

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE INVESTIGATION)
AND ADOPTION OF RULES TO GOVERN PAY)
PHONE SERVICES WITHIN THE STATE OF)
DELAWARE (OPENED OCTOBER 9, 1984;) REGULATION DOCKET NO . 12
REOPENED JUNE 17, 1997; REOPENED)
JANUARY 29, 2002 AND REOPENED)
FEBRUARY 5, 2015))

COMMISSION STAFF REPORT

In June 1984, the Federal Communications Commission ("FCC") released an Opinion and Order¹ permitting the registration of customer owned or provided coin-operated telephones, thereby removing any Federal impediment to competition in the coin telephone market. The FCC determined that technological advances made it possible for pay telephones to be competitively provided by the private sector. Previously, Bell Operating Companies, such as Diamond State Telephone Company (currently Verizon Delaware LLC) provided payphone service. In light of this FCC Opinion and Order, the Delaware Public Service Commission ("PSC") opened a regulation docket, noticed, took public comments, developed proposed rules and regulations, and finally approved "Rules and Regulations Governing Service Provided by Customer Owned Coin-Operated Telephones" in PSC Order No. 2662 (July 9, 1985).

In PSC Order No. 8705 dated February 5, 2015, the PSC Staff is proposing to delete the "Rules and Regulations Governing Service Provided by Customer Owned Coin-Operated Telephones" in light of the

¹Memorandum, Opinion and Order, FCC84-270, released June 25, 1984.

passage of Delaware House Bill No. 96 which took effect on July 15, 2013. The legislative revisions to Title 26 of the Delaware Code reduces the PSC's oversight of telecommunications services. Also, with the widespread availability and use of mobile phones, competitive market pressures are adequate to regulate price, availability and terms of service for telecommunication services. Payphones are still used in "inmate facilities" and state-maintained rest areas, which are state contracts administered by the Delaware Department of Technology and Information with certificated telecommunications service providers.

On February 5, 2015, the Commission approved PSC Order No. 8705, which re-opened Regulation Docket No. 12 to delete the "Rules and Regulations Governing Service Provided by Customer Owned Coin-Operated Telephones". Attached to this Order as Exhibits A and B are the current rules and regulations and proposed redlined rules and regulations. PSC Order No. 8705 also directed the Acting Secretary to send Exhibits A and B to the Delaware Registrar for its March publication and to publish notice in the News Journal on February 12, 2015 and the Delaware State News on February 13, 2015, informing the public that written comments would be accepted until April 2, 2015 and that a public comment session would be held on April 15, 2015.

Written comments were received from Network Communications International Corp. ("NCIC"). NCIC suggested that the PSC propose rules concerning "inmate facilities" payphone rate caps and rate structure. In Delaware, all "inmate facilities" are state-owned facilities and all services to these facilities are provided on a competitively bid contract basis. The Delaware Department of

Technology and Information is responsible for the telecommunications services contract covering payphone services used by inmates to call their families. The rates and rate structure are addressed in that contract. Therefore, the PSC does not need to propose rules for these inmate payphone services.

The Public Comment Session was held on April 15, 2015 at 10:00 am in the Commission's Hearing Room located in Dover, Delaware. The only person that attended was a Student from Wilmington University that wanted to observe a public comment session to see who attends and how these sessions are handled.

The PSC Staff has not received any comments that would change our viewpoint about deleting the existing payphone rules. Therefore, Staff recommends that the Commission consider this matter directly and hold an evidentiary hearing on May 19, 2015 to consider the deletion of "Rules and Regulations Governing Service Provided by Customer Owned Coin-Operated Telephones". Parties filing comments will be notified of the hearing.

Submitted by: Connie S. McDowell
Senior Regulatory Policy Administrator
May 8, 2015