

In the Matter of)
) **CC Docket No. 99-249**
Low-Volume Long-Distance Users)

a.k.a. "Inquiring Into Flat-Rated Long-Distance Fees"

Competition and the Computer Revolution

It is clear that consumers in the computer industry have enjoyed an exponential increase in the performance and capacity of computers while also enjoying an exponential reduction in cost. This is attributable mostly to the doubling of components on a chip that occur every 18 months. These single chip processors have become cheaper and more and more powerful. As time passes they become able to do more complex things that they were never able to do before. In the mid-1980s they were able to digitize voice and the telephone companies buried small computers as close to subscribers as they could accumulate enough lines to make it worthwhile. We don't have to ask if this actually happened. We can just look at modems. In the 70s modems could barely handle 1200 or 2000 baud. They had to contend with line noise and this was unforgiving to a data signal. Now modems only have to respond to the quantum noise that the telephone company's digitizing introduces. The telephone company converts a voice line into a 64kb digital signal. A modem does almost exactly the same thing. At 56kb the modems are very close to the 64kb the telephone company's digital channel will support.

The telephone company is one giant system of computers

I think this is fairly evident. The question is where have the exponential price reductions and performance increases gone? I think the answer to this is fairly evident too. If your objective is not to reduce costs you can certainly arrange this.

The local loop

The Commission should not be asking how big this is but in a competitive environment how big should this be. For in a competitive environment suppliers would seek ways not to dedicate resources to individual customers when they could share those resources among all customers. If they don't they would lose customers because their costs would be undercut. And further, I think most consumers feel that the line from the customer's home that runs barely further than the customer's driveway has actually been more than paid for over and over by installation fees and what amount to rental fees for something the consumer would much rather purchase. Remember when the telephone company would actually force people to rent telephones. And the regulators would actually permit this. Imagine what it would be like if you were forced to rent your driveway and each person who traveled over it to deliver something had to pay for the privilege and would pass the fee along to the resident.

And surely the costs of these lines, including cost of laying, would be cheaper for an apartment building than for a single family residence. Why isn't there a lower rate there? Isn't that something the commission would like to do given that in general apartment dwellers tend to be less well off than a single family home residents.

The Commission has put forward the myth that these flat fees of theirs are justified because of all the fixed costs that the telephone companies have to pass along. But these costs are mostly manufactured. For the telephone company nothing would be better than to have high fixed costs and low variable costs. For they know that, just like in the movie the Titanic the hero would go to the highest point in the ship to remain on board till the last possible moment before they were forced to leave, that telephone subscribers will give up their telephone number as only a last resort. The telephone system is like the Titanic in other ways too.

The Telephone System as we know it is Obsolete

Again I think this is fairly evident. The transaction based telephone system as we have it today is obsolete and does not meet the needs of the consumer. And it is inefficient. The packet driven Internet points us to the way of a better system. Isn't it outrageous that the local telephone systems claimed to be (and just maybe contrived to be) overwhelmed by the local traffic to a single ISP that connected subscribers to the Internet. The Internet, which operates on a fraction of the budgets of the telephone companies and connects people throughout the world. The Commission thinks that ISPs are a good example of flat fees. There are actually ISPs that offer varying fees, you can get 5 hours a month for say \$10 with \$3 for each additional hour, but that is not very attractive to most consumers. If people use more than that many hours then chances are they will spend some time online between 7 and 9 at night and the ISP must have enough lines to handle that peak time period. How ironic that the Commission chose an example that is that way because of artificial the requirement to have discrete telephone lines. It is the only part of the Internet that has this artificial requirement and underscores just how obsolete our transaction based telephone system is. This obsolescence has been encouraged by the way that the telephone system has been regulated.

Complexity and Confusion

The FCC fees are too complex. This leads to confusion in the marketplace. And this is not good for competition. It could be called anti-competitive. Consider the web site offering of one carrier, 9-line Communications, as shown in Appendix A. A much simpler list of the FCC fees, yet even it is too complex for the consumer. Ask any consumer what their fees are after they have read this. They won't know what their flat fees are or that an offering with a \$5 flat fee is almost 5 times the FCC flat fee for a first line.

