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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the matter of	)	
Policy and Rules Concerning the Interstate, Interexchange Marketplace	)))	CC Docket No. 96-61
Implementation of Section 254(g) of the Communications Act of 1934, as amended	))	

REPLY COMMENTS BY TELECOMMUNICATIONS RESEARCH AND ACTION CENTER AND CONSUMER ACTION AND CONSUMER FEDERATION OF AMERICA

The Telecommunications Research and Action Center ("TRAC")[1], Consumer Action[2], and the Consumer Federation of America ("CFA")[3] (collectively referred to

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[1] TRAC is a tax-exempt consumer education and advocacy organization based in Washington, D.C. It has represented its members and the public on many telecommunications policy issues, but its primary goal in recent years has been to promote the interests of residential and small business telecommunications consumers. For the last ten years, TRAC has published Tele-Tips™, a periodic newsletter that provides comprehensive consumer information and rate comparisons on interstate long distance telephone service. A copy of the most recent edition is Exhibit 1.

[2] Consumer Action is a San Francisco-based consumer education and advocacy organization that represents the interests of consumers, especially those who have low incomes and/or limited English-speaking skills. In recent years, it has devoted much of its resources to telecommunications issues at the state and federal level. It publishes and distributes long distance price surveys based on data obtained from interexchange carriers' tariffs.

[3] CFA is the nation's largest consumer advocacy group, composed of over two hundred and forty state and local affiliates representing consumer, senior citizen, low-income labor, farm, public power and cooperative organizations, with more than fifty million individual members.

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List A B C D E

herein as "Petitioners") hereby comment on Sprint Corporation's January 7, 1998 Opposition to Petitioners' Petition for Further Reconsideration.

Sprint argues that Petitioners' claim that IXCs seek to hide their rates and service offerings from the general public is belied by the massive advertising and marketing efforts engaged in by these carriers. Given the plethora of information available, according to Sprint, diligent customers should be able to make an informed choice as to IXCs and rate plans that will best satisfy their communications requirements. *See* Sprint Petition at 4, 5. It is particularly notable that Sprint would have consumers rely on its marketing efforts as a reliable source of information when one of Sprint's promotional campaigns was recently awarded a Harlan Page Hubbard "Lemon Award" for being one of nine of the most misleading, unfair and irresponsible" advertising campaigns in 1997.[4] Contrary to Sprint's assertions, a plethora of marketing information will not necessarily provide consumers with the information they need, particularly where the information provided is misleading.

Therefore, we respectfully request that the Commission reconsider its decision to eliminate the public information disclosure requirement. Disclosure of verified rates, terms and conditions of service for residential long distance telecommunication services is in the public interest.

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[4] Beth Berselli, *Imperfect Pitches Yield Sour Notes; 'Lemons' Go to 9 Firms Cited for Misleading Ads*, The Washington Post, Dec. 5, 1997 at G3 (Attachment A). The "Lemon Awards" are presented by a coalition of consumer and health groups including the Consumer Federation of America ("CFA"). Attachment B is the CFA press release on Sprint's "Lemon Award."

Respectfully submitted,

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January 20, 1998

CERTIFICATE OF SERVICE

I, Sheila Thompson, hereby certify that on the 20th day of January, 1998, true and correct copies of the foregoing Reply Comments in CC Dkt. No. 96-61 were either hand-delivered* or sent by first class, postage prepaid mail to the following list of parties:

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ATTACHMENT A

13TH STORY of Focus printed in FULL format.

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December 05, 1997, Friday, Final Edition

SECTION: FINANCIAL; Pg. G03

LENGTH: 771 words

HEADLINE: Imperfect Pitches Yield Sour Notes; 'Lemons' Go to 9 Firms Cited for Misleading Ads

BYLINE: Beth Berselli, Washington Post Staff Writer

BODY:

There were the usual tuxedo-clad announcers, sealed envelopes and bronze-colored trophies. Emotional speeches were made, and smiles were flashed for the cameras. With all the pomp and circumstance, you'd have thought it was the Oscars or maybe the Golden Globes, if but for one thing: None of the winners showed up.

And there's a good reason for that.

The awards were bestowed for the "most misleading, unfair and irresponsible" advertising campaigns of the past year. A coalition of consumer and health groups presented the Harlan Page Hubbard Lemon Awards to nine U.S. companies at a news conference yesterday at the National Press Club. For this dubious honor, the "winners" received a small statuette of a figure grasping a lemon.

This year's honorees included Cadillac, for what the groups said was an irresponsible ad showing its new Catera illegally crossing a double yellow line to pass other cars; Sprint Corp., for promising free phone calls on Monday nights, without disclosing a raft of hidden restrictions; and Nutri/System weight-loss centers, for promoting phen-pro, a drug combination not proven to be either safe or effective in weight loss.

A beer company and a tobacco company also were cited for their misleading ads, as were the makers of the dietary supplement Ginkai and the nutritional beverage Ensure.

