

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

LEGAL NOTICE

March 14, 1997

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D.P.U. 97-18

Investigation by the Department of Public Utilities on its own motion as to the propriety of the rates and charges set forth in the following tariffs: M.D.P.U. Nos. 10 and 15, filed with the Department on December 31, 1996, to become effective January 30, 1997 [Public Access Smartline Service], and M.D.P.U. No. 10 filed January 24, 1997, to become effective February 23, 1997 [elimination of coin rate for local calls] by New England Telephone & Telegraph Company d/b/a/ NYNEX.

On December 31, 1996 and January 24, 1997, New England Telephone and Telegraph Company d/b/a ("NYNEX") proposed changes to its tariffs to comply with Federal Communications Commission ("FCC") rules addressing pay telephone services.

- These rules require all Bell Operating Company pay telephone service providers, including NYNEX, to make filings with the FCC by April 15, 1997 that (1) separate deregulated payphone services from regulated functions, and (2) unbundle central office coin transmission services to provide customer-owned coin-operated telephones access to the same coin functions that NYNEX provides to its own newly-established payphone service business. The federal rules are meant to promote competition among payphone providers and the widespread availability of payphone service to the benefit of the general public. The Department docketed the proposed tariff changes as D.P.U. 97-18.

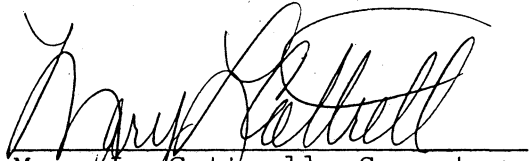
Under the FCC's rules, states can continue to regulate the local coin rate until October 7, 1997, or allow market-based rates to go into effect now. After October 7, 1997, coin rates are deregulated, and payphone providers, including NYNEX, will be allowed to charge rates based on market conditions, not subject to Department review. One of the principal changes proposed by NYNEX is to go to market based rates now and increase the local rate for a coin call from a NYNEX payphone from \$.10 to \$.25. According to NYNEX, this amount reflects the predominant current local coin rate in 42 states and the District of Columbia, and is the current rate charged by most non-NYNEX payphone providers in Massachusetts. This new rate would go into effect on April 1, 1997.

Because the rates for payphone service will be deregulated on October 7, 1997, it is questionable whether a full investigation is an efficient use of Department, Company and other parties' resources, since any directives made as a result of an investigation would be short-lived. In addition, payphone rates are currently subsidized. Allowing payphone rates to go to market-based levels and therefore, removing the subsidy, means rates for other services can be expected to decrease at the time of NYNEX's next annual price cap filing in June 1997. This will benefit NYNEX's customers.

Because of the FCC rules, and the price cap benefits of removing the subsidies, the Department is considering allowing NYNEX's proposed changes, including the proposed increase in the coin rate, to go into effect on April 1, 1997. The Department does intend to open a separate investigation to address federal requirements that states remove entry and exit barriers for payphone providers, and provide for the existence of, and funding for, "public interest payphones."

However, prior to making a final determination on NYNEX's filing, the Department requests comments from interested persons on any aspects of NYNEX's proposed changes. A copy of NYNEX's filing is available for review at the Department's offices: 100 Cambridge Street, Room 1210, Boston, Massachusetts. **Comments are due by close of business on Friday, March 28, 1997**, and should be submitted to: Mary Cottrell, Secretary, Department of Public Utilities, 100 Cambridge Street, Boston, MA 02202.

By Order of the Department,


Mary L. Cottrell, Secretary

Consent Communication #11

5-168

Communication was received from
Department of Public Utilities,
transmitting, notice that New
England and Telegraph d/b/a NYNEX
filed proposed changes to its tariffs
to comply with Federal Communications Commission
rules addressing pay telephone services
due to deregulation of the rates for
payphones service which will become
effective on October 7, 1997.

In City Council March 24, 1997

Referred to
City Manager

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