Appendix B, a web site that offers a comparison of various rates makes it apparent just how confusing for the consumer the situation is. We are bombarded with advertising, but advertising is not necessarily information. Some advertisers offer misleading or incomplete information as this web site points out. Sometimes you cannot determine whether the carrier's flat fee includes the FCC fee or is in addition to it. You have to wait for your first bill. And there is a reconnection charge, another anti-competitive feature of the telephone system.

It is apparent from these sites that the FCC flat fees are being passed back by **ALL** carriers. Some carriers, particularly the dominant ones, charge more than the FCC flat fees. The carrier flat fees appear not to result from competitive forces but from the fact of the flat fees implemented by the commission and even more from the complexity of those fees.

History from 1983 The breakup of AT&T

Since the breakup of AT&T the government, including the FCC have been cheering the rise of competition in telephone communications, even if it was only in long distance. The Commission chooses to focus on per minute rates. It is a relatively recent phenomenon. But looking at flat fees and taxes, the local subscriber has seen nothing but a continuous stream of increasing costs. If you have rising prices, especially in a technology business at this time, you need to seriously question whether you have competition. The whole point of competition is to lower prices for the consumer, to ensure that the supplier cannot take advantage of the consumer and that the suppliers have an incentive to reduce costs.

Competition and Economics 101

I was curious about the subject of competition given the apparent position of the FCC. The FCC states that “most consumers are reaping the benefits of thriving competition.” Is this really true? Does the Commission know how many consumers are low volume and how many are high volume? Would it not be helpful to this inquiry if we were told?

If these reforms promote competition, the question is, are these the only reforms that could have promoted competition? Or would alternative regulations have promoted competition and at the same time have been fairer to the consumer? How much have per minute costs been reduced? If the FCC had reduced per minute rates by 10 cents and increased flat fees by between 1.04 and 4.21 (see Appendix A) then an average usage between 10.4 and 42.1 would exactly balance the previous costs. Now what would have happened if instead you had left those 10 or perhaps 12 cents a minute for the first 60 or 90 or however many minutes of long distance usage to equate to the implemented flat rate fees? If there are an insignificant number of so called low volume users than the high volume users would have received almost the same reduction as they do under the implemented scheme. And the advertising would have been just as impressive (citing FCC mandated fees as extra, of course). If the low volume users represent a significant number, then what are you doing? Paying for the Long Distance system on the back of people who don't use it? For I think the Commission, by initiating this enquiry, recognizes the basic unfairness of the new fees, although it seems unwilling to so state.

And before we leave this hypothetical example, if we had 10 cents per minute reduction in advertised rates following a 10 cents reduction in fees, is it reasonable to call this evidence of competition or choice or innovation?

“Some suggest ... that because of some impediment or dysfunction suffered by low volume consumers, it is unfair to deny those consumers the benefit of being subsidized by their higher volume friends and neighbors.”

This is without question a most derogatory question. Replace the words “low volume user” with the words “black” or any other now protected, previously if not now discriminated against class. If the commissioner were to ask the questions “Are blacks somehow dysfunctional?” “Are blacks being subsidized by their more productive co-workers?” then he would quickly find that he was no longer welcome in a position of public service. No, low volume or non users are not dysfunctional. High volume users of a long distance network do not subsidize those who do not use it. (I will address the mythical “local loop” later.) It is simply discrimination.

“But consumers' expectations that they would not be charged flat rates developed not because the traditional pricing structure was inherently fair or reflective of the underlying cost of service, but simply by virtue of rules developed in a largely monopolistic environment.”

The telephone system is a monopoly. No matter how hard you try, as long as it is still a monopoly, its pricing will remain unfair. The regulated monopoly is not where we consumers developed any notions of fairness. This notion that it is not fair to be charged, with no choice, a flat fee for services we do not use came from how we are treated in a competitive environment. We never regarded the pre 1983 regulated telephone monopoly as fair. Do you? If so, why bother with all the pro-competitive reforms?

- (6) “Simple economics dictate that competitive businesses must pass along new costs, including new taxes, to their customers [as] any college freshman taking a basic economics course could repeat.”

Well that is not what they are being taught. At Harvard, and Cornell for example. You can read it on the web.

