



PHONE BILL SURVEY OF UCAN CUSTOMERS

**San Diego California Market for Local, Long Distance,
DSL/Broadband, Cable Service, Wireless Services, with Interviews**

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Executive Summary

In 2004, Teletruth working with UCAN, surveyed UCAN members in San Diego California, collecting local, long distance, wireless and broadband phone bills for all carriers. In 2008, we repeated the survey in order to do a longitudinal study of what happened in the last 4 years.

Lack of Competition has Raised Rates.

- 1) There is no serious competition in San Diego, California for local and long distance service. The legacy-AT&T, which was the largest competitor to SBC, has been merged into the previous-SBC-Pacific Bell services. MCI, the second largest competitor, no longer has a serious market share.
- 2) Only a duopoly with Cox exists today. AT&T has an estimated 78% of the marketplace, with Cox having 21.4%. There are only a handful of smaller competitors for long distance, such as Powernet Global or Primus, but they combined, do not have a significant market share.
- 3) There is no broadband competition. AT&T and Cox have divided up the market.
- 4) Wireless Services: Verizon and AT&T have the majority of the market share and there is little difference between products.

Part 1: Local, Long Distance, Broadband Service

Since 2004, the consolidation of the market has meant price increases of local and long distance service. If there was serious competition, then we would expect prices to decline, not increase.

- 5) Local price increases include:
 - 86% Call Waiting
 - 62% Caller ID
 - 101% Inside Wire Maintenance (Wirepro)
 - 346% Unlisted numbers
 - 1630% for 4 directory assistance calls.
- 6) There are no bundled AT&T or MCI packages. AT&T does not bundle services on their phone bills. Only 2 % of AT&T customers have an actual package, per say, as the legacy AT&T or MCI offered bundled local and long distance plans.
- 7) Long Distance Market Share: AT&T overall has 95% of the long distance market for those who receive an AT&T local bill. Cox has 100% of those who receive local phone service use that Cox long distance offering.



- 8) Long Distance Increases Since 2004: Many of the AT&T “Value” plans have had 100% to 180% increases for the plan fees, as well as adding or increasing the ‘Cost Recovery Fee’.
- 9) \$.55 a minute is the average price per minute for long distance service in San Diego, CA using a simple formula: the cost per minute equals = the total long distance costs divided by the number of minutes.
- 10) The average customer made only 87 minutes of calls. However, there are major break-outs of user groups. About 17% of those surveyed had one minute or no calls, while 43% made 25 minutes of calls or less. Only 25% had over 100 minutes; only 15% would be considered heavy users with over 200 minutes. .
- 11) Excessive Per Minute Charges. A number of AT&T and other competitive plans can have a cost per minute of \$.35 to \$.59.
- 12) AT&T and MCI are “Harvesting” Customers. Post the mergers of AT&T-SBC and Verizon-MCI, the companies’ strategy has been to continue to raise rates to drive customers off of plans– or, as we found, gouge the loyal customers.
- 13) The UCAN study reveals that the FCC’s data on long distance charges uses a flawed methodology. The FCC combines all minutes from “high” and “low” volume users. Examining customer usage by ‘accounts’; adding all fees then dividing by the number of minutes, is a more accurate methodology.

Controversies

- 14) AT&T has 3 different flavors of long distance:
 - AT&T Legacy – Known as AT&T Corp., representing 11% of all accounts.
 - AT&T Long Distance, which migrated some of the older AT&T accounts.
 - AT&T Long Distance, which is the former SBC-long distance.
- 15) Tax Treatment by AT&T Corp as compared to the original SBC-long distance service application for USF and other taxes doesn’t add up. It seems that the legacy-AT&T applies the exact same taxes and surcharges differently than SBC.
- 16) Cramming – 9.5% of the population had an additional long distance charge from a 3rd party (not AT&T), and many claim they did not order the service.
- 17) AT&T Truth-In-Billing, Truth-In-Advertising Violations.
 - AT&T fails to supply full information about the calling plans and service guides, and the links provided on the phone bill do not go directly to the



customer's plan. We are proposing direct links to the customer's actual services.

- The taxes and surcharges on AT&T bills can not be figured out and there is no Rosetta Stone to do so; especially with allocations off interstate vs intrastate taxes, fees and surcharges.
- Extra non-charge items, credits and monthly changes populate the bill; making it hard to read or understand.
- We are proposing that a “**Unit price box**” be required for all long distance bills that gives the customer basic information – the price per minute using the formula --- total costs divided by number of minutes of use.

- 18) Lifeline customers have been particularly hit hard by the increases to local service, ancillary services, as well as long distance services.
- 19) Lifeline customers made less calls than average, while a whopping 47% had additional services, such as Wirepro and/or Unlisted numbers, and the average cost per minute for long distance was \$1.65.

Other Issues:

- 20) “Rate Surcharge” – The rate surcharge is a fund that the company can adjust to either give or take money from the customer. In the past, the Rate Surcharge was a refund. In 2008, it was a new form of taxation.
- 21) Failure to deploy \$10.00 DSL. AT&T, under its merger conditions, was supposed to offer \$10.00 DSL to new customers. However, based on our findings, they did not actively promote it, and it cost customers an extra \$10.00-25.00 a month.

Part Two: Wireless Service

- 1) There has been a drop in wireless service competition. In 2004, Cingular and Nextel were still valid competitors, besides Legacy-AT&T and Verizon. Today, there are 4 competitors, Verizon has an estimated 54%, AT&T 23%, (Cingular), Sprint (Nextel) 11%, T-Mobile 9%, and all others about 3%.
- 2) Overall, single line accounts represented 54% of the market, 38% had more than 2 lines and 8% had over 2 lines.
- 3) The average cost for wireless service for one line accounts was \$37.15 and \$80.45 for 2 line accounts. Since 2004, customers are spending less as a one line account averaged \$57.92 and 2 or more averaged \$88.57. However, the price of service hasn't dropped. The main reason difference is that in 2004, 1/3 of all customers



had seriously large overages of their plan minutes. 1/3 of customers had an average of \$39 a month (for all accounts).

