), the Commission has prepared a Regulatory Flexibility Analysis of the expected impact on small entities resulting from the policies and proposals set forth in the NPRM. The full analysis is contained within the NPRM. The Secretary shall send a copy of the NPRM to the Chief Counsel for Advocacy of the Small Business Administration in accordance with Section 603(a) of the Regulatory Flexibility Act.

VI. Ordering Clauses

48. Accordingly, it is further ordered, pursuant to Sections 1, 4(i)-4(j), 201-205, 226, and 276 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), 201-205, 226, and 276 that a Notice of Proposed Rulemaking is ADOPTED.

49. It is further ordered that the Chief of the Common Carrier Bureau is delegated authority to require the submission of additional information, make further inquiries, and modify the dates and procedures, if necessary, to provide for a fuller record and a more efficient proceeding.

50. It is further ordered that this Notice of Proposed Rulemaking is the Commission's disposition of all matters remanded by the U.S. Court of Appeals for the District of Columbia Circuit in *Florida Public Telecommunications Ass'n. v. FCC*, 54 F.3d 857 (D.C. Cir. 1995).

51. It is further ordered that the Secretary shall send a copy of this NPRM, including the IRFA, to the Chief

Counsel for Advocacy of the Small Business Administration in accordance with paragraph 603(a) of the Regulatory Flexibility Act, Public Law No. 96-354, 94 Stat. 1164, 5 U.S.C. 601 *et seq.* (1981).

List of Subjects in 47 CFR Part 64

Communications common carriers; Reporting and recordkeeping requirements; Telephone.

Federal Communications Commission.

William F. Caton,

Acting Secretary.

[FR Doc. 96-15789 Filed 6-19-96; 8:45 am]

BILLING CODE 6712-01-P

47 CFR Part 73

[MM Docket No. 96-124; RM-8813]

Radio Broadcasting Services; Winner and Wessington Springs, SD

AGENCY: Federal Communications Commission.

ACTION: Proposed rule.

SUMMARY: The Commission requests comments on a petition filed by Midwest Radio Corporation proposing the substitution of Channel 252C1 for Channel 253C1 at Winner, the reallocation of Channel 252C1 from Winner to Wessington Springs, South Dakota, and the modification of Station KGGK(FM)'s construction permit accordingly. Channel 252C1 can be allotted to Wessington Springs in compliance with the Commission's minimum distance separation requirements without the imposition of a site restriction. The coordinates for Channel 252C1 at Wessington Springs are North Latitude 44-05-12 and West Longitude 98-34-24. In accordance with Section 1.420(i) of the Commission's Rules, we will not accept competing expressions of interest in the use of Channel 252C1 at Wessington Springs, or require the petitioner to demonstrate the availability of an additional equivalent class channel for use by such parties.

DATES: Comments must be filed on or before July 29, 1996, and reply comments on or before August 13, 1996.

ADDRESSES: Federal Communications Commission, Washington, DC 20554. In addition to filing comments with the FCC, interested parties should serve the petitioner, or its counsel or consultant, as follows: John S. Neely, Esq., Miller & Miller, P.C., P.O. Box 33003, Washington, DC 20033 (Counsel for Petitioner).