It all starts with supply and demand curves. In pure competition equilibrium is reached for a price where supply and demand will be about the same. Pass on new costs to consumers? Just like that? Just up the

price? If you do any your competitors do not then you may go out of business. And their increased volume may lower their costs enough to offset the flat fees. Also natural costs can often be reduced or spread over more customers with innovation. Innovation you just don't see in the telephone system. The kind of innovation you see in the telephone system are things like a media blitz to encourage people to get extension phones for their teenagers because regulations allow the telephone company to charge more if there are more phones in any given area. Now we have a shortage of telephone numbers. And a Commission inquiry about that too.

According to economics courses, what is evidence of competition? Lower rates? More advertising? Innovation? Choice? The answer the course has for all of these are the same. Not necessarily. Monopolies can do all of these things when acting purely in their own best interest. How about "Many suppliers?" Surprise! The answer is the same. Not necessarily. A large number of suppliers is not sufficient. It is the number of **dominant** suppliers that is more important. If a few suppliers dominate the market then it is called an oligopoly. An oligopoly may behave like competition, if they choose to compete. It may behave like a monopoly if they collude, or anywhere in between.

Cornell has a quiz question. Name the markets in which the following entities are engaged. And included in the list is ATT Long Distance. The answer? An oligopoly.

Are there a few dominant players? Yes. Do they collude? Well they all charge flat rate fees in excess of the FCC mandated fees. Most do not even pass back the savings that came with flat rate fees except, to quote one, in the form of "promotional items." (Appendix C)

In a discussion about technology, one course says something about the telephone system. It describes the telephone system as "a natural monopoly." It is, or was too big for any competitors to enter the market. That describes the whole telephone system as it was, and the local telephone system as it is today. Then technology made it possible for others to compete in the long distance market. Congress and the FCC did not "create" competition in the long distance telephone business. And it can't create it in the local system either. It can enable it, or stop disabling it, as long as it is there. We all know how ATT was sued by the justice department and forced to break up and give these competitors access to dial-one (or dial anything) service. At the start all they could use were 800 numbers. Wasn't the 30 cent pay phone charge on 800 numbers actually put there to try and block these competitors.

Extracts from main Web page <http://www.6.9line.net/>

9-line Communications

"Our 6.9/cpm plan has **NO monthly fees***! (FCC mandated charges DO apply - see our [FCC Explanation Page](#) for details). This represents a savings of up to 60% over AT&T, MCI or Sprint's "discount" programs. Don't be fooled by low rate "dial around" programs with per-call minimums which can push your actual average cost to well over \$0.18 per-minute."

Clicking either of the above links lead to a second web page . . .

Second Web page <http://www.6.9line.net/>

FCC Mandated Fees

*Effective February 1st, 1998, the Federal Communications Commission (FCC) has mandated that we collect a MONTHLY "Presubscribed Interexchange Carrier Charge" (PICC) as follows:

Residential and Single-Line Business Users that have only one phone line - \$1.04 per month.

Residential Users that have two or more phone lines -

\$1.04 per month for the first line, and \$2.53 per month for EACH additional line thereafter.

Single-Line Business Users will be charged as follows:

\$1.04 per month for the first line, and \$4.21 per month for EACH additional line thereafter.

Multi-Line Business Users will be charged as follows:

\$4.21 per month for the first line, and \$4.21 per month for EACH additional line thereafter.

Also, effective January 1st, 1998, the FCC has mandated that ALL long distance carriers levy a "Universal Service Fund Surcharge" (USF) as follows:

1) .72% (or .0072) on all inter-state, intra-state, and international traffic (proceeds are contributed to Schools, Libraries, and Rural Health Care).

2) 3.19% (or .0319) on all interstate and international traffic (proceeds are contributed to Lifeline, Link-Up and the High Cost Fund). For more information, please go to www.fcc.gov

**Effective October 7, 1997 the Federal Communications Commission (FCC) has adopted a surcharge on toll-free calls placed from payphones. This charge is collected on behalf of the payphone service providers and will be remitted to them.