- 4) Cost per minute can be outrageous. Doing the simplest of calculations – dividing the total cost by the number of minutes, we find that the average ‘account’ is paying \$3.02 a minute.
- 5) There is major differentiation between one and 2 line (or more) accounts for cost per minute. One line accounts are paying \$5.33 on average while large families, who can spread out their plan fees with 2 or more users, are averaging \$.29 cents a minute.
- 6) Minutes used by different user groups show a major discrepancy in calling patterns. On average, all customers made 408 minutes of use. One line customers made only 166 minutes and 2 or more line customers averaged 694 minutes. This information includes all calling types, from Nights & Weekends to “Incalling”.
- 7) Customers are only utilizing 32% of their plan allowance, which are the main calls, referred to as “anytime” minutes. One line customers only use 21%; two or more lines are using 46.8% of calling within the plan and use of the ‘allowance’.
- 8) Multiple types of minutes still exist. Today, there are ‘plan minutes’, sometimes called “anytime”, roaming minutes, nights & weekends, Incalling, (calling to another person on the same network or part of your ‘favorites’) not to mention a new class of charges, from text messaging and pictures to Internet use.
- 9) The cost per minute by user group varies greatly. Overall, only 25% are paying under \$.10 per minute, while 41% are paying over \$.50 cents a minute. More outrageous is the fact that 11% are paying over \$10.00 a minute. This varies greatly based on one and 2 line or more accounts. 39% of 2 lines or more are paying under \$.10 a minute; while conversely, 50% of one line accounts are paying over \$1.00 a minute.
- 10) Truth-in-Billing violations abound and there is no ‘Rosetta Stone’ for understanding the actual bills. From unreadable phone bills by AT&T or missing information on how to calculate the taxes and surcharges, or the information on the web sites not reflecting the customer’s actual plans, both AT&T and Verizon are violating basic tenets of consumer education and not supplying enough information to make valid decisions.

Like with long distance, we are proposing a unit cost per minute box, which would explain to a customer the actual cost of per minute. Also, information on the web site should give information about the plan the customer is using.



Part 3: Interview Summary

The survey revealed most of the issues we have already uncovered, thus corroborating our findings, as well as adding some new issues.

- 1) A large number of customers are on the wrong plans, both local and long distance. Though there were a large number of people who had actually examined their bills, though our interviews clearly outline that most people can't analyze their own bills effectively, and are therefore on the wrong plan – paying too much is the usual outcome.
- 4) What they don't know -- Don't pay for LD if you use only a calling card. – A number of people paying too much on their long distance plan had a plan with all of the associated taxes and charges but no calls because they were using a calling card or their cell phone for long distance. They thought it was mandatory to have a LD plan.
- 3) Cramming of LD. A number of customers had help from UCAN to remove a cramming charge. CA 2019 had charges from both ILD and ESBI, which were removed through UCAN. It is impossible to know how many others did not contact UCAN about the added fees.
- 4) Missing Discount for \$10.00 DSL. Interviews revealed that AT&T's merger commitment to give new customers DSL for \$10.00 simply did not happen for most customers. In one case, the new DSL cost \$15.00 which went to \$25.00. In another case, CA 2067, the person actually was able to get DSL for \$10.00 but it was not easy and was told by AT&T customer service that this promotion didn't exist.
- 5) Replacement of long distance with cell phones and calling cards. It is clear that AT&T has been driving people off of long distance with very high prices through its harvesting of customers – a conscious decision to raise rates till customers leave. Only some of those being gouged have decided to leave for cell phones or calling cards.
- 6) Electronic billing is an issue. A number of customers either used electronic billing and had a problem, such as CA 2312, or a few were worried they would be pushed onto it
- 7) Lifeline customers still can have high phone bills. CA2012 is paying \$17 a month in long distance plan fees (national and international) and did not know about the \$10.00 DSL,. Therefore, they are paying \$25, up from \$15. Lifeline only covers a



few local charges and so customers can still be paying too much on long distance (retail) or for DSL.

- 8) The “UCAN’ Factor. It is clear that most of the customers interviewed had contacted UCAN and received some help. This is especially true of the various ‘cramming’ of long distance plans, where UCAN got the customer a refund. We believe that the rest of California will have more problems than this sample from UCAN.

Part 4: Scope and Methodology

UCAN announced the survey in a monthly newsletter in Spring, 2008 and it generated 572 wireline, local, long distance and broadband bills and 134 wireless bills, for all carriers. These phone bills were inputted into a proprietary database that could compare the 2008 phone bill data to the phone bills collected in 2004. The report data was generated using specific analysis tools built into the database.

Additionally, Teletruth called over 90 customers from the 2008 survey, of which 20 agreed to a full interview

Note: We have created a numbering system for the phone bills collected, which is represented in this report as, for example, “CA3047” or “UCAN/TT3056”



San Diego California Market for Local, Long Distance, DSL/Broadband and Cable Service

II. Market Size of Local and Long Distance Service

Teletruth received 572 wireline phone bills from UCAN in San Diego, California, which included local, long distance (LD), broadband and cable bills. These were separated into:

- AT&T bills, excluding wireless
- Cable bills with at least phone service
- Competitive packages of local and long distance bills
- Stand alone long distance

Exhibit 1 Total Wireline Market

	UCAN/TT number	Total Bills	Caveats	Total	% Market
AT&T	2008-2413	424	(19 wireless)	401	77.9%
Cox	3008-3127	119	(9 cable only)	110	21.4%
Other	5008-5037	29	4 local and LD	4	0.8%
Other	Stand alone LD		(9 Verizon)	16	(3 %)
Total		572		531	

At this point in time, AT&T had 78% of the local market; Cox had 21.4% and less than 1% remains on stand alone packages of local and long distance service. We will address the stand alone long distance services separately. The “other” category represents the stand alone bills. We received 16 stand alone long distance bills, 9 Verizon local service bills and 4 local and long distance combined bills. (We also extracted 19 wireless bills that were billed as part of the local bill)

2) AT&T Local, Long Distance, Broadband Offerings

Averages are based on 405 AT&T San Diego, California bills.



Exhibit 2
Local Service by Type

70.5%	Flat rate
7.5%	Lifeline
17.5%	Measured
4.5%	Package with calling features, some including long distance.

70.5% of AT&T customers in the San Diego market have flat rate local service, 17.5% had measured service, 7.5% were Lifeline customers, and only 4.5% had a "local" package. In fact, only 1% (out of the 4.5%) had an AT&T package of local and long distance.

3) AT&T's Costs of Service by Different Categories

This next exhibit highlights the costs of service based on the different user configurations.

- Customers with local and long distance
- Stand alone long distance
- Broadband and local
- Triple play of local, long distance and broadband

There are caveats. For example, we created a separate category for other LD charges from the 3rd party billing. Also, it seems that most who ordered DSL got some discount, whereas some customers did not receive a discount.

Customers with stand alone local paid \$21.73, while ALL customers who had a long distance charge that was part of the local bill paid \$22.56 for local, \$14.02 for long distance, and \$46.63 as the total. When adding these two together, the total will be more than just local and long distance as using the all-bill analysis includes some customers with DSL.



Exhibit 3
AT&T's Costs of Service; by Different Categories

\$21.73	Stand Alone Local
	All Bills With LD
\$22.56	Local
\$14.02	Long Distance
\$46.63*	Total
\$35.97	Customers With Local And Long Distance
\$22.10	Local
\$13.87	Long Distance.
\$45.45	Internet/Broadband And Local Alone Total
\$22.54	Local
\$22.91	Internet/Broadband With Local
\$63.93*	Triple Play, But Not A Package.
\$24.33	Local
\$14.62	Long Distance
\$24.98	Internet/Broadband

A version of the 'triple play' --- local, long distance and Internet/broadband, was also tracked. On average, the customers spent a bit more than customers with just local or local and long distance. NOTE: Unlike the "Triple play" of Cox, these do not include an AT&T cable component.