The awards, which have been presented annually for the past 13 years, are named for a 19th-century impresario who pioneered the use of deceptive advertising techniques. One of Hubbard's biggest campaigns was for Lydia Pinkham's Vegetable Compound, an elixir that promised to cure ailments as diverse as cancer and low sex drive.

"The Hubbard spirit is alive and well in the advertising community today," said Bruce Silverglade, legal director for the Center for Science in the Public Interest, the Washington group that organized the awards.

The winning companies were quick to dispute their prizes, saying they were undeserving of the criticism.

The Catera ads portray "safe, normal driving, while demonstrating Catera's excellent handling and control," Cadillac said in a statement. "The car passes legally and safely across a broken yellow line. In the interest of avoiding any misunderstanding, the spot was reedited so that the driving conditions cannot be misinterpreted."

Anheuser-Busch Cos. -- whose "Buy the Beer, Get the Gear" ad campaign was cited for encouraging overconsumption of alcohol -- called the awards a "publicity stunt" and said it takes its "commitment to the responsible enjoyment of our beers" seriously. The National Council on Alcoholism and Drug Dependence, which nominated the beer producer for the award, criticized the campaign for calling on consumers to drink 27,000 cans or bottles of beer in six months to get a pool table.

"If 150 members of the Pasadena Rotary Club each drank one beer a day, they'd earn a Bud gear pool table in six months and be models of responsible consumption at the same time," Francine Katz, the company's vice president for consumer awareness and education, said in a statement.

A spokesman for Sprint said the groups missed the point of the company's TV commercials promoting free Monday night calling. "The offer itself was really targeted to new customers" who wouldn't be affected by restrictions -- such as a one-month time limit -- spelled out in the fine print, said Steve Lunceford.

Other honorees included the American Egg Board, for TV commercials claiming that eggs probably will not raise a healthy person's cholesterol levels; cigarette maker R.J. Reynolds Tobacco Co., for implying that its new "no-additive" Winston cigarettes are safer than regular cigarettes; and Lichtwer Pharma, for ads claiming that Ginkai, a dietary supplement made of gingko biloba, can improve the memory of a healthy person even though the herbal substance has been tested only on people with dementia.

Visa USA was criticized for its TV commercials claiming that debit cards are better than checks even though such cards don't provide consumers with certain legal protections afforded by checks. Abbott Laboratories' Ross Products division was cited for implying that its nutritional beverage, Ensure, can help healthy adults stay healthy, active and energetic. The groups said that Ensure is intended for the sick or markedly underweight and that healthy adults don't need it any more than than they need baby formula.

The groups presenting the awards included the Consumer Federation of America, the American Cancer Society, the American Heart Association and the U.S. Public Interest Research Group.

GRAPHIC: Photo, Cadillac, Sprint and Anheuser-Busch were chosen as recipients of the 13th annual Harlan Page Hubbard Lemon Awards for their allegedly misleading ads.

LANGUAGE: ENGLISH

LOAD-DATE: December 05, 1997

ATTACHMENT B

Consumer Federation of America

1424 16th St. N.W., Suite 604 Washington, DC 20036 -- 202/387-6121

Restrictively Speaking, Monday Nights May Be Free

Statement by Mary Rouleau, Consumer Federation of America

"When Sprint said speak freely on Monday nights, I don't think that's what they meant," Candice Bergen tells us at the end of this humorous, but misleading ad campaign. Well, Candice, I don't think that is what Sprint meant either.

At first glance this seems like a terrific deal. By signing up for this promotion, you could save tons of money just by making all your phone calls on Monday nights. Right? Wrong. Although Sprint does offer their current customers Monday nights free if they sign-up for this promotion, they don't tell you that you have to jump through numerous hoops to get the bargain.

Hoop 1: You have to spend an average of $25 of long distance a month just to qualify for this program.

Hoop 2: The free Monday nights are only for the month of November.

Hoop 3: You cannot be part of another Sprint promotion.

I don't know about you, but I am already tired ofjumping. But there's more they don't tell us, unless you can decipher the minuscule print flashed at the bottom of the screen for a few seconds

Hoop 4: The free Monday nights are from only 7:00 p.m. to I 1:00 p.m.

Hoop 5: The calls are only for residential state to state calls. And last,

Hoop 6: The free phone calls are ordy for a maximum of 500 minutes.

Based on this number of restrictions, Sprint's advertising slogan should be "Restrictively Speaking, Monday Nights May Be Free." I guess that's not as catchy.

For non-Sprint users who are willing to switch-over to Sprint to enjoy this promotion, the deal is less restrictive. The calls last through the end ofthe year, and there is no average-spending qualification. I assume Sprint wants to nab new customers. A word for

the wise, though, don't count on this special treatment once you are a Sprint customer.

Since the deregulation of long-distance providers, numerous companies have sprung up promising huge savings and special deals. Consumers need to know that there are often underlying restrictions behind each ofthese deals, and they should research thoroughly any provider or promotion they are interested in.

I don't think Sprint would have wanted me to speak this freely.

[Hubbard Press Release]