Therefore, if your 800/888 number receives a call from a payphone it will result in an additional one-time charge of

0.30¢ cents per call. Calling Card calls will also be affected -

the 0.30¢ cent surcharge will be applied to your account each time you dial our 800 access number to complete a calling card call from a payphone. For more information, please go to www.fcc.gov. Please note that ALL long distance providers are charging the above mandated fees in some form or fashion.

The second page itemizes all the "FCC mandated fees" with the most obvious error being that you could actually get "more information" by going to www.fcc.gov .

Price and hidden fee comparison of long distance services.

This web page explains how **confusing** and **misleading** all of the current long distance offerings are, including its own offering. But they **ALL** charge **flat fees**.

They are **ALL** charging **FLAT RATE FEES**, one way or another.

Web page <http://www.geocities.com/WallStreet/District/2713/>

What are you paying for long distance? **Don't be Misled by Gimmicks, Misleading Ads or** **Deceptive Offers from some Long Distance** **Companies!**

Amazingly, 70% of the calling public still pays standard direct dial rates when calling long distance from home. Many long distance companies use these standard rates as a basis for their percent-off plans. These rates average 28-29 cents per minute during the day (usually billed in full minute increments) and are not discounted at all, making them the highest in the industry. The next time some one offers you a discount, ask them what they are discounting from! Tell them to forget the "fancy talk" and cut to the chase. What is the actual cost per minute? Are there any hidden like recurring monthly fees, full minute billing or long-term commitments? If you are still with one of those old plans, it's time to get yourself a better deal!

Don't fall for the gimmicks, misleading ads or deceptive offers made by many long distance companies. You must listen to the ads carefully for restrictions and read the fine print to find hidden fees and hidden minimums. And, you must **ALWAYS** check the **INTRASTATE** rates within your own state. Many carriers make a huge profit from inflated intrastate rates because the consumer only sees the teaser **INTERSTATE** rate advertised.

SUMMARY INTERSTATE AND INTRASTATE RATES; THAT'S U.S. AND STATE RATES.

Interstate (between states) rates vary by carrier. but with few exceptions (Alaska and Hawaii) when a telephone carrier quotes a 9.9 cents per minute rate, it is good for all states. It doesn't matter if you are in Connecticut, Florida, California or Texas, the interstate rate is the same. But that rate does **NOT** apply to the intrastate rates. Interstate rates are calls between states, i.e. California to Oregon; Florida to New York, or Texas to Alaska. Intrastate calls (also called in-state) are calls within your state. i.e., Los Angeles to San Francisco, Pittsburgh to Philadelphia and Dallas to Houston. When a carrier quotes an interstate it generally is valid for all states (except, on occasion Alaska and Hawaii). If a carrier states a \$0.099 interstate rate, that telephone rate is good in Maine, Idaho and Missouri. Currently, PEC (Planet Earth Communications) offers interstate rates from \$0.069 to \$0.079 per minute.

However, this same logic does not apply to intrastate (long distance calls within your state) calling. Intrastate rates vary widely (!!!!) by state. Please note that with many carriers, it is cheaper to call across the country, than across the state. It doesn't make sense, but that is the way it is (I don't think the Shell Answer Man, Mr. Peabody or a MENSA member even knows the reason why). Good examples of the price fluctuation are California (intrastate rates from \$0.049 to \$0.129) and Maine (intrastate rates as high as \$0.459). It pays to shop the intrastate as much as you do the interstate rate.

The only thing that really matters is the

NET COST PER MINUTE!

Get your last bill and a calculator, divide the time into the amount for each call. See what your really paying!

You need to factor in any fees, surcharges and minimums. Some long distance companies don't make it easy. Always read the "fine print" for hidden charges. Let's take a closer look at some typical offers from long distance companies:

SPRINT

Sprints ads are confusing when they advertise their "dime per minute" rate. They downplay the fact that the dime rate is off-peak (7:00 pm to 7:00 am), and the peak rate is **25¢ per minute**. Other Sprint ads that claim "10¢ per minute, 24 hours a day, 7 days per week", *don't make it clear that this 10¢ rate (24/7) is only to the ONE number you call most!* You would still pay **25¢ per minute** for other peak calls. Also Sprint bills in full minute increments. This typically adds an average of 5% to the cost of your long distance, as the final minute is rounded up to the next minute, even if you only use one second of the final minute.

