Teletruth Comments

REJECT THE MISSOULA PLAN AND AUDIT THE COMPANIES, INVESTIGATE AT&T and MCI HARVESTING HARMS.

[CC Docket No. 01-92; DA 06-2577]
Developing a Unified Intercarrier Compensation Regime

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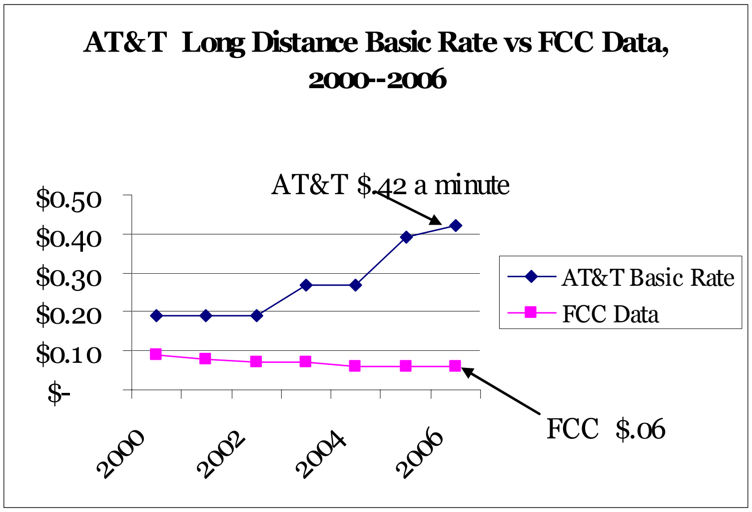
A Report has been created as documentation:
"AT&T and MCI Are Harvesting Customers: How an Intentional Plan for Major Price Increases, a Failure of the FCC to Collect Accurate Data, and Unreadable Phone Bills and Customer Loyalty Harmed 1/3 of US Households, Especially Seniors and Low Volume Consumers."

We write this in protest to this proceeding. The Missoula Intercarrier Compensation plan to raise the FCC Line Charge to $10.00, increase Universal Service and add new fees is nothing more than a put-on job by the phone companies, their astroturf and lobbying groups to raise rates. And it is clear that the FCC lacks accurate data, audits, analysis, oversight, accountability or enforcement capabilities to protect the public.

How bad is the FCC data? According to FCC Chairman Martin: "Since 1996 the prices of every other communications service have declined while cable rates have risen year after year after year." The Chairman of the FCC is flat out wrong.



AT&T's' basic' rate is now $.42 a minute, up from $.19 in 2000, as compared to the FCC's data on cost per minute at $.09 dropping to $.06. And the AT&T nor FCC data includes the additional fees. Millions of customers are paying $.50-$1.00+ a minute.

In 2000, the FCC had the precursor-proceeding called "CALLS", that was supposed to lower long distance rates while it raised the FCC Line Charge, increased from $3.50 to a cap of $6.50, as well as adding additional Universal Service Fund fees.

The plan failed. Instead, there the FCC has hit customers with a double-whammy ---raising both local and long distance rates since 2000.

Actual phone bills reveals that AT&T and MCI are intentionally "harvesting" customers--- continuously raising their rates. This has impacted 30-40 million AT&T and MCI long distance customers, mostly seniors and low volume customers.

In fact, the FCC in the AT&T-SBC order acknowledged the fact that AT&T was "harvesting" customers. "Harvesting refers to AT&T's increasing price increases to encourage customers to discontinue service." --- And the FCC still didn't examine the harms to customers and allowed the merger to go through.

And now, the FCC continues with Missoula, which continues to increase rates even higher because the FCC has no accurate data collection. It is simply allowing millions more customers to be harmed.

As we will show:

- The Agency should be reprimanded because it has failed to collect accurate data, thus harming 30-40 million low volume customers, especially seniors. Raising rates without accurate data is a failure of the public interest.
- The FCC should be reprimanded because it is allowing AT&T and Verizon to "harvest" their customers ": "Harvesting refers to AT&T's increasing price increases to encourage customers to discontinue service."
- The FCC should be reprimanded because it is raising the FCC Line Charge, increasing Universal Service and adding fees to customers who have already been harmed by the previous "CALLS" plan in 2000. which raised the FCC Line Charge, increased Universal Service all in the name of lowering long distance fees… and it backfired.
- The FCC should be reprimanded because it allows a cover-up ---Who would know that a plan called "Missoula Intercarrier Compensation" is going to raise rates without any 'plain speech' description --- it is just a slap in the face of every phone customer.

