

Background

In order to encourage competition and the continued availability of payphones, Congress in 1996 required that payphones no longer be regulated. The Federal Communications Commission (FCC) determined that deregulating local payphone rates and allowing the market to set the price of local payphone calls was an essential step to achieving the goals set by Congress. Nevertheless, with the widespread use and availability of wireless telephones, the use of payphones has decreased.

Emergency and Toll-Free Calls

Calls made to emergency numbers, such as 911, and local calls to Telecommunications Relay Services (TRS) -- services that enable calls to or from persons who are deaf, hard of hearing, or speech disabled -- are free of charge at payphones. You can also reach an operator without depositing a coin.

Toll-free calls, including calls billed to calling cards or credit cards, also do not require a coin. The Communications Act, however, requires the FCC to establish a per-call compensation plan to ensure that all payphone service providers (PSPs) are fairly compensated for every completed intrastate and interstate call using their payphones -- except for emergency calls. The toll-free number provider, calling card service, or credit card company generally pays this compensation, but they may pass this cost on to users in the rates charged.

How Payphone Service Providers Are Compensated

FCC rules require that long distance telephone companies compensate Payphone Service Providers (PSPs) for each call completed from payphones, except those calls for which the PSPs already collect compensation under a contract. The per-call compensation rate can be reduced or increased at any time through an agreement between the long distance company and the PSP. In the event the parties cannot agree, the FCC has established a default rate. The FCC encourages long distance companies and PSPs to contract with each other for more economically efficient compensation rates.

Some long distance companies are falsely advising consumers that the FCC requires consumers making calls from payphones to pay a per-call charge to compensate the PSP. The FCC has not imposed such a requirement. Instead, it allows each long distance company to make a business decision about whether to pass its cost of compensating PSPs on to its customers or not.

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Tips for Consumers

- Numerous states continue to regulate the rates for local collect calls. Check with your state public utility commission or local phone company for rates in your area.
- If you think that the rate for placing a call from a payphone is too high, a less expensive payphone could be around the corner. Also, let that PSP know that the rates are too high. It is in a PSP's best interest to meet the needs of its customers. The PSP's number should be on the payphone.
- Contact your preferred long distance provider and ask for instructions on how to place a call using your provider from a payphone. Also, ask what your long distance provider charges for calls placed from payphones. Let the company know if you believe its rates are too high.

Filing a Complaint with the FCC

If you have a problem with payphone service and cannot resolve it either with your long distance company or the PSP, you can file a complaint with the FCC. There is no charge for filing a complaint. You can file your complaint using an FCC on-line complaint form found at

<http://esupport.fcc.gov/complaints.htm>.

You can also file your complaint with the FCC's Consumer Center by e-mailing fccinfo@fcc.gov; calling 1-888-CALL-FCC (1-888-225-5322) voice or 1-888-TELL-FCC (1-888-835-5322) TTY; faxing 1-866-418-0232; or writing to:

Federal Communications Commission
Consumer & Governmental Affairs Bureau
Consumer Inquiries and Complaints Division
445 12th Street, SW
Washington, D.C. 20554.

What to Include in Your Complaint

The best way to provide all the information needed for the FCC to process your complaint is to complete fully the on-line complaint form. When you open the on-line complaint form, you will be asked a series of questions that will take you to the particular section of the form you need to complete. If you do not use the on-line complaint form, your complaint, at a minimum, should indicate:

- your name, address, e-mail address, and phone number where you can be reached;
- telephone and account numbers that are the subject of your complaint;
- names and phone numbers of any companies involved with your complaint;
- amount of any disputed charges, whether you paid them, whether you received a refund or adjustment to your bill, the amount of any adjustment or refund you have received, an explanation if the disputed charges are related to services in addition to residential or business telephone services; and
- details of your complaint and any additional relevant information.

For More Information

For information about other telecommunications issues, visit the FCC's Consumer & Governmental Affairs Bureau Web site at www.fcc.gov/cgb, or contact the FCC's Consumer Center using the information provided for filing a complaint.

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For this or any other consumer publication in an accessible format (electronic ASCII text, Braille, large print, or audio), please write or call us at the address or phone number below, or send an e-mail to FCC504@fcc.gov.

To receive information on this and other FCC consumer topics through the Commission's electronic subscriber service, click on www.fcc.gov/cgb/contacts/.

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This document is for consumer education purposes only and is not intended to affect any proceeding or cases involving this subject matter or related issues.

