

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C.**

<i>In the Matter of</i>	)	
	)	
PRICE CAP PERFORMANCE REVIEW FOR LOCAL EXCHANGE CARRIERS	)	CC Docket No. 94-1
	)	
FEDERAL STATE JOINT BOARD ON UNIVERSAL SERVICE	)	CC Docket No. 96-45
	)	
LOW-VOLUME LONG DISTANCE USERS	)	CC Docket No. 99-249
	)	
ACCESS CHARGE REFORM	)	CC Docket No. 96-262

**Comments of the Coalition for Affordable Local and Long Distance Service  
("CALLS")**

The Coalition for Affordable Local and Long Distance Service ("CALLS") submits these comments in support of its modified plan for interstate access charge and universal service reform.<sup>1</sup> As modified, the CALLS plan builds on the strengths of the initial proposal, vastly enhancing consumer welfare and bringing resolution to hotly contested issues that have challenged the Commission for many years. The benefits are both immediate and long-term — and the winners include consumers of every description.

Recognizing these strengths, many public interest groups representing a wide range of residential and business groups have endorsed the plan.<sup>2</sup> Among other things, these groups

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<sup>1</sup> The modified plan was filed with the Commission on March 8, 2000. See, Memorandum in Support of the Revised Plan of the Coalition for Affordable Local and Long Distance Service (filed March 8, 2000).

<sup>2</sup> Groups that have to date filed comments or letters supporting the CALLS plan include, but are not limited to, the Alliance for Public Technology; Alliance for Small Business Advocacy; American Association of People with Disabilities; Bowe, Frank, Ph.D., Hofstra University; Citizenship Education Fund (CEF), a project of Rainbow/Push; Communications Workers of America (CWA); Consumer Alliance; Consumer Alliance of the Southeast (CASE); Harlem Consumer Education Council; Jefferson County Committee for Economic Opportunity (JCCEO); Justice for All (promotes the rights of the disabled); League of United Latin American Citizens; National Association for the Advancement of Colored People – Washington Bureau (NAACP); National Association of the Commissions for Women (NACW); National Association of the Deaf; National Association of Development Organizations (NADO); National Association of Women Business Owners (NAWBO); National Business Association;

have recognized that the plan reduces the cost of telecommunications services for consumers and preserves and promotes universal service. As the Alliance for Public Technology (“APT”) and the Communications Workers of America (“CWA”) have recognized, the plan furthers “significant reforms that ultimately will help move the nation closer to affordable, ubiquitous access to the advanced telecommunications that APT and CWA believe will improve the quality of life for all people.”<sup>3</sup>

The immediate benefit to consumers is substantial. An economic review confirms that the modified plan provides even greater consumer benefits than did the original CALLS plan — including increasing the benefits to residential consumers to approximately \$2 billion.<sup>4</sup> Savings come in the form of lower long distance bills (due to the plan’s interstate access charge reductions) and lower line charges. In essence, the plan will allow all types of residential consumers to use more telecommunications services for a lower price.

### **Zero-Volume Long Distance Consumers**

Figure I depicts interstate related charges<sup>5</sup> for AT&T Basic Schedule customers who place no long distance calls. *These Basic Schedule consumers see their interstate phone charges cut in half!* Their monthly bill to AT&T will be \$0 — no minimum use fee, no PICC-related

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National Consumers League (NCL); National Council of Senior Citizens (NCSC); The National Grange of the Order of Patrons of Husbandry (Grange); the National Trust for the Development of African-American Men; Progressive Policy Institute; Telecommunications for the Deaf, Inc.; United Homeowners Association (UHA); and United States Hispanic Chamber of Commerce.

<sup>3</sup> Reply Comments of the Alliance for Public Technology and the Communications Workers, at 3-4 (filed December 3, 1999).

<sup>4</sup> See, Further Comments of the Alliance for Public Technology, the Communications Workers of America, and the National Association of Development Organizations, Appendix A (filed April 3, 2000) (“Updated Pociask Report”).

<sup>5</sup> Interstate related charges are those charges subject to the federal jurisdiction. These include charges of interexchange (“IXC”) and incumbent local exchange carriers (“ILEC”) subject to Commission, as opposed to state, jurisdiction. IXC charges include long distance charges, the minimum use charge (“MUC”), the universal service fund charge (“USF”), and Pre-subscribed Interexchange Carrier Charge (“PICC”)-related pass-through charges. ILEC charges include the subscriber line charge (“SLC”) and universal service fund charge.

charge, and no universal service fee. By contrast, under the current regime, an AT&T customer who places no long distance calls pays \$5.89 per month. The cost savings and other benefits associated with the CALLS plan make it possible to eliminate the charges — including the minimum use fee — without raising ILEC bills a commensurate amount. Bottom line, an AT&T zero-volume Basic Schedule consumer pays \$9.39 in combined IXC/ILEC interstate-related fees under current rules, but will pay just \$4.71 in July 2000 if the plan is adopted. That is a savings of \$4.68/month.

