

**AT&T Home Page  
Consumer and Business Alert  
New Charges  
(www.att.com)**

Attached are two documents copied off the AT&T Home Page.

These documents were placed on the web by AT&T to provide customer's with information regarding new charges they may see their bills.

The first document, the "Carrier Line Charge," is targeted to consumers and provides information regarding this new charge.

The second document, "Access Reform and The Telecommunications Act," is targeted to business customers and provides information regarding a number of new charges.

Both documents are misleading. The Carrier Line Charge document states that, "The money collected from this charge will be given to local telephone companies and will not provide any profit to AT&T." In fact, if AT&T has not reduced its toll rates to reflect the LEC's reduction in their switched access usage rates, AT&T is obtaining a significant profit from this new charge.

In the document on Access Reform and The Telecommunications Act, AT&T states, "To date, access reform has resulted in only a small decrease in the switched access charges IXCs pay to local phone companies." In fact the IXCs have obtained over \$2.7B in switched access usage charge reductions. Any reasonable person would agree that a \$2.7B reduction is anything but a small decrease.

**Carrier Line Charge**

We understand that you have questions, and hope this explanation will help you see why the Carrier Line Charge is on your bill.

This charge is the result of a new policy. This policy permits local telephone companies to charge flat fees to long distance companies based on the number of telephone lines subscribed to for long distance service. For the additional telephone lines in your house, AT&T is covering its cost for these lines through the Carrier Line Charge. This charge will be shown monthly at one dollar and fifty cents for each additional line that you have.

Please note that if you do not have additional lines in your household you will not see this charge on your bill.

The money collected from this charge will be given to local telephone companies and will not provide any profit to AT&T.

Thank you. We hope you now have a better understanding of this charge. Please note that this charge will not be waived.

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**“Access Reform and The Telecommunications Act of 1996.”**

And thank you for allowing AT&T to serve you on the web. If after reviewing the information below, you still have questions on changes to your AT&T bill in connection with Access Reform and the Telecommunications Act of 1996, please

In 1998, the entire telecommunications industry will experience "access reform." This reform is a result of the Telecommunications Act of 1996, through which Congress gave the FCC the responsibility of implementing access reform. In May 1997, the FCC issued two companion orders:

- The Universal Service Order: Expanded the Universal Service Fund (USF) which will support telecommunications services for schools, libraries, low-income consumers, rural healthcare providers and high-cost, rural and insular areas.
- The Access Charge Reform Order: Restructured the way access charges are collected, and established Presubscribed Interexchange Carrier Charge (PICC), a charge that Interexchange Carriers will pay Local Exchange Carriers.

Access reform will affect every Interexchange Carrier (IXC) in the industry, including AT&T. To date, access reform has resulted in only a small decrease in the switched access charges IXCs pay to local phone companies. Meanwhile, the new expenses that IXCs will incur are substantial. The Universal Service Fund, which is projected to be \$4.4 billion in 1998, is three times the size it was before the order. (AT&T expects to pay nearly \$1.3 billion into the Universal Service Fund in 1998.) AT&T further expects its 1998 PICC expense to be \$1.0B.

To recover these expenses, AT&T will begin to bill two new charges in January, 1998:

- The Universal Connectivity Charge, which recovers costs associated with the Universal Service Fund; and
- The Carrier Line Charge, which recovers costs associated with PICC.

AT&T is implementing these charges to recover its costs, and does not expect to recover more than the costs it is incurring.

On December 18, 1997, AT&T filed tariff revisions with the FCC to implement new charges first appearing on business services bills dated January 26, 1998. The charges will be clearly identified as separate line items:

- The Universal Connectivity Charge will recover a portion of AT&T's Universal Service Fund assessment. It will appear as a 4.9% charge applied to total interstate and international voice and data billing.
- The Carrier Line Charge will recover a portion of the restructured access charges. It will appear as a fixed monthly charge, and initially will be set at 53 cents per bill for Commercial Long Distance and Option S, and \$5.50 per bill for CustomNet and Small Business Advantage Plus (SBA+).

## EXHIBIT C

### What is Access Reform?

On May 7, 1997, the Federal Communications Commission issued two companion orders, the Universal Service Order and the Access Charge Reform Order, that grew from the framework of the Telecommunications Act of 1996. Both fall under the heading of "access reform," and both increase expenses of long-distance companies, including AT&T.

### What is the Universal Service Order?

In its Universal Service Order, the FCC expanded universal service support mechanisms for (1) high cost, rural and insular areas and low-income consumers; and (2) schools, libraries and rural health care providers. To enable these support mechanisms, the FCC created the Universal Service Fund (USF) to pay the cost of programs envisioned by the order. It is projected that the USF will generate and disburse in the neighborhood of \$4.4 billion annually.

### How will Universal Service Order programs be funded?

The USF is to be funded by an assessment on telecommunications companies that provide interstate service. Long-distance providers are assessed on the basis of their total end user revenues; for AT&T the bill in 1998 is projected to be about \$1.3 billion, based on 1997 revenues.

### What is the Access Charge Reform Order and Why was it created?

The Access Charge Reform Order restructures the fees which interexchange carriers like AT&T pay to local phone companies for use of their network. The FCC believes that a fee structure based on subscribed lines versus minutes of use will reduce the high level of subsidization that is inherent in the old minute-based rates.

### What is AT&T doing?

AT&T is implementing two new charges for business customers to recover the expenses associated with these government programs.

The Universal Connectivity Charge, which recovers costs associated with USF, will appear as a 4.9% charge applied to total interstate and international voice and data billing

The Carrier Line Charge, which recovers costs associated with PICC, will be implemented as follows:

- 53-cents monthly per billed location for subscribers to Commercial Long Distance and Option S

- \$5.50 monthly per billed location for subscribers to CustomNet and Small Business Advantage Plus (SBA+).

### Are you assessing business customer only?

For the present, AT&T does not plan to assess a Universal Connectivity Charge for consumers. Through the first six months of 1998, costs associated with USF allocated to our consumer services division will be offset by lower access fees that AT&T pays local phone companies.

## **EXHIBIT C**

When can I expect to see these new charges on my bill?

For most customers, the charges will appear on bills beginning on or about January 26, 1998.

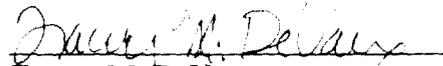
Are other long-distance companies handling these new expenses in the same manner as AT&T?

On January 1, both MCI and Sprint also implemented charges to recover costs associated with access reform.

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CERTIFICATE OF SERVICE

I hereby certify that on this 17<sup>th</sup> day of February, 1998 a copy of the foregoing "Reply of Bell Atlantic to Comments in Support of Petition for Rulemaking" was sent by first class mail, postage prepaid, to the parties on the attached list.

  
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