4) Installed Base of Long Distance and DSL on the Bill

Of the AT&T bills, 36% had only local service, 54% had a long distance service billed, 22.5% had DSL, and 9.5% had an additional questionable long distance charge. Only 11% had 3 services, the telecom triple play --- while only 1% had a cable service billed on their local bill. (We did not count the wireless on local bills and moved them into the wireless category.)



Exhibit 4
Long Distance and DSL on the Bill

36%	Local service only, (no DSL or LD)
54%	Long distance service billed on their phone bill
22.5%	DSL service
64%	Local plus one service – double
9.5%	Additional questionable USBI or OAN or other carrier.
11%	Triple play --- local, long distance and DSL
1%	Had Dish or another cable service.

5) Additional Services on the AT&T Bill.

While the average bill is a flat rate of \$10.69, 39.5% had some additional feature, including 23% having Wirepro, (inside wire maintenance) while 20.5% had unlisted numbers. 4.5% had some package which included some calling features.

Exhibit 5
Additional Services on the AT&T Local Bill

39.5%	Have some additional feature or service
23%	Wirepro
20.5%	Unlisted Numbers
6%	Call Waiting
4.5%	Caller ID
3%	Some other feature
4.5%	Package with calling features, not included in stand alone service.

6) Zone 3 and Local Calling

38.5% of AT&T local customers had Zone 3 calls that were billed. The average bill was \$2.87. 13.5% of local customers were also paying for Toll Calls that were not part of the long distance bill, for an average of \$4.12 a month.

Exhibit 6
AT&T Zone 3 and Local Toll Usage and Costs

	% of users	cost
Zone 3 Calls	38.5%	\$2.87



Local Toll	13.5%	\$4.12
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7) AT&T Market Share of Long Distance on Phone Bills

Based on the 54% that had some long distance bill on the local bill, AT&T has 95% of the customers, with a subset of 11% by “AT&T Corp”, (AT&T Legacy long distance plan before being purchased by SBC and resulting in the name change).

Exhibit 7
AT&T Market Share of Long Distance on Phone Bills

95.0%	AT&T
(11%)	AT&T Corp,
02.5%	Vartec
01.0%	Sprint
00.5%	Telecom USA
01.5%	USBI ILD
9.5%	Second carrier

9.5% had a questionable additional long distance or other services added to the bill, by companies like USBI, OAN or other carriers, in addition to the regular LD.

8) “Other” Stand Alone Long Distance Bills

There were 16 total stand alone long distance bills, of which Powernet Global had 9, which we attribute to UCAN’s list of competitive providers. (We assume that these belong to the AT&T or Cox customer bills that were submitted.)

Exhibit 8
Stand Alone Long Distance Bills

1	Sprint 5 Cent Plan
4	Primus
1	UCN
1	IDT
9	Powernet Global
16	total



9) Long Distance Call Minutes and Pricing

Using the AT&T bills with long distance calls, we found that the average per minute was \$.55. This calculation was done by simply adding up all fees and charges, divided by the number of minutes used. The average person used only 87 minutes and spent \$14.02.

Exhibit 9
Long Distance Call Minutes and Pricing

\$14.02	Total LD
\$.55	Minute average
13	Calls
87	Minutes
6.7	Average call length

If there are 87 minutes and a total of \$14.01, the actual average should be equal to \$.16 cents a minute. But this analysis has flaws. The main difference is in the examining “accounts” vs adding ALL minutes together and dividing by all customers.

10) FCC’s Statistics on Long Distance

The FCC’s data on this topic claims that the average cost per minute for long distance is \$.06 per minute. The problem with that number is that the FCC averages ALL of the minutes so high-volume customers drown out the data on low volume users – i.e., one person making 1000 minutes a month drowns out the 100 people with 10 minutes a month.

11) Interstate and Intrastate Cost per Minute by User Groups

The analysis we use is a simple calculation. We take the number of minutes and divide by the total cost. 17% made one minute or no calls, but could have bills of \$10-\$12 dollars a month because of multiple fees. 46% of those surveyed are paying over \$.50 a minute using this basic methodology.

Exhibit 10



**Cost Per Minute Based On Percentage of Costs
(Based on AT&T bills with Long Distance)**

10%	over \$1.00 a minute
11%	\$.99 -\$.50 a minute
25%	\$.49 - \$.25 a minute
8%	\$.24-\$.20 a minute
12%	\$.19-\$.15 a minute
26%	\$.14-\$.10 a minute
8%	\$.09-\$.06 a minute
100%	

As analyzed by 'accounts', more than 25% are paying over \$.50 a minute, while 10% of that group is paying \$1.00 or more a minute. Only 8% of the entire San Diego AT&T customers are paying between \$.06 -\$.09 a minute are getting a good deal.

12) Long Distance Calling Patterns by Number of Minutes

About 17% of those surveyed had one minute or no calls, while the overall average was 87 minutes a month. Only 15-25% can be considered heavy users, as defined as over 100 minutes.

**Exhibit 11
Calling Patterns by Number of Minutes
(AT&T local bills with long distance)**

% of bills	# of Calls
17%	>1
13%	2 and 10
13%	11 and 25
20%	26-50
12%	51-100
10%	101-200
15%	<201
100%	

13) Minutes of Use from the FCC Data

According to the FCC's 2003 report, the average customer made only 43 minutes of long distance call minutes plus international, Regional Toll calls represent 16 minutes.



(InterLATA- Intrastate), Local Toll Calls are 28 minutes. There is no other data we could find later than 2002.

Exhibit 12
FCC's Residential Minutes of Use, 2002

IntraLATA- Intrastate	28
InterLATA- Intrastate	16
IntraLATA- Interstate	1
InterLATA-Interstate	41
International	2
Others	1
All Types	90

14) Sample of AT&T Customers with No Calls

It is clear that most AT&T plans require a higher volume of calls to have a reasonable price per minute. The truth is that at least 17% in our survey made no calls and were on all different plans ranging from “Minimum Usage” or AT&T “One Rate \$.07 Cent”, to AT&T “Unlimited” plan for \$30.00.

Exhibit 13
Examples of AT&T plans with No Calls

	Plan	Calls	Per minute
AT&T Unlimited	\$30.00	0	\$33.44
Just Call 400	\$12.00	0	\$14.43
Minimum Usage	\$9.99	0	\$13.24
AT&T One Rate \$.07	\$7.95	0	\$10.99
Minimum Usage	\$7.00	0	\$10.71
AT&T Value Rate	\$4.95	0	\$7.65
AT&T Value Plus	\$4.00	0	\$5.90

The differential between the cost per minute and the plan fee comes about, not through calls but through taxes, fees and surcharges, including Universal Service and “Cost Recovery” among other charges.

