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**For Immediate Release**

**FCC SEEKS COMMENT ON ELIMINATING BURDENSOME  
PAYPHONE-ERA RULES**

WASHINGTON, June 22, 2017 – In its continuing effort to eliminate costly and unnecessary regulations, the Federal Communications Commission today proposed easing certain audit and reporting rules to better reflect the changing role of payphones in a mobile era.

The Notice of Proposed Rulemaking adopted by the FCC proposes to eliminate an annual audit and associated reporting requirement that in some cases reportedly costs more to undertake than the payphone compensation revenue it protects. An accompanying Order waives the audit and reporting requirements for 2017 and 2018 while the Commission weighs their permanent elimination in the future. Obligations to appropriately compensate payphone providers are not affected by today's actions.

To ensure that payphone service providers are compensated for coinless and toll-free calls, FCC rules require carriers that complete these calls to track and compensate the payphone providers for them. In addition, FCC rules require these carriers to conduct and file an annual audit report prepared by an independent third-party to verify compliance. But the rapid growth of mobile service seems to have resulted in the number of payphones in the nation plummeting from a peak in 1999 of 2.1 million to fewer than 100,000 today, with an accompanying decline in payphone compensation revenue.

Completing carriers have told the FCC that the annual audit and associated reporting requirements cost a significant amount of, if not more than, the compensation they actually owe to the payphone providers. Yet compliance with the underlying compensation obligation—which the audit was designed to double-check—does not appear to be a problem: the payphone industry has not filed a formal complaint alleging insufficient compensation payments since 2010.

The FCC therefore proposes eliminating the audit and reporting requirements. As an alternative, it asks about replacing them with a less burdensome requirement such as self-certification, and seeks comment on these issues and additional reforms.

Action by the Commission June 22, 2017 by Notice of Proposed Rulemaking and Order (FCC 17-79). Chairman Pai and Commissioners Clyburn and O'Rielly approving and issuing separate statements.

WC Docket No. 17-141; CC Docket No. 96-128; WC Docket No. 16-132

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*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. Cir. 1974).*