Sprint also has a service called "800-ONE-DIME", which looks exactly like 1-800-collect by MCI. These services offer collect calls for **10¢ a minute from 7:00pm to 7:00am and 25¢ a minute from 7:00am to 7:00pm. with a surcharge of \$1.59.**

AT&T

AT&T touts its one-price rate of **10¢ per minute (24/7)**, but that rate is still HIGH! AT&T bills in full minute increments! This typically adds an average of 5% to the cost of your long distance, as the final minute is rounded up to the next minute, even if you only use one second of the final minute. There is also a **\$4.95 monthly service charge**. AT&T also lures customers to their service using "incentive" checks typically in the amount of \$50.00 - \$100.00. Many people take advantage of this offer, but some fail to realize that the tempting incentive can be "eaten away" by AT&T's MUCH higher long distance rates. Some also believe that once they accept these "incentive" checks that they are "locked in" to AT&T for a specific period of time. AT&T claims that there is no commitment of any period of time that customers have to remain with AT&T, when accepting these checks. We have had customers who cash these checks, switch to AT&T, then call us back to have us switch their accounts to our lower cost providers!

MCI

MCI is offering **5¢ Sundays** for all state to state calls. This would be great if people made all of their calls on Sunday. Most people like the flexibility of making long distance calls at THEIR convenience, not when the carrier dictates. If you make calls through MCI during the week before 7:00pm, you pay **25¢ per minute**, with full minute billing. If you choose the MCI ONE Savings plan, there is a **\$5.00 monthly minimum**, whether or not you make any calls.

1-800-COLLECT

This is a service of MCI. They are now advertising **10¢** a minute for collect calls made through this service. What you may not see during the TV commercials (because the print is so small and flashes across the screen so quickly) is that this **10¢** a minute rate is valid only from 7:00pm to 7:00am and carries a **service charge of \$1.59**. During peak hours, the rate is **25¢ a minute and a fee of \$1.59**. Sprint is also offering this same "deal" on their 800-ONE-DIME plan.

AOL - AMERICA ONLINE

The interstate rate is a competitive **9¢** per minute, but you are billed by credit card! You can only view your bill online, and if you want a hard copy sent by mail, you must pay an extra fee! **If you leave AOL, you forfeit your 9¢ rate. Intrastate rates are 30 to 50% higher than the competition** and International rates are also high, unless you want to pay \$3.00 per month extra for lower International rates. They also bill in rounded up whole minutes. As of 6/98 they offer no toll free service.

"DIME LINE"

The "Dime Line" as it is named, is misleading. We say this because this company (VarTec Telecom Inc.) has heavily promoted its "Dime Line", claiming to offer customers a **10¢** per minute rate, 24 hours a day, seven days a week on their long distance. When you read the entire offer, you discover that that each call that you would place would be subject to a **three minute minimum!** When you compare this to our providers, you would have to make **2000 minutes** (33.3 hours) worth of calls on the "Dime Line" to even EQUAL the per minute rate we can get for you! Your "savings" would be further diluted by the **three minute minimum!** If your call lasted 18 seconds or two minutes, you would be charged **30¢**. We think that these types of marketing tactics are an insult to the informed consumer.

VarTec Telecom Inc. now has another "discount" plan that they are offering. This one is called "**10 Talk, 10¢ a minute* Long Distance**". When you refer to the TINY asterisk, you find that there is a **20¢ per call surcharge**. So "10 Talk" actually becomes **10¢ a minute PLUS 20¢**. If you make a lot of calls, this could really add up.