15) Controversial Cost Per Minute on AT&T and Other Plans

When examining the phone bill plans, many plans (or the lack thereof) had outrageous costs per minute for the first minute or during the day time. With \$.35 to \$.59 a minute to



start, these bills show that there is no competition or at least consumer education to shop for better rates.

Exhibit 14
Examples of AT&T plans with High Cost per Minute

UCAN/TT Number	Plan and Company	Cost per minute, day rate
2077	AT&T, no plan	\$.35
2375	AT&T, Value Rate	\$.37
2032	AT&T, True Reach	\$.38
2022	Vartec	\$.42
2387	AT&T minimum usage	\$.42
2058	Telecom USA	\$.59

16) AT&T Long Distance Plans and Issues

AT&T has over 30 active plans and it is clear that AT&T has 3 flavors.

- “Legacy-AT&T” customers, some of which get billed by an entity called “AT&T Corp”.
- “AT&T Long Distance”, which is a continuation of the SBC-Pacific Bell long distance plans.
- “AT&T Long Distance”, which converted some Legacy AT&T plans, but are named “AT&T Long Distance” on the bill.

This distinction is important as different entities applied taxes differently. And there are differences in plan fees and other charges, including ‘Cost Recovery Fees’, and even services.

Some plans have no costs, but can have a minimum, while other plans are unlimited nationwide and can cost \$30.00. Because the actual wording of the plans varies greatly, it is sometimes impossible to tell when comparing plans if they are the same plan. Many of the plans have different costs to customers and even slightly different names.

For example,

- ‘Minimum usage’ plans were for \$7.00, another for \$9.00 and another for \$9.99.
- AT&T offers a “Value Rate”, “Value Plus”, “Value Standard”, and “Value Preferred”.
- “One Rate Plans” on one bill show a plan fee of \$2.95 while another one shows a plan fee of \$5.95.



Exhibit 15 gives a list of the current plans and fees. “X” indicates an AT&T Corp. plan.

Exhibit 15 ---- Current AT&T Long Distance Plans, 2008

Plan	Monthly	ATT Corp.
Basic Rate	\$ 4.95	X
Domestic Saver	\$ 6.95	
Just Call	\$ 3.00	
Just Call	\$ 5.00	
Just Call 60	\$ 3.00	
Just Call 300	\$18.00	
Just Call 400	\$20.00	
Just Call Plus	\$ 5.00	
Long Distance 2	\$ 3.00	
Minimum Usage	\$ 9.99	X
Minimum Usage.	\$9.00	X
Minimum Usage	\$ 7.00	X
National 300	\$12.00	
National Call 120	\$ 5.00	
National Call 120	\$10.00	
National Call 300	\$12.00	
Nationwide 100	\$10.00	
Nationwide 120	\$ 5.00	
One Rate	\$ 5.95	X
One Rate	\$ 6.95	
One Rate	\$ 2.95	X
One Rate 10	\$ 1.00	
One Rate 3	\$ 5.00	
One Rate 7 Cent	\$ 7.95	X
One Rate Int.	\$ 7.90	X
One Rate Nat 10	\$ 2.00	
One Rate Plus	\$ 5.95	X
One Rate Weekends	\$ 5.95	X
One Rate Off Peak	\$6.95	
One Rate & World	\$ 7.00	
Reach Out CA	\$ 5.90	X
Sunday Basic	\$ 1.99	X
Unlimited	\$30.00	
Unlimited Call	\$20.00	
Unlimited Nation	\$18.00	
Value Plan	\$4.95	X
Value Rate	\$ 4.95	X



Value Plus	\$ 4.00	
Value Plus 200	\$14.00	
Value Plus 500	\$20.00	
Value Plus Flat	\$ 4.00	

III. Tax and Corporate Identity Issues. AT&T vs AT&T Long Distance vs AT&T-Converted to SBC

15) AT&T Corp Taxation is Different than AT&T Long Distance ---Universal Service and State Taxes Are Out of Whack.

NOTE: Federal Universal Service Fund taxes are only applied to Interstate and International services, except broadband. The amount changes by quarter. In 2008, it was 10.2% first quarter, 11.3% second quarter.

In a 'Basic Rate Plan', dated 2/2/08, the Universal Service, (which in this quarter was applied at 10.2%) is \$3.04 cents, which means it is applied to \$29.80.

- a) It is being applied to all calls, which are interstate, at \$22.94.
- b) The entire plan fee at \$4.95.
- c) The Cost Recovery fee for \$1.99.
- d) Overcharged an additional \$.01.

However, the state fees are only being applied to around \$2.00, which does not relate to any specific charge or combination of charges. We will use the E911 and the Universal Lifeline state taxes as our basis for allocating/taxing intrastate services.

(The "based on" column is the amount to which the tax seems to be applied.)



Exhibit 16
Application Universal Service and State Taxation on “Basic Rate Plan”

UCAN/TT number	2036	“based on”
Plan Fee	\$4.95	
Cost Recovery	\$1.99	
Universal Service	\$3.04	\$29.80
Total cost for calls	\$22.94	
Total Bill	\$32.96	
State taxes		
E911	\$ 0.01	\$2.00
Universal Lifeline	\$0.02	\$1.74
Minutes of Use	90	
Cost per minute	\$0.37	

17) Comparison of Taxation on an AT&T Long Distance Plan vs AT&T Corp.

The AT&T long distance plans as compared to the AT&T Corp. plans shows that the Legacy plans are overcharging on USF.

The “Just Call 400 Standard” for March, 2008 has a \$20 plan fee. The Universal Service (at 11.3%) is applied to only \$9.12, thus only a partial calculation of interstate costs. Meanwhile, the state fees for E911 and Universal Lifeline indicate that the ‘instate’ component should be around \$12.00. Thus, about 55% of the \$20.00 plan fee for the “Just Call 400” unlimited minutes is considered intra-state, while only 45% is considered interstate. And, the ‘Cost Recovery Fee’, (which is lower than the AT&T Corp. plans), is not included in the USF calculation.



Exhibit 17
Comparing AT&T Corp Basic Rate to AT&T Long Distance “Just Call 400 Standard”

UCAN/TT number	2036	“based on”	2083	“based on”
Name of Plan	Basic Rate		Just Call	
Plan Fee	\$4.95		\$20.00	
Cost Recovery	\$1.99		\$1.49	
Universal Service	\$3.04	\$29.80	\$1.03	\$9.12
Total cost for calls	\$22.94		\$0.00	
Total Bill	\$32.96		\$22.83	
State taxes				
E911	\$ 0.01	\$2.00	\$.06	\$12.00
Universal Lifeline	\$0.02	\$1.74	\$.13	\$11.30
Minutes of Use	90		214	
Cost per minute	\$0.37		\$.107	

The implications are straightforward. The Legacy-AT&T, Basic Rate plan, which is an AT&T Corp. plan with a monthly fee for \$4.95, is overcharging USF because it is applying it to the Cost Recovery fee, as well as not allocating 100% of the USF for interstate with no intrastate allocation. The AT&T Just Call Plan, not only allocates 45% to Interstate, but does not tax the Cost Recovery fee.

