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For Immediate Release

FCC ELIMINATES OUTDATED PAYPHONE AUDIT RULES

Changes in Technology, Marketplace Render Rules Unnecessary

WASHINGTON, February 22, 2018—The Federal Communications Commission today lifted outdated rules related to the payphone industry that are no longer justified as payphone revenues have plummeted due to a changing communications marketplace.

The Commission eliminated costly payphone audit requirements as part of an FCC effort to cut unnecessary and wasteful rules so that industry resources can be put to more productive use. Technological and marketplace changes have made these expensive audits unnecessary to ensure that the few remaining providers are compensated fairly.

Payphone use in the U.S. peaked in 1999, when over 2.1 million payphones were in service. In 2003, the FCC adopted audit rules to make sure that long-distance and other providers that handled calls originating on payphones compensated payphone providers as required.

But due to the rise of mobile service, the number of payphones by the end of 2016 had decreased dramatically to fewer than 100,000. At the same time, no complaints over improper compensation have been filed in recent years as clearinghouse vendors act as intermediaries between payphone providers and connecting carriers.

While no longer necessary, the audits cost one provider 18 times as much as its payments to payphone providers. Today's elimination of the audit rules does not change the amount of compensation due to payphone providers or their ability to seek redress for compensation they believe they are due.

Action by the Commission February 22, 2018 by Report and Order (FCC 18-21). Chairman Pai, Commissioners Clyburn, O'Rielly, Carr and Rosenworcel approving and issuing separate statements.

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

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