Telecom USA / "10-321"

This is actually a division of MCI. Their advertisements claim to save you up to 50% on calls lasting 20 minutes or more. More deception! **The 50% savings is based on their own inflated rates**. For example, a call from Atlanta to Los Angeles made during peak hours (8:00am to 4:59pm) would cost **31¢ per minute**. If your call lasts 20 minutes or longer, the rate drops to **16¢ per minute**. If your call is placed between the hours of 5:00pm and 10:59pm Monday through Friday, the rate is **19¢ per minute**. If you talk 20 minutes or more the rate drops to **10¢ per minute**. The "savings" on these two are actually less than 50% off their own inflated rates. When you call between 11:00pm to 7:59am Monday through Friday, or Saturday from 8:00am to Sunday to 4:59pm, your rate is **16¢ per minute**, and **8¢ per minute** after 20 minutes. This looks like another one to avoid. Not only do they have **four separate rate time periods**, but the rates vary from state to state (typically 29-31¢ per minute M-F, 8:00am to 4:59pm) further complicating their plan. You can call their automated pricing line at 1-800-476-1234 if you would like to hear more about their "bargains". Lastly, aside from the dubious savings, **would you really want to be obligated to 20 minute calls in order to receive a "discount"?**

note: The April 16, 1997 edition of the Wall Street Journal, profiles this marketing practice by MCI.

[PEC \(Planet Earth Communications\)](#)

1) For state-to-state calls, you can choose the low **6.9 cents per minute rate**. This rate has a monthly minimum usage of \$10.00. 2) If you do not spend at least \$10.00 in long distance during the month, you can instead choose the **7.9 cents per minute rate**. This rate has **no monthly fees and no minimum usage**. For both plans you will be billed the low listed rates for intrastate and international calls. The carrier is IXC, a "carrier's carrier" offering an extensive worldwide fiber-optic network for calls originating in the 48 Continental US States. Information about your phone calls will be updated DAILY on a special password protected website which will be provided to you by PEC (Planet Earth Communications). For an additional savings and convenience, billing is done by credit card, no postage to pay!

[Note this is the service he is selling]

SNET

SNET (Southern New England Telephone), typical of regional telephone companies, offers several plans. With the SNET Automatic Savings Plan, you can receive long distance rates as low as \$.10 per minute based on the volume of your long distance calls (in-state, out of state and international) made each month. Direct Dial per minute rates vary depending on the total dollar value of long distance calls made during your monthly billing cycle. **Rates: \$ 0.00 - \$24.99, 0.15¢ per minute - \$25.00 - \$49.99, 0.12¢ per minute - \$50.00+ 0.10¢ per minute** Additional benefits include: One second rating (calls are rounded up to the next second) - 18 second minimum billing per call, No monthly recurring charge, No installation charge.

"The REAL Long Distance Rates Comparison"

Below is a brief summary of the residential Long Distance rates extracted from the Yahoo page [Long Distance Telephone references](#). This is my best effort after hours of poking hypertext links and writing down notes. No warranty as to correctness is made or implied, blah blah blah, CYA. If you have found an error, or have more information to be included, please e-mail me, rshyx@hotmail.com, with the company, rates, and a URL I can use to verify the information.

Rates from Web Pages of Companies in Yahoo:

Rates are in cents per minute. Some are flat rates, others have different prices for peak vs. off-peak times. Fees & minimum charges are noted where they were expressed clearly in the web page. Generally, rates apply only to INTERSTATE calling. Calls within a state are, paradoxically, MORE expensive in general.

[AmeriCom Long Distance@](#) (2) Simplicity: 8.9 interstate \$1.95/month fee. Includes 800#@8.9 interstate. INTRASTATE RATES NOT LISTED.

[AT&T@](#) 10 FLAT interstate, \$1/month fee. Intrastate rates not given.

[Excel Telecommunications@](#) (4) Various plans. Monthly fee of \$1, gets 10 cents/minute interstate in all states. Monthly fee of \$4.95 gets 7 cents/minute. Intrastate rates are higher.

[Long Distance Telecom](#) 9.9 Flat interstate, various intrastate, \$4.95 fee if bill less than \$50/month.

[MTX Communications](#) 9.1 Flat Intrastate, fee not mentioned, intrastate rates not mentioned.

[National Phone Lines Telecommunications Broker](#), (800) 524 4736 BUSINESS ACCOUNTS ONLY! \$50/month commitment to term contract gets 8.0 flat interstate. Some intrastate rates shown on page.

[One Flat Rate](#) 8.9 flat interstate, various intrastate, no fees, 6-second billing w/ 18-second minimum.

[ProDial](#) 9.9 flat rate 6 sec billing, 18 sec minimum interstate. 800/888# at same rate. Intrastate: CA 5.9, NY 11.5.