We note that this pattern is the same pattern of taxation we noticed when AT&T was a long distance company and SBC was the local and long distance provider. SBC usually kept an allocation of interstate and intrastate components of the plan fees.

18) There Is No Rosetta Stone to Figure Out How USF or the State Taxes Are Allocated On the Different AT&T Plans

Using a series of AT&T long distance bills:

UCAN/Teletruth 2312	Just Call Standard
UCAN/Teletruth 2346	Just Call Standard
UCAN/Teletruth 2379	Just Call Standard
UCAN/Teletruth 2397	Value Plus Flat Rate
UCAN/Teletruth 2083	Just Call 400 Standard



The exhibit below outlines the USF application, which is only to be applied to interstate calls vs the E911 application, which is only to be placed on intra-state charges. Using basic methods of calculations, it is totally unpredictable.

In UCAN/TT 2083, the Universal Service is based on \$9.12 and the E911 is based on \$12.00, with a ratio of 45% for interstate vs 55% for intra-state. (We note it is overcharged as this calculation should equal only 100%, though there are variables including the rules of rounding that also come into play.) Using identical logic, the “Just Call plan” UCAN/TT 2379, for example, has a USF that is applied to 83% of the plan fee, and the E911 is 67% for intrastate allocation of the plan fee—a total of 150%

Exhibit 18
USF and E911 Calculations on AT&T Long Distance Plans

UCAN/TT number	2083	2312	2379	2397	2346
plan	just call 400	just call	just call	value plus	just call
Plan fee	\$20.00	\$3.00	\$3.00	\$4.00	\$3.00
Total cost	\$22.83	\$11.18	\$5.30	\$5.90	\$4.35
USF	\$1.03	\$0.73	\$0.28	\$0.36	\$0.23
Based on	\$9.12	\$6.46	\$2.48	\$3.19	\$2.04
Cost recovery	\$1.49	\$1.49	\$1.49	\$1.49	\$0.99
Month	Apr	Apr	Apr	Apr	Mar
E911	\$0.06	\$0.02	\$0.01	\$0.01	\$0.01
Based on	\$12.00	\$4.00	\$2.00	\$2.00	\$2.00
Application of USF, E911					
USF on plan fees	46%	215%	83%	80%	68%
intrastate E911	60%	133%	67%	50%	67%
Total USF	106%	349%*	149%	130%	135%
Minutes used					
Interstate Calls	0	39	0	0	0
intrastate	214	10	4	0	0
interstate costs of calls	0	\$1.44	0	0	0

* In UCAN/TT 2312, this calculation includes \$1.44 in interstate calls, which is the reason for the large 349% difference.

It is clear that phone bills without any calls should be the easiest to sort out how the USF is being applied, but that is simply not the case. Is part of the plan fee or Cost Recovery being included in these calculations? It is impossible to calculate the USF from the bills.

19) Reassessing USF Using the AT&T Long Distance Plans with AT&T Corp.



If we use the AT&T Corp method of application of the USF, the USF would be 42% and 109% higher, on “Just call 400” and “Just call” respectively.

In short, AT&T Corp. does not allocate interstate and intra-state, while AT&T Long Distance plans seems to have an allocation that as of this writing, is still a mystery.

Exhibit 19
Reassessing USF Using the AT&T Long Distance Plans with AT&T Corp.

TT number	2083	2312	2379	2397	2346
plan	Just Call 400	Just Call	Just Call	Value Plus	Just Call
Plan, Recovery, calls	\$21.49	\$5.93	\$4.49	\$5.49	\$3.99
USF	\$2.43	\$0.67	\$0.51	\$0.62	\$0.41
Difference- AT&T Corp.	42%	109%	55%	58%	57%

IV. Lifeline



20) Lifeline Customers

Even with a discounted rate, which includes not paying for the FCC Line Charge at \$4.39, Lifeline customer bills are close to other customer bills. That is because Lifeline customers:

- Lifeline does not give any discounts for basic services like Wirepro or Unlisted Numbers.
- Almost 47% had Wirepro and/or Unlisted Numbers.
- Customers pay for actual local, toll, and Zone 3 calls made.
- Customers pay for long distance calls and are usually on less cost effective plans, paying high rates as they make fewer calls.

On the left column marked “AT&T Avg.” is the average “Total” bill of AT&T customers with long distance service on their bill. While the overall bill is about 25% less, this group has gotten hit with major increases on inside wire maintenance (Wirepro), unlisted numbers, and rate increases.

Exhibit 20
AT&T Lifeline Customers

AT&T Avg.	Lifeline	
\$46.63	\$33.60	Lifeline total (including DSL)
\$22.56	\$11.72	local
\$14.02	\$13.17	Long Distance
23%	47%	Wirepro
20.5%	47%	Unlisted numbers
22.5%	22.5%	Has DSL

21) Lifeline Calling Patterns

One of the other disturbing issues is the fact that Lifeline customers (who had AT&T local service and a long distance service billed through the local phone bill) had only 63 minutes of use, paid \$13.17 on average and paid a whopping \$1.65 a minute when all of the costs were added together. This high cost per minute is attributed to the fact that many Lifeline customers make few if any calls, while there are some active customers who are closer to the overall average.

Exhibit 21



Lifeline Calling Patterns

63	Minutes
\$13.17	Total Long Distance
\$1.65	Cost per minute based on accounts

V. Cox Statistics



22) Break Out of Installed Base of Phone Internet/Broadband and Cable.

Based on 110 bills, we estimate that Cox has 21.4 % of the local phone markets. We found that Cox has 14% with just phone service, while 58% have the ‘triple play’ cable, phone and Internet/broadband. 4% of Cox customers were Lifeline customers.

Exhibit 22
Cox Break Out of Phone, Internet/Broadband, and Cable

14%	Phone only
2%	Phone and Internet only
70%	Triple play, cable, local, long distance and Internet
14%	Cable and phone
4%	Had Lifeline (included in the other stats.)

23) Installed Base of Calling Features and Additional Services.

Exhibit 23
Cox Installed Base of Additional Services and Calling Features

32%	Unlisted Numbers
38%	“Calling features” package
6%	Call Waiting stand alone
4%	Caller ID stand alone
2%	Voice Mail stand alone
64%	“Assurance” (wire maintenance).

Cox offers at least 2 different packages of “calling features”, though customers can also purchase calling features, such as Call Waiting or Caller ID, as a stand alone product. 38% had a calling package, which included Call Waiting or Caller ID, while only 6% had Call Waiting as a stand alone feature. We attribute this high percentage for calling features because of package pricing and marketing. Also, a very high percentage, 64%, had an ‘assurance’ program, which is a cable wire maintenance service that is also used for the phone customers.

