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May 2, 2004

Commissioner Michael J. Copps
Federal Communications Commission
445 12th, SW
Washington, DC 20554

Confirmed
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Distribution Center

Dear Commissioner Copps,

We are both veteran's of WWII and retiree's of Ameritech (now SBC), combined we had over 75 years service at retirement. We are both concerned about the well being of our monthly pensions and healthcare benefits. The telecommunications industry has been financially devastated in recent years and is in desperate need of regulatory relief.

The FCC needs to change its rules to keep up with changing technology and its extremely competitive climate. The "break up" of the Bell System is now history. Rules unfairly forcing competition are no longer necessary. Technology itself has forced companies like SBC to change in order to survive! Wireless technology and DSL are examples of this.

Please find enclosed a copy our daughter's (daughter-in-law's) letter to the editor of the "Daily Herald" which was published on Monday, April 26, 2004. And another important article that emphasizes how cable companies have an unfair advantage over the "Baby Bells" and how it's affecting our benefits.

Now is the time to let good old-fashioned competition set the price not cumbersome and outdated rules!

Sincerely,

Jordan Jasnoch

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Star-Telegram.com

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SBC, union continue talks as strike date approaches

By Bobby White
Star-Telegram Staff Writer

STAR-TELEGRAM/JILL JOHNSON

Christene Johnson, an SBC employee, rallies for health care benefits Monday at the company's offices in downtown Fort Worth.

See page 2 to understand why we are concerned about our pensions + healthcare benefits!

Health care and job security continue to be the focus of contract negotiations between SBC Communications and the union that represents 100,000 SBC employees nationwide.

The nation's second-largest phone company has tried to hammer out a new contract with the Communications Workers of America since February. The latest contract expired April 3, and the CWA is set to release the results of a strike vote of its members today.

The sluggish talks are frustrating, union members say. But CWA representatives shy away from interpreting the pace of talks and say they hope for the best.

"I'm really optimistic," said Jerrell Miller, a CWA national representative. "I believe their conscience will guide them in the right direction."

The CWA, which represents 8,000 SBC employees in the Metroplex, has set May 7 as a possible strike date. The last time SBC's Metroplex employees walked out was in 1983 at predecessor Southwestern Bell.

Both sides agree that a long strike would be a debacle, damaging employees and San Antonio-based SBC. The repercussions would be felt throughout the telecommunications industry, from equipment providers to numerous businesses that rely on SBC services. But a strike is only possible, not imminent, union officials say.

SBC wants to slash health care costs by increasing co-payments for employees to 12 percent from around 5 percent. Changing how retirees pay for health care could save the company $600 million annually, with an average cost to employees of about $2,400 a year. In addition, the two sides are haggling over outsourcing jobs overseas and other job-security issues.

Negotiators for both sides continue to meet in Washington with a federal mediator.

SBC and the CWA easily reached their last contract three years ago. But much has changed since then.

"These are difficult times," said Walt Sharp, an SBC spokesman.

Sharp isn't talking solely about negotiations. He is commenting on the general state of flux in the telecom industry.

"It's not as easy as it was in past years, where contracts closed early with little fanfare and attention," he said. "Telecom is a whole new industry than it was a few years ago. Plenty of people are eager to provide communications services, namely the cable companies."

Industry experts say if an e-mail or text message is sent, the phone companies indirectly feel the pain, because it's communication outside their umbrella. College students and recent graduates, who chuck their wire-line phones and live by their cellphones, are the bane of companies like SBC.

The company recovers some of that loss by focusing on growth of its high-speed DSL Internet and Cingular wireless businesses, but wireless and DSL are emerging markets.

All the while, cable competitors Comcast and Time Warner offer phone service, which they can bundle with a television package and faster Internet connections through a cable modem. Nextel and T-Mobile, wireless companies not affiliated with a Baby Bell phone company like SBC, also pound SBC's profits.

"Cable is largely non-union, a distinct cost advantage," Sharp said. "Cable's communication services are also young. So they don't have the legacy cost of retirees. They have innate cost advantages."

SBC's DSL service can compete with cable on cost because it uses an outsourced customer call center. Sharp said those jobs were created with the service, so no SBC jobs were reshuffled.

For the first quarter of 2004, SBC reported that it had 4 million DSL subscribers, more than any of its competitors.

SBC is preparing for a strike. The company is training managers and says it will temporarily assign them some of the jobs of striking workers, including taking customer calls.

The company is also enlisting outside contractors to temporarily handle some of the work. And it is preparing its interactive voice system and Internet offering.

The preparation is no different from what Verizon managers went through during their difficult contract negotiations with the CWA in 2002. Verizon, which has thousands of employees in the Metroplex, trained 30,000 employees nationally to do equipment installation, call-center customer service and pay-phone repair and collection.

When Denny Kramer is told about SBC's training efforts he chuckles. The president of Local 6201, Fort Worth's CWA union, knows what it's like to splice cable and maintains that a weeklong training program for managers won't do the job.

"They're in for a surprise," he said.

Kramer has been an elected CWA official since 1986. His relationship with SBC dates 36 years, to when he graduated from Texas Wesleyan and landed a job with Southwestern Bell. He said he has been through 12 rounds of contract talks. He characterized the relationship between SBC and the CWA as familylike. What's going on now is no different from a beef between brothers, Kramer said.

"We know that both sides lose out if a strike were to occur," Kramer said. "But more importantly, what if the company you work for promised you something? Some form of an enticement: good salary, benefits, tuition and then an opportunity to lose those things occurs. You're going to do everything you can to keep those things."

Part of the union's strength lies in its experience negotiating a new contract covering 80,000 Verizon workers.

"I do want you to know that while our committees keep plugging away, a careful strategic plan is being fashioned," CWA President Morton Bahr said recently in a message to the CWA locals that represent SBC employees. "We are calling on our successful experience with Verizon and adding to the SBC plan of action all that we learned from that experience."

Industry analysts say Verizon was the loser in the last confrontation. The company did not gain flexibility to be more competitive. The New York-based company has cut jobs through buyouts, but analysts say the company should be leaner.

Analysts don't expect the union to strike at SBC.

"If it was going to be a fight, then it would have occurred with Verizon," said Patrick Comack, an analyst with Florida-based Guzman & Co., an investment banking company. "Those negotiations had the most animosity. That was going to be the 15-round fight, but it turned out to be nothing."

Brenda Lane just wants to keep her benefits. She will be 60 in June and has been retired from SBC for three years. She worked in a call center for 20 years, and once she hit 55 she was out. Lane raised three children with her SBC salary, and she said she stuck it out with the company because of the benefits.

Three months ago, she received a letter announcing a change in those benefits. Instead of just an out-of-pocket co-payment for her health care costs, Lane said, she will be required to pay $200 a month.

"Some people may say to themselves, "Well, so what, I have to pay for my benefits,' " she said. "But this is what they told me. The reason I worked for [SBC] was for the benefits. I am angry, but not surprised."

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