[SM Communications And Marketing \(SMCM\)](#) 9.9 flat interstate. No fees. 6 second billing. 800/888# at same rates. Intrastate rates not listed.

International Service Only

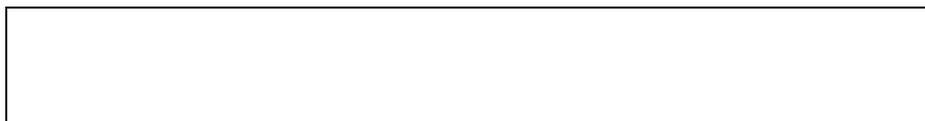
[Kallback](#)

[KDD@](#) (2)

[MTC Long Distance Services International and credit cards.](#)

[Cyberlink](#) with clear exposition of its International rates.

This barrage of misleading ads has made for much confusion for the general consumer. In fact, most people don't really know what their per minute rate is. I have checked the various plans and waded through the hype to locate what I think is the best price and highest quality service. Check it out!



THE INFORMED CONSUMER

IS OUR HAPPIEST CLIENT!



**This service, which he recommends and claims to have “no fees!”
But when you visit their web site, you find:**

Extracts of web page

- 1) Our low **6.9¢ per minute** state-to-state rate. This rate has a monthly minimum usage of \$10.00 and no monthly fee.
- 2) Our **7.9¢ per minute** state-to-state rate. This rate has no monthly minimum usage and no monthly fees.

Rates effective 1/1/99, subject to change without notice.

Intrastate and international calls billed in full minute increments.

Interstate calls are \$0.069/minute or \$0.079/minute billed in full minute increments.

NO BILLING FEES WHATSOEVER!!!

| [Home](#) | [Sign Up NOW!](#) | [Intrastate Rates](#) | [International Rates](#) | [Terms](#) |

But when you click on “Terms” you find:

Extracts of web page

I understand that in addition to regular end of month billing, should the balance due on my account exceed \$100 at any time during the month, Planet Earth Communications may make an interim charge to my credit card, which will then be applied to my final bill for that period. I also understand that Planet Earth Communications may, at its discretion, raise or lower the amount of the interim charge based on my usage and payment history.

I further understand that before my long distance service is provisioned, Planet Earth Communications will validate (not charge) my credit card. This authorization will be for an amount not to exceed \$100. I understand that my service may not be switched if the validation does not succeed.

IF THE 6.9¢ RATE IS SELECTED, THE FOLLOWING PARAGRAPH APPLIES:

I acknowledge that I have selected the option to be billed at the rate of 6.9¢ per minute, and I understand that there is a \$10.00 per month minimum usage charge, plus applicable taxes, calculated by combining total usage for all telephone numbers listed on this account. **I further understand that I may be billed for the full \$10.00 minimum usage whenever my usage is less than \$10.00, including the first month of service.**

IF THE 7.9¢ RATE IS SELECTED, THE FOLLOWING PARAGRAPH APPLIES:

I acknowledge that I have selected the option to be billed at the rate of 7.9 cents per minute, and I understand that there is no monthly minimum or monthly fees associated with this rate although there is a minimum \$5.00 charge that can be processed on my credit card. **I understand that any difference between actual usage and the amount charged to meet that minimum will be carried forward to the next month as a credit towards future usage.**

actually get "more information" by going to www.fcc.gov .

From <http://csg.SPRINT.com/home/custserv/faq.html#AC1>

What is the Carrier Universal Service Charge (CUSC)?

Sprint is required to contribute to various federal Universal Service Programs, including programs that provide subsidized local telephone service to consumers in rural areas and low income consumers, and programs that provide discounted services of various kinds to schools, libraries and rural healthcare providers.

Because of the amounts that Sprint is required to contribute to these programs, Sprint has decided to initiative a separate charge on your Sprint invoice, the Carrier Universal Service Charge, that is intended to recover Sprint's costs of contributing to these Universal Service programs.

While these federal Universal Service programs are being implemented, federal access charges paid by the long distance carriers to the local telephone companies have also been reduced. Sprint has passed these cost savings along to customers in the form of promotions and other lower rates.