24) Installed Base of Cable and Broadband/Internet



We also examined the cable customers' use of cable and broadband services. Only 2% had basic cable and a very large percentage, 50% had DVR service while 62% had broadband/Internet.

Exhibit 24
Cox Services Used by Cable Customers

2%	Basic only cable
26%	Basic and expanded
50%	DVR Service
62%	Broadband/Internet

VI. AT&T Vs Cox Usage and Cost of Services

25) AT&T Vs Cox Minutes of Use

One of the surprising findings is that Cox customers make more than double the call minutes than AT&T customers.

Exhibit 25
Cox Long Distance Calling vs AT&T Customers

	Calls	Minutes
Cox	19	186
AT&T	13	87

26) Cox Vs AT&T In Costs And Installed Base.

On the whole, Cox customers had a great deal more 'calling features' package, while on the stand alone services; they were more or less tied. We attribute this to the fact that Cox packages range from \$5.95 or \$10.95, while there is no comparable service by AT&T.

Exhibit 26



Cox Calling Features vs AT&T Customers

	COX	AT&T
Unlisted Numbers	32%	20.5%
Calling Features package	38%	4.5%
Call Waiting stand alone	6%	6%
Caller ID stand alone	4%	4.5%
Inside Wire*	64%	23%

*It seems that Cox's cable 'assurance' service is their wire maintenance service.

27) AT&T vs Cox Cost of Services

Cox is less expensive on virtually every service, though many of the AT&T services have had recent increases in 2008, enlarging the differences in costs.

Exhibit 27 Cox Calling Features vs AT&T Customers

	Cox	AT&T
Local Service (Flat)	\$9.99	\$10.94
Caller ID	\$9.99	\$7.95
Call Waiting	\$6.00	\$3.99
Unlisted Number	\$1.25	\$1.25
Inside Wire	\$6.00	\$2.95

VII. AT&T Increases Since 2004.



Virtually every local and long distance AT&T service has had increases since our 2004 survey. We note that in 2004 the company was called “SBC”.

28) AT&T Local Service Calling Features and Services

There have been major increases in all calling features. Wirepro, the popular service for seniors, has increased 101% adding \$36.12 a year, while Unlisted Numbers increased 346%.

Exhibit 28
AT&T Local Service Calling Features and Services, 2004 -2008

	2004	2008	increase	Annual
Local service	\$10.69	\$10.94	2%	\$3.00
Call Waiting	\$3.23	\$6.00	86%	\$33.24
Caller ID	\$6.17	\$9.99	62%	\$45.84
Inside Wire (Wirepro)	\$2.99	\$6.00	101%	\$36.12
Unlisted numbers	\$.28	\$1.25	346%	\$11.64

29) Directory Assistance Increases

In 2004, Directory Assistance came with 3 calls, and each additional call cost \$.46. By 2008, there are no free calls and each call cost \$1.99 – a 1630% increase.

Exhibit 29
AT&T Directory Assistance, 2004 -2008

	Per call	Free	4 calls	increase
2004	\$.46	3	\$.46	
2008	\$1.99	0	\$7.96	1630%

30) AT&T Long Distance Increases

Probably the most disturbing part of the overall market increases has been the increase to long distance plans, which have continued to climb significantly since 2004.

This next exhibit highlights just how various plans increased. For example, “Value Plus” packages, which include “Value Plus 200” and “Value Plus 500”, not only increased in plan fees, but added an additional “Cost Recovery fee”, which was not part of their original 2004 offerings. While common on the Legacy-AT&T long distance packages offered in 2004, SBC, in order to get business away from AT&T, did not put this additional questionable charge on the bills. It also seems that most of the SBC long distance rates were ‘promo’ rates, which then increased significantly. “Value Plus 200”



went from \$5.00 to \$14.00, a 180% increase, but also had an increase of \$.05 a minute to \$.07 a minute while the “Value Plus 500” went from \$10.00 to \$20.00 an increase of 100%. Also, both added new “Cost Recovery” Fees of \$1.49.

Exhibit 30
AT&T Plan Fees and Monthly Fees, 2004-2008

	2004	2008	increase	annual
Legacy “Basic Rate”, (Ca593)				
Monthly	\$3.95	\$4.95	25%	
Cost recovery	\$0.99	\$1.99	101%	\$ 24.00
Value Plus (CA595)				
Plan fee	\$2.00	\$4.00	100%	
Cost Recovery	\$0	\$1.49	14800%	\$ 41.76
Value Plus 200, (ca 600)				
Plan Fee	\$5.00	\$14.00	180%	
Cost Recovery	\$0	\$1.49	14800%	\$125.76
Cost per minute	\$0.05	\$0.07	40%	
Value Plus 500 (CA608)				
Monthly	\$10.00	\$20.00	100%	
Cost Recovery	\$0	\$1.49	14800%	\$137.76

Recent AT&T Increases on Local and Long Distance Service.

The phone bills collected were littered with price increases.

31) AT&T’s Basic Rate Plan Increases

In the previously quoted Basic Rate plan, a number of items increased in March 2008 – From the removal of holiday discounts to local toll going from \$.19 to \$.24.

Exhibit 31



“Basic Rate plan” Cost Per Minute on This Plan

NOTICE OF PRICE INCREASE Effective March 1, 2008, AT&T's basic plan per-minute rates for calls direct-dialed from home for local toll will increase from \$.19 to \$.24 Peak, \$.17 to \$.21 Off-Peak, \$.16 to \$.19 Weekends. In addition, holiday discounts will be removed. To see other AT&T calling plans, visit www.att.com. Thank you for choosing AT&T.

32) Increases to Local Measured Service

These increases were found on many bills for measured service customers. In the next case, every part of local calling has had increases. This plan is ancient because it still relies on first and second minute calling and fractions of a cent that are always rounded up (notice that this bill information does not mention this fact.)

Exhibit 32 AT&T Local Measured Phone Service Increases, 2008

PRICE INCREASES

Effective 4-1-08, AT&T California local call rates for Measured Rate customers will increase to \$0.02 /min. from the following current rates: day rate \$0.0087 (add'l min), evening rates \$0.0192 (init min)/\$0.0060 (add'l min), and night/weekend rates \$0.0110 (init min)/\$0.0035 (add'l min). Day initial minutes will decrease from \$0.0274 to \$0.02 /min. Zone 3 call rates will increase to \$0.04 /min. from the following current rates: \$0.0149 (day add'l min), \$0.0104 (evening add'l min) and night/weekend rates \$0.0267 (init min)/\$0.0059 (add'l min). Day and evening initial minute rates will decrease to \$0.04 /min. from \$0.0667 and \$0.0467, respectively. Subscribers of plans with unlimited Zone 3 calling will not be impacted by the Zone 3 rate changes. For more information, or to learn more about our money-saving packages, products or services, please call 1 800 280-2020 or visit us online at att.com.

33) Increases to Customers' Long Distance service without an AT&T Plan.

The cost per minute for customers without a plan has continued to rise in costs. As of July 2008, basic direct dialed for those without a plan were \$.33 a minute.