The FCC should reject all plans and start again --- It should a) investigate how $80 billion dollars of missing equipment was added to rates, (as we will explain), b) how AT&T is charging $.42 a minute for basic rate—and millions of customers paying $1.00 a minute or more through added fees c) How both local and long distance charges continue to increase and d) it should get accurate data and not rely on Bell funded astroturf groups or others to give them biased research.

Here are specific comments about Missoula.

Comments:

1) Naming a docket "Missoula Intercarrier Compensation" that raises the FCC Line

Charge, increases Universal Service and adds additional fees is an outrageous act against the public interest. The FCC failed to engage the public in discussions that directly impact their phone bill charges by not creating a 'plain speech', non-misleading name.

2) The name "FCC Line Charge" is a truth in billing violation. It fails because the

common belief is that it goes to fund the FCC. It fails the test of: "brief, clear, non-misleading, plain language description of the service or services rendered." Also, it is not a tax or surcharge, even though it is usually in the 'Taxes & Surcharges" part of the bill.

Teletruth filed Complaints in 2004 on this topic, which the FCC ignored. See: http://www.newnetworks.com/PRFCCLIne.htm

3) The FCC fails to actually call this charge "FCC Line Charge" in its own descriptions, even though it is used by the phone companies, such as Verizon, New York's bill. This is a cover-up to not acknowledge there's a problem.

See: Verizon New York http://www.newnetworks.com/dirtyphonebill.htm

The CALLS Plan Failed:

4) The FCC is basing the Missoula plan with the starting point based on the current
prices set under the CALLS proposal instead of collecting accurate data.

The increases should never have occurred. Documents filed by AT&T and others put into question whether the FCC Line Charge at $3.50 should have been reduced.

We filed a complaint about this and it was ignored. See: http://www.newnetworks.com/PRFCCLIne.htm

5) CALLS increased the FCC Line Charge claiming that it would lower long
distance costs. It failed miserably and the FCC does not have accurate data to have a correct analysis.

6) The Lie about Low Volume Plans by AT&T: As part of CALLS, AT&T made
commitments that it would protect low volume long distance customers by having a 'basic rate' plan that cost $.19 and would have no monthly or plan fees.

See page 2: http://www.newnetworks.com/ATTCALLS3.htm

7) Low Volume Customers have Gotten Hosed. AT&T current 'basic' rate is $.42 a minute and there has been a multitude of new charges. In fact, long

distance service increased 237% since 2000. Worse, millions of customers are paying $.50-$1.00 a minute or more for long distance when all of the charges are added together.

See: Harvard Nieman Watchdog: ""For low-volume users, phone costs have risen sharply, January 04, 2007
http://www.niemanwatchdog.org/index.cfm?fuseaction=background.view&backgroundid=00148

8) CALLS Was Never Audited as Promised. In 2000, The FCC has simply made up these numbers with the phone companies as this slush fund was never audited as promised, even though an FCC audit in 1999 found $18.6 billion dollars of missing equipment had been added to rates, representing only ¼ of the potential missing equipment, bringing the potential total to $80 billion.

FCC Commissioner Copps in 2002 wrote:

> "By failing to undertake the thorough analysis of cost data that was promised in the access reform order, we are neglecting our obligation to consumers."

9) The FCC Failed to Acknowledge Teletruth's FOIA to see the Bell-supplied Cooked Books Pertaining to the FCC's Audits of Continuing Property Records.

Teletruth obtained actual printouts of some of the audits and found hundreds of millions of dollars for missing undocumented equipment. According to the FCC, "Unallocated Other Costs" had 56.000 entries into the books that constituted $414 million dollars – i.e., no paper trail, no equipment could be found.

See: http://www.teletruth.org/auditupdate.html

Flawed FCC Data Created Bad Policies.

10) The Failure of the FCC to Track AT&T and MCI Harvesting of Customers.

It is a fact that AT&T and MCI have been intentionally raising its rates – The FCC knows that this is happening but failed to protect 30-40 million households that AT&T has been harvesting customer--- about 1/3 of the US is involved.

