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Leonard J. Cali
Vice President & Director
Federal Regulatory Affairs
AT&T Federal Government Affairs

Suite 1000
1120 20th St. NW
Washington, DC 20036
202 457-2120
FAX 202 457-2545

December 1, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, D.C. 20554

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DEC - 1 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Re: Notice of Ex Parte Presentation
Federal-State Joint Board on Universal Service, CC Docket No. 96-45.

Dear Ms. Roman Salas:

I have enclosed for inclusion in the public record of the captioned proceeding a letter that I today sent to Chairman Kennard that responds to questions raised in the Commission's *en banc* hearing concerning Consumer Issues and Education. The questions concern the minimum usage charge that AT&T had recently applied in connection with certain of its calling plans.

Two copies of this Notice are being submitted in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to read "L. J. Cali".

Attachment

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List ABCDE



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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Chairman William E. Kennard
Federal Communications Commission
1919 M Street, NW, Room 814
Washington, D.C. 20554

Re: Consumer Issues and Education *En Banc* Hearing

Dear Chairman Kennard:

At the Commission's *en banc* hearing concerning Consumer Issues and Education, you made certain inquiries concerning the \$3.00 minimum usage charge that AT&T had recently applied in connection with certain of its calling plans. In particular, you asked Joel Lubin, AT&T's representative participating on the second panel, what efforts AT&T had undertaken to educate consumers about the charge, and what consumer reaction to the charge had been, including the effect of the charge on consumer "churn" rate. Mr. Lubin lacked the information necessary to respond to these questions fully at the hearing, and offered to provide responses subsequently. The responses follow.

First, extensive media coverage accompanied AT&T's announcement of the minimum usage charge. That coverage included more than 900 print and broadcast stories, and served to apprise AT&T's customers, and the public generally, of the introduction and purpose of this charge. In addition, for those consumers that subscribe to AT&T service directly through an AT&T sales representative or that receive AT&T fulfillment (i.e., welcoming) materials, AT&T includes an explanation of the charge in its marketing and fulfillment materials, and sales representative scripts. AT&T also identifies the charge and its calculation on applicable consumer bills.

Second, consumer response to the charge has been limited. During the first month of the program, little more than 1% of call volumes to AT&T consumer customer care centers concerned the charge, and that number has since declined to less than 0.2% of calls per week

nationwide. In light of the limited number of consumers currently subject to the charge, we believe that most of this volume is attributable to the media coverage accompanying the announcement of the charge. At this time, AT&T is unable to attribute any change in consumer churn to the introduction of the minimum charge.

Please let me know if you or your staff would like any further information concerning this matter. I have submitted two copies of this letter to the secretary of the Commission for inclusion in the public record of the Federal-State Joint Board on Universal Service proceeding, CC Docket No. 96-45.

Sincerely,



cc: Commissioner Susan Ness
Commissioner Harold Furchgott-Roth
Commissioner Michael Powell
Commissioner Gloria Tristani