Exhibit 33



AT&T Long Distance Phone Service Increases, 2008

Rate Change Effective July 12, 2008:
Effective July 12, 2008, for customers who do not have an optional long distance calling plan, the default basic Message Telecommunications Service (MTS) domestic direct-dialed per minute rate will increase from \$0.25 to \$0.33 for off-peak calling and will decrease from \$0.35 to \$0.33 for peak calling. For more information, to cancel service or to discuss other long distance calling plans, please refer to the phone number on the front of your bill. Thank you for choosing AT&T Long

VIII. Truth in Billing, Truth in Advertising Issues

We found numerous issues surrounding truth-in-billing, truth-in-advertising.

34) NO 'Total Cost' For Long Distance Per Minute.

AT&T, on almost all bills, does not supply basic information, such as the total number of calls, the number of minutes, and the number of interstate and intrastate calls. The company has a \$.07 cent plan, but no one pays \$.07 cents because when you add the other charges, such as the "Cost Recovery fee", plan fee or other charges, the actual costs can be over \$.50 a minute.

Advocating: We are suggesting that the phone bill be required to give the actual cost per minute using a simple formula – total costs divided by total call minutes. === We call it the "Unit Price Box"

35) AT&T Web Site is a Truth-in-Billing Violation.

In searching the AT&T site <http://www.att.com/gen/landing-pages?pid=10933> for long distance plans, we find that most plans aren't mentioned by the names on the bill. On the site we found a small number of plans, and the costs advertised only matched some of the customers.



Exhibit 34
AT&T Current Calling Plans and Costs per Month.

AT&T Unlimited Nationwide Calling Basic	\$30.00
Unlimited Local and Long Distance calling.	
AT&T Nationwide Calling 120 SM	\$10.00
Up to 120 minutes of long distance per month.	
AT&T ONE RATE [®] Nationwide 10¢	\$2.00
Plus 10¢ per minute flat rate.	

The site does not take the customer to the service guide; they only supply a generic link to the overall AT&T site, but nothing specific. The real irony is that AT&T One Rate has no plan fee and only cost \$.10 a minute and yet no customer in our study was on this plan, even though the majority might have benefited.

Advocating: Total “Truth-in-Billing” legislation. Besides the cost per minute, ALL of the information provided to the customer should be correct and easily accessible for ALL services offered.

36) Rosetta Stone Required for All Bills.

It is clear that when experts can not determine how or if the Universal Service Fund is being applied, a typical customer could not possibly do this exercise.

Advocating: Truth-in-Billing legislation should include a full description of the application of ALL taxes and surcharges.

37) Clean Up Current Bills: Phantom Charges with “.00” Amounts.

Virtually every AT&T local phone bill we examined had line items without charges. The exhibit below is typical.

Exhibit 35
Phantom Charges with “.00” Amounts.

Monthly Service - Sep 17 thru Oct 16	
Service is billed in advance from the 17th of each month	
5. Residence Flat Rate Service	10.89
6. Caller ID Selective Blocking	.00
7. Wiring for Extension Station	.00
Total Monthly Service	10.89



There is no reason these should be part of monthly service as it adds clutter and customer confusion when reading the bill.

38) Meaningless Charges and Accounting.

On virtually every bill there are some rate changes, increases or credits based on when in the month a person is billed. In the example below, the person is charged for a timeframe, and within the exact same bill, the charges are removed --- the end total being “00”. There is no reason this information should be on the bill, especially in a predominant area. But it is so common that one would think it was there to confuse the customer.

Exhibit 36 Meaningless Charges and Accounting.

Additions and Changes to Service				
This section of your bill reflects charges and credits resulting from account activity.				
Charges for 619 F...				
Order No.				
Item			Monthly	Amount
Fee	Description	Quantity	Rate	Billed
Services Added				
(Monthly Charges are Prorated from Sep. 8, 2007 to your Billing Date, Sep. 17, 2007)				
6	Federal Universal Service Fee	1	.48	.13
Services Removed				
(Monthly Charges were Billed in Advance and are Prorated from Sep. 8, 2007 to Sep. 17, 2007)				
9	Federal Universal Service Fee	1	.48	.13CR
Total R195 (2007)				.00
Total Additions and Changes to Service				.00

39) Rate Changes on the Bill

In another case, the person’s billing date is April 13th, 2008 and there is a charge of \$.02 cents. This is because of a rate change on April 1, where the USF fee changed.



Exhibit 37
Rate changes on AT&T Bills

Charges for this bill: 1000

Order No. 1000

Item	Monthly	Amount	
No. Description	Quantity	Rate	Billed
Rates Changed			
(Monthly Charges are Prorated from Apr 1, 2008 to your Billing Date, Apr 13, 2008)			
3. Rate Change	1	.05	.02
Federal Universal Service Fee			

This practice has many issues. For example, California is the only state we know of that can't simply figure out how to add this \$.02 cents or any other change to the bill without adding the words, 'change in service'.

How is a customer supposed to deal with it? Is it part of the calculations for taxes? Does it add \$.02 to the total?

40) Pagination Problems Abound

On many AT&T bills, because the phone company has added all of these extra rate changes and additional no-charge fees, the phone bill sections many times will drift to the next page with no explanation or with no reference points. This makes scanning a bill for problems additional work and a confusing bill.

Advocating --- If rate changes, etc. exist, require that they be placed at the end of the bill on a separate page so that the total bill is easy to read on one page.



Part Two: Wireless Service.

Executive Summary

- 1) There has been a drop in wireless service competition. In 2004, Cingular and Nextel were still valid competitors, besides legacy-AT&T and Verizon. Today, there are 4 competitors, Verizon has an estimated 54%, AT&T 23%, (Cingular), Sprint (Nextel) 11% and T-Mobile 9%, and all others about 3%.
- 2) Overall, single line accounts represented 54% of the market, 38% had more than 2 lines and 8% had over 2 lines.
- 3) The average cost for wireless service for one line accounts was \$37.15 and \$80.45 for 2 line accounts. Since 2004, customers are spending less, as a one line account averaged \$57.92 and 2 or more averaged \$88.57. However, the price of service hasn't dropped. The main reason for the difference is that in 2004, 1/3 of all customers had seriously large overages of their plan minutes. 1/3 of customers had an average of \$39 a month (for all accounts).
- 4) Cost per minute can be outrageous. Doing the simplest of calculations – dividing the total cost by the number of minutes, we find that the average 'account' is paying \$3.02 a minute.
- 5) There is major differentiation between one and 2 line (or more) accounts for cost per minute. One line accounts are paying \$5.33 on average while large families, who can spread out their plan fees with 2 or more users, are averaging \$.29 cents a minute.
- 6) Minutes used by different user groups show a major discrepancy in calling patterns. On average, all customers made 408 minutes of calls, with one line customers made 166 minutes of calls and 2 or more line customers averaged 694 minutes. This includes all calling types, from Nights & Weekends to "Incalling".
- 7) Customers are only utilizing 32% of their plan allowance, which are the main calls, referred to as "anytime" minutes. One line customers only use 21%; two or more lines are using 46.8% of calling within the plan and use of the 'allowance'.
- 8) Multiple types of minutes still exist. Today, there are 'plan minutes', sometimes called "anytime", roaming minutes, nights & weekends, Incalling, (calling to another person on the same network or part of your 'favorites'), and a new class of charges ranging from text messaging and pictures to Internet use.
- 9) The cost per minute by user group varies greatly. Overall, only 25% are paying



under \$.10 per minute, while 41% are paying over \$.50 cents a minute, More outrageous is the fact that 11% are paying over \$10.00 a minute, This varies greatly based on one and 2 line or more accounts. 39% of 2 lines or more are paying under \$.10 a minute; while conversely, 50% of one line accounts are paying over \$1.00 a minute.