11) The FCC Data Failed to Track Major Increases to Local Prices. In New York City local service went up 426% since 1980.

See: "Local phone charges have soared since the break-up of AT&T" September 18, 2006
http://www.niemanwatchdog.org/index.cfm?fuseaction=ask_this.view&askthisid=00233

12) The FCC's Data Is So Flawed That It Didn't Catch a Direct Harm and Failed the Public Interest.

According to FCC Chairman Martin: "Since 1996 the prices of every other communications service have declined while cable rates have risen year after year after year." The Chairman is wrong.

How is it that phone bills of AT&T and MCI, the two largest long distance competitors, showed massive increases?

13) FCC Data Failed to Take into Account All of the Other 'Fees'.

By 2006, AT&T has added a "Minimum Usage charge, Monthly charge, Cost Recovery Charge, In-state Charge, Billing Fee and other items they can come up with to raise rates to remove customers. The FCC has no data on this topic.

When you have millions of customers paying $.50 –over $1.00 a minute you should be up in arms as a regulator, especially when it was intentionally caused to harm loyal customers.

14) The FCC Relies on Astroturf Groups and Bell-Funded, Biased Research to Make Decisions.

Data quoted by the FCC pertaining to this proceeding is based on Bell-funded information, whether it is by one of the paid-off-research firms, like the

Phoenix Center or Progress and Freedom Foundation, or astroturf groups like TRAC. As we show in the report, the FCC is now giving out TRAC as a source of phone bill information, while the Phoenix Center and Consumers for Cable Choice (another Bell front) is quoted in the bell-sponsored cable franchise ruling.

About TRAC: http://www.newnetworks.com/skunkworksTRAC.html

15) The Bottom Line – The FCC Doesn't Care About "Low Volume" Users, Especially in its Fundamental, Essential Data.

In the FCC's official reference book on phone bill prices, we find that the term "low volume" does not exist. We only find that the FCC wants to show the good impacts of their decisions which help "high volume" customers. In fact, the FCC claims that basic schedule rates are 'obsolete' for high-volume customers.

From: "REFERENCE BOOK of Rates, Price Indices, and Household Expenditures for Telephone Service Industry Analysis & Technology Division Wireline Competition Bureau, 2006"

> "Toll Service Rates "The increased availability and marketing of discount and promotional long distance plans, as well as the popularity of wireless "bucket-of-minutes" plans, has made basic schedule rates obsolete for many long distance customers, particularly business customers and high volume residential consumers. Today wireline, wireless, and cable companies are offering consumers bundled packages of local and long distance service, and buckets of minutes that can be used to call anyone, anywhere, and anytime."

There is no mention of how many customers are 'high volume' customers, and there is no indication of the impacts on low volume or medium volume customers.

Missoula Specific Harms to Low Volume Customers, Seniors and Others.

16) Missoula Directly Harms Low Volume Customers. Even the sponsors – America's phone companies --- claim that this new plan will harm low volume users.

”The lowest volume users of wireline and wireless services will see some small increases: about $1.50 per month for low volume rural wireline consumers, $2.05 per month for low volume urban wireline consumers, and $0.10 for low wireless customers

17) The AT&T Data Is So Flawed the Printouts Should Be Used to Wrap Fish.

Compare the FCC with AT&T data. According to the AT&T data supplied for Missoula, ‘low volume’ customers makes about $10.00 of calls.

And yet, the FCC data showed that for 2005, long distance service only cost $8.00 on average. If that is the average, then a $10.00 charge would not be “low volume” but middle-to-high volume.

18) The Phone Companies Have Nothing to Hold Them Accountable to Lower Rates.

As we just proved, after the deal was signed, AT&T and MCI and Verizon and SBC all raised both their local and their long distance rates. The FCC was duped into thinking that they would lower rates. AT&T and MCI prices for long distance went through the roof.

Failure to compete to lower rates: The FCC doesn’t have a clue.

How did AT&T and MCI continue to raise their rates when there’s all this competition?
In our report we show that for low volume customers, and the majority of the US there is no real competition so incumbents and phone companies can raise their rates with impunity.

In short, raising customer rates without accurate data is simply causing more harm than good.