

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

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

REPLY COMMENTS OF RICHARD A. ARSINOW

	Table of Contents	Paragraph Number
I.	INTRODUCTION	1
II.	BACKGROUND	2
III.	REPLY TO TYPICAL LEC AND IXC COMMENTS	3
IV.	REPLY TO TYPICAL PRO-CONSUMER COMMENTS	9
V.	SUMMARY	14

I. INTRODUCTION

1. In these comments I seek to provide the Commission input from a consumer of telecommunication services, including moderate local calling but little long distance.

II. OVERVIEW

2. The Commission seeks input regarding the flat-amount charges levied by local and long distance carriers in response to the Commission's expanded universal service and access charge mandates. A number of individuals and corporations have commented on this issue. I wish to reply to certain themes which are common to the carriers' comments, typified by BellSouth, and to certain differing opinions, typified by The Utility Reform Network.

III. REPLY TO TYPICAL LEC AND IXC COMMENTS

3. An anti-low-volume-consumer bias is evident in the comments of many of the carriers. Typical of these are the comments of BellSouth. For example, BellSouth states that "The new approach to high cost universal service support as well as the introduction of a new fund to support services provided to education and healthcare has resulted in long distance carriers contributing directly to support these funds. In many cases, these carriers recover their contributions directly from their end users through flat-rated charges."¹ BellSouth fails to mention that the carriers contribute to the funds *in direct proportion to usage*, but many recover those costs from their customers by *flat charges*. Thus, low-volume users are directly subsidizing high-volume users.
4. Then, while discussing PICCs, BellSouth writes "Often, interexchange carriers pass on the PICC to their customers as an additional flat-rated change."² BellSouth fails to mention that this charge is often in excess of the actual PICC paid to the LEC associated with a single-line customer. Thus, single-line customers are directly subsidizing multi-line customers.
5. In discussing the long distance carriers' trend toward monthly flat charges, BellSouth writes that "...some long distance carriers have established rate plans that include a fixed, monthly charge in addition to usage sensitive per minute charges. Although the two-part rate structure is relatively new to consumers, it has generally been the means by which

¹BellSouth at 2.

²BellSouth at 3.

reduced usage sensitive charges have found their way to the long distance marketplace, lowering the overall cost of long distance service to consumers."³ In other words, if everyone pays a fixed monthly charge plus so much per minute, the per minute charge will be a little lower than if it were strictly usage-based. But *for low-volume users, the effective price per minute is much higher*. In a month in which no calls are made, it is infinite. BellSouth condones, but does not in any way justify, these monthly charges. I cannot see any justification for them. If the fixed costs of providing access to the long distance network are paid for by the \$3.50 access charge and the \$1.04 PICC, and a carrier provides no service during a month and renders no bill, where is the basis for a \$3 to \$5 charge? Here again, low-volume users are directly subsidizing high-volume users.

6. BellSouth continues by questioning the appropriateness of the Commission's inquiry⁴, then states that "Competition simply does not permit regulatory policies that require high-volume users to subsidize low-volume users."⁵ On the contrary, as we have seen above, the combination of the Commission's Universal Service Fund and PICC mandates and the actions of deregulated carriers have, absent regulations to prohibit it, resulted in the present situation where single-line and low-volume customers directly subsidize multi-line and high-volume customers.
7. BellSouth goes on to advise consumers to shop around⁶ and to discontinue presubscribing⁷ as ways to avoid fixed monthly fees. While these actions are certainly prudent, more and more carriers who did not initially charge USF fees are now doing so, and many who initially charged them on a percentage of use basis are now charging fixed monthly fees instead, triggered by the first (or only) call made in a month⁸. Further, the Commission should seriously reconsider the NO-PIC Charge. If a prudent consumer feels that he is better off *not* having a presubscribed IXC, he should not be charged just as much as the charge for *having* one. Remember that the \$3.50 access charge was supposed to pay for equal access, and the PICC was supposed to pay for the fixed costs of presubscription. If there is no presubscription, there should be no charge. This is especially relevant to consumers who order a second line for a specific use, such as inbound-only FAX or for calling a local Internet Service Provider. Despite the fact that the consumer does not desire any long distance service on this line, he must pay the \$3.50 equal access fee and the higher NO-PIC Charge applicable to second lines. This is one inappropriate monthly fee which *is* under the Commission's control.
8. Finally, BellSouth admonishes the Commission to keep hands off and terminate this inquiry⁹. In the process, however, while asking the Commission not to impose any new

¹BellSouth at 2.

²BellSouth at 3.

regulations, they endorse the Coalition for Affordable Local and Long Distance Service (CALLS) proposal, which they say "...presents a pragmatic solution that rationalizes the access charge rate structure, leads to reductions in traffic sensitive access charges, and provides for specific universal service measures to ease the transition toward an economically sound end user cost recovery system."¹⁰ I have read this proposal. It is a take-it-or-leave-it proposal to convert all usage-based USF contributions to fixed monthly charges which, along with PIC/NO-PIC charges, would be rolled into a new, higher monthly fee which the end user would pay whether he makes any long distance calls or not. It also sets conditions under which carriers may "deaverage" the fee and charge less to some users and more to others. This proposal is absolutely anti-low-volume-user and should be rejected by the Commission.

IV. REPLY TO TYPICAL PRO-CONSUMER COMMENTS

9. The best of the pro-consumer comments were made by The Utility Reform Network (TURN). I wish to reinforce and amplify several of the points made by TURN.
10. This *is* an appropriate inquiry for the Commission to make. The Commission is obligated to rectify gross pricing inequities. "The FCC should require all carriers to offer a rate plan that includes no monthly fees or minimum charges and that does not deviate from high-volume rates by more than the maximum permissible percentage."¹¹ In other words, allow consumers to buy a small amount of the product, paying a higher price per unit but paying only for what they use, without being gouged. Without action by the Commission, the gouging is sure to continue.
11. "...the FCC should prohibit interexchange carriers (IXCs) from recovering universal service surcharges, which are usage-based, in fixed line charges."¹² I am sure that the Commission, in creating the usage-based USF contributions, never envisioned the carriers charging their customers fixed monthly fees for USF even if they make no calls. Without action by the Commission, this practice is sure to continue.
12. "...the Commission should prohibit IXCs from imposing on any customer a PICC-related line charge in excess of the amount that the IXC actually pays the local carrier for that customer."¹³ This is another practice which I'm sure the Commission did not anticipate

⁹BellSouth at 15-22.

¹⁰BellSouth at 20.

¹¹TURN at Sec. I, 4th para.

¹²TURN at Sec. I, 5th para.

when creating the PICC. Without action by the Commission, this practice is sure to continue.

13. "The FCC should order all advertising and marketing efforts to disclose all line charges, include[sic] those related to the PICC and the USF."¹⁴ TURN makes an excellent point, that IXCs generally do not disclose such charges in advertising and telemarketing, unless specifically asked. This makes comparison shopping most difficult.

V. SUMMARY

14. As a consumer, I have presented opposing arguments in response to comments typical of the carriers, and supporting arguments in response to typical pro-consumer comments. I urge the Commission to continue to keep consumers' best interests foremost while deliberating these issues.

⁹BellSouth at 15-22.

¹⁰BellSouth at 20.

¹¹TURN at Sec. I, 4th para.

¹²TURN at Sec. I, 5th para.