



# NEWS

News Media Information 202 / 418-0500  
TTY 202 / 418-2555  
Fax-On-Demand 202 / 418-2830  
Internet: <http://www.fcc.gov>  
<ftp.fcc.gov>

**Federal Communications Commission**  
**445 12<sup>th</sup> Street, S.W.**  
**Washington, D. C. 20554**

---

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Circ 1974).

---

**FOR IMMEDIATE RELEASE**

April 5, 2001

**NEWS MEDIA CONTACT:**

John Winston (202) 418-7450

**Federal Communications Commission Resolves Payphone Service Provider Complaints;  
Implements Payphone Compensation Obligations of Interexchange Carriers**

Washington, D.C. – Today, the Federal Communications Commission resolved two complaints for damages filed by Bell Atlantic-Delaware, Inc. (now “Verizon”) against Frontier Communications Services, Inc. (now “Global Crossing”) and MCI Telecommunications Corporation (“MCI”). The Commission held that, under existing Commission rules, the Defendants’ obligation to compensate Verizon for toll-free calls extends to calls that the Defendants transfer to local exchange carriers (“LECs”), but that the Defendants are not required to pay per-call compensation to Verizon for traffic transferred to switch-based resellers. However, in the latter situation, and upon Verizon’s written request, Global Crossing and MCI must provide information to Verizon that enables it to identify any resellers responsible for compensation.

Under Section 276 of the Telecommunications Act of 1996 and the Commission’s rules interexchange carriers (“IXCs”) must compensate payphone service providers (“PSPs”) for certain types of calls made from their payphones. However, an IXC may sell space on its network to a “reseller”—an IXC that either transfers the call to a LEC or yet another IXC. If the reseller installs its own switch to handle traffic, it is known as a “switch-based” (or “facilities-based”) reseller. In proceedings arising from two supplemental complaints for damages, the parties disputed whether an IXC must compensate a PSP for calls transferred from an IXC to a facilities-based reseller. The Commission, applying the existing payphone compensation rules and following previous Commission and Common Carrier Bureau orders, implemented the payphone obligations of an IXC. Specifically, the Commission held that an IXC must compensate a PSP for toll-free calls that the IXC transfers to local exchange carriers, but is not required to pay per-call compensation to a PSP for traffic that it transfers to switch-based resellers. In the latter situation, and upon a PSP’s written request, the IXC must provide information to the PSP that enables it to identify any resellers responsible for compensation.

Action by the Commission, March 28, 2001, by Memorandum Opinion and Order (FCC 01-110).  
Chairman Powell, Commissioners Ness, Furchtgott-Roth, and Tristani.

File Nos. E-98-48 and E-98-49

Enforcement Bureau Contacts: John Winston at (202) 418-7450 or David Strickland at (202) 418-0977.