**Figure 1: Savings for Zero-Volume Consumers**

<b>Charge</b>	<b>Current situation</b>	<b>July '00 (CALLS)</b>
<b>ILEC SLC</b>	\$3.50	\$4.35
<b>ILEC USF</b>	\$0	\$0.36 <sup>6</sup>
<b>PICC pass-through</b>	\$1.51 <sup>7</sup>	\$0
<b>LD USF</b>	\$1.38	\$0 <sup>8</sup>
<b>LD Minimum Use</b>	\$3	\$0
<b>LD Use</b>	\$0	\$0
<b>Total</b>	<b>\$9.39</b>	<b>\$4.71</b>

**SAVINGS: \$4.68/month**

**Low-Volume Long Distance Consumers**

Figure 2 illustrates the effects on a light user of long distance services. Under current rules, an AT&T Basic Schedule customer who places \$2 in long distance calls owes a total of \$9.39 in interstate-related charges. During the first year of the CALLS plan, that same

<sup>6</sup> Only \$0.06 of the \$0.36 universal service charge can be attributed to the new fund proposed by CALLS. Under current rules, ILECs are permitted to recover this \$0.30 in a universal service line charge.

<sup>7</sup> Will be approximately \$2.00 on 7/1/2000 under current FCC rules.

<sup>8</sup> AT&T has previously committed to charging a percentage-based universal service fee, in part to facilitate adoption of the CALLS plan.

consumer will pay just \$6.77 — a 28% reduction — or a savings of \$2.62/month. These savings result from the elimination of PICCs, a lower universal service charge, and lower long distance charges.

**Figure 2: Savings for AT&T Basic Schedule Low-Volume Consumers**

<b>Charge</b>	<b>Current situation</b>	<b>July '00 (CALLS)</b>
<b>ILEC SLC</b>	\$3.50	\$4.35
<b>ILEC USF</b>	\$0	\$0.36 <sup>9</sup>
<b>PICC pass-through</b>	\$1.51 <sup>10</sup>	\$0
<b>LD USF</b>	\$1.38	\$0.16 <sup>11</sup>
<b>LD Minimum Use</b>	\$1.00	\$0
<b>LD Use</b>	\$2.00	\$1.90*
<b>Total</b>	<b>\$9.39</b>	<b>\$6.77</b>

**SAVINGS: \$2.62/month**

\*Assumes customer changes from AT&T Basic Schedule to One Rate Basic Plan priced at \$0.19/minute at all times.

### **Lifeline Consumers**

The plan provides unique benefits for Lifeline Basic Schedule consumers. Figure 3 illustrates the effects of the plan on Lifeline consumers who place no long distance calls. As under current rules, Lifeline consumers will not be required to pay any portion of the SLC. Lifeline consumers will also not be assessed ILEC-charged USF fees, which would be permitted under current rules. In addition, they will not be charged PICC-related or minimum use fees, and will be eligible for IXC programs that provide exemptions from IXC-

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<sup>10</sup> Will be approximately \$2.00 on 7/1/2000 under current FCC rules.

<sup>11</sup> AT&T has previously committed to charging a percentage-based universal service fee, in part to facilitate adoption of the CALLS plan.

billed USF fees. These changes will reduce the bills of many Lifeline customers by up to \$5.89/month.

**Figure 3: Savings for Zero-Volume AT&T Basic Schedule Lifeline Consumers**

<b>Charge</b>	<b>Current situation</b>	<b>July '00 (CALLS)</b>
<b>ILEC SLC</b>	\$0	\$0
<b>ILEC USF</b>	\$0	\$0
<b>PICC pass-through</b>	\$1.51 <sup>12</sup> /\$0*	\$0
<b>LD USF</b>	\$1.38/\$0*	\$0 <sup>13</sup>
<b>LD Minimum Use</b>	\$3.00/\$0*	\$0
<b>LD Use</b>	\$0	\$0
<b>Total</b>	<b>\$5.89/\$0*</b>	<b>\$0</b>

\* Lifeline consumers currently may apply for a waiver of these charges.

### **Rural Consumers**

The plan also provides special protection for Americans who live in rural communities. As organizations representing rural interests have recognized, the plan furthers the Congressional goal of ensuring affordable and comparable universal service. The \$650 million fund will support the 22 million lines in rural areas. Furthermore, customers of non-price cap ILECs will no longer be charged PICC-related pass-through fees. This change alone will amount to over \$120 million in savings.<sup>14</sup>

<sup>12</sup> Will be approximately \$2.00 on 7/1/2000 under current FCC rules.

<sup>13</sup> AT&T has previously committed to charging a percentage-based universal service fee, in part to facilitate adoption of the CALLS plan.

<sup>14</sup> Customers of these ILECs will collectively save over \$120 million, assuming that the current PICC-related pass-through charge averages \$1.50.

In addition, new competitors in high cost areas will have access for the first time to interstate-access-related universal service funding. Current rules discourage entry in high cost areas because this support is not portable to new entrants. In contrast, the CALLS plan's \$650 million universal service fund will promote competition and infrastructure build-out in rural America by making this money available. It will also help close the digital divide since new entrants will construct their new networks with broadband capability.

### **Conclusion**

In summary, consumers in general will benefit from the CALLS plan. High-volume, low-volume, urban, and rural consumers will benefit because they will pay less for telecommunications services. Rural consumers fare especially well because the universal service provisions of the plan encourage competition and network build-out in high cost areas. And all consumers will benefit from an investment-friendly regulatory environment in which the issues of interstate access charges and universal service are no longer in a state of flux.

For all these reasons, the modified CALLS plan should be adopted as expeditiously as possible.

Respectfully submitted,

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