



Wisconsin Merchants Federation

"The Voice of Wisconsin Retailing"

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July 14, 2004

Dear Michael K. Powell:

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**Chairman of
The Board**
Alan Rudnick
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EXECUTIVE STAFF

President/CEO
Chris C. Tackett

**Sr. Vice President
& General Counsel**
Douglas Q. Johnson

V.P./Operations
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The Wisconsin Merchants Federation represents more than 6,000 retailers doing business statewide ranging from national retailers to main street hardware stores. Some of our members sell pre-paid calling cards. Some do not. Either way WMF agrees with AT&T's position on this matter: interstate access charges apply to pre-paid calling card calls, not in-state fees.

Only if interstate charges are protected can AT&T and other long-distance companies continue to offer small businesses and consumers low rates for pre-paid calling cards, a nice respite from inflationary prices in other markets. The FCC should reject the Bells' proposal for adding in-state fees to pre-paid calling cards. The FCC should stay out of this competition fight and let the market decide.

Our members report that many of their customers have found the most effective way to control monthly telephone expenses is through pre-paid calling cards. Consumers can shop for the best price and monitor the minutes remaining on their card. It's a good way to ensure that telephone costs come in on budget month after month.

With so many other uncertainties in the business world right now, customers report that they like being able to count on the consistent expense control they enjoy with pre-paid calling cards. WMF is more than concerned about the Bell Companies wanting to add hidden charges to what customers pay for pre-paid calling cards. The proposal they've made will add charges that are 20 times higher than the charges now included in the pre-paid card's prices.

The Bells are arguing that pre-paid card calls should be considered in-state calls and taxed the same way. In fact, the calls made with these cards are long-distance calls. They simply call a toll-free number, listen to a message, and then dial the call. Clearly, pre-paid card calls should be assessed only interstate access charges, not the higher in-state access charges.

The Bell Companies make billions of dollars a year. The in-state fees they're seeking bear no resemblance to the Bells' actual costs. They're exorbitant and unnecessary. The Bells are completely compensated by long-distance access fees already in place for calling card calls. Again, we ask you to stay out of this competition fight and let the market decide.

Thank you.

Sincerely,

Christopher Tackett
President & CEO

Douglas Johnson
Sr. VP & General Counsel