- 10) Truth-in-Billing violations abound and there is no ‘Rosetta Stone’ for understanding the actual bills. From unreadable phone bills by AT&T or missing information on how to calculate the taxes and surcharges, or the information on the websites not reflecting the customer’s actual plans, both AT&T and Verizon are violating basic tenets of consumer education and not supplying enough information to make valid decisions.

Like with long distance, we are proposing a unit cost per minute box, which would explain to a customer the actual cost of per minute. Also, information on the website should give information about the plan the customer is using.



PART TWO:
San Diego California Market for Wireless Services

1) Market Share of Wireless Customers in San Diego, CA

The survey yielded 134 wireless bills. Verizon had 54% of the market, AT&T had 23%, Sprint had 11% and T-Mobile had 9%. The other carriers combined only had 3%.
(Note: 19 wireless plans were part of the local wireline phone service bill. We have decided to not include those bills in the wireless service information.)

Exhibit 1
Market Share of Wireless Customers in San Diego, CA

Verizon	62	54%
AT&T	26	23%
Sprint	13	11%
T-Mobile	10	9%
Other	4	3%
Total Bills	115	100%

2) Number of Lines Per Bill

54% of those surveyed had a line account, while 46% had 2 or more lines; 8% had 3 or more lines. (We use "line" to indicate a separate service with a separate phone number.)

Exhibit 2
Number of Lines per bill

54%	One line
38%	2 or more lines on the account
8%	3 or more lines.

3) Total Bill and Plan Fees

On average, customers paid \$56.99 for wireless service, and \$43.27 for their basic plans. One line accounts averaged \$37.15, while 2 or more line accounts averaged \$80.45.



Exhibit 3
Total Wireless Bill and Plan Fees for One and 2 or More Line Accounts

	Total	1 line	2 or more
Total Bill	\$56.99	\$37.15	\$80.45
Plan	\$43.27	\$44.48	\$54.85

4) Different Types of Call Minutes and Plans

There are many different types of minutes that appeared on a plan.

- A) “Plan minutes” included with the “Plan”. Verizon calls these "Anytime" minutes, and they are applied to the ‘plan’ allowance. A “plan allowance” is the free minutes that come with the plan. For example, the Verizon Customer Choice II 450 minute plan has 450 minutes that can be used as part of the plan fee.
- B) Promotional Minutes – Are extra minutes supplied because of some promotion.
- C) Nights & Weekend Minutes – Are minutes that are created during the night and weekends.
- D) In Calling minutes, where the customer is calling some other customer using the same wireless carrier - i.e., a Verizon customer calling another Verizon customer.
- E) Roaming – These are usually minutes that are not included in the plan.
- F) Overages – Calls made over the subscriber’s plan allowance.
- G) Roll-Over minutes. AT&T has a plan that supplies a number of call minutes a month and when those calls are not used, they can be applied to the next month, with some caveats.
- H) Text, Internet and pictures. – There are a series of different types of text and picture messaging by carrier. For example, some plans have text messages and charge by the message, others charge by the “kilobyte” or “megabyte” and are used when someone goes on the Internet. There is also picture messaging, the sending of pictures.

We will discuss these services separately.

5) Average Calls as Part of Plan and Usage of Allowance

The average customer made 193 minutes of calls, using only 32.8% of his/her total ‘allowance’ or the calls that came with the plan. One line accounts only made 70 minutes on average and only used 21% of calls while 2 or more lines had 699 call minutes as part of the plans and made 348 plan minutes.



Exhibit 4
Wireless Minutes Used In the Plan and Usage of Allowance.

	Total	1 line	2 or more
Calls in Plan	193	70	348
Allowance	564	450	699
% of Allowance	32.8%	21%	46.8%

6) Range of Calls Included with Plans

There is a very broad collection of different calls included with various plans.

Verizon

- CA 4040 --- America's Choice II 900 Anytime for \$59.00 has 900 minutes of plan, and unlimited in calling. It also has unlimited nights and weekends.
- CA 4063 --- This plan called "Safety pin0005/1y \$14.99xxxxsca" cost \$14.99 and gives 5 general allowance calls (there is no mention of Incalling or nights and weekends)

AT&T

- CA4013 --- "FT9natp550rum2munw" for \$50.00 has 550 "anytime minutes", Anytime rollover minutes, unlimited nights and weekends and unlimited in-calling, and a second line for \$9.99
- CA4016 ---Home 50/100, for \$19.99 has 50 minutes included in the plan and a \$.69 fee overage per minute.

Exhibit 5
Nights and Weekends, Incalling and Total Calls for 1 and 2 or More Line Accounts

	Total	1 line	2 or more
Calls in Plan	193	70	348
Nights and Weekends	103	53	163
In Calling	109	42	189
Total Calls	408	166	694

7) Cost per Minute

If you divide the number of total minutes by the total cost, you find something very disturbing, but revealing. On average, the cost per minute for all calls made per month is \$3.02 per minute, \$3.45 for just the plan minutes. For one line accounts, the cost goes to



\$5.93 for plan minutes and to \$5.33 when all minutes are calculated. However, for households with 2 or more phone lines, the cost per minute plummets to only \$.29 a minute, \$.52 for the ‘shared’ minutes.

Exhibit 6
Cost Per Minute for Total, 1 Line and 2 Line Or More Account

	ALL	1 line	2 or more
Cost per minute in plan	\$3.45	\$5.93	\$.52
Cost per minute total	\$3.02	\$5.33	\$.29

8) Cost per Minute Based On Accounts Vs ‘Minutes

In the example above, some will argue that the cost per minute is only \$.14 cents when you divide the number of minutes by the total bill.

Exhibit 7
The Wrong Method for Calculating Cost per Minute

	Total	1 line	2 or more
Total Bill	\$56.99	\$37.15	\$80.45
Total Calls	408	166	694
	\$0.14	\$0.22	\$0.12

As discussed in the wireline section in discussing long distance charges, the FCC, for example, claims that wireless calling is only \$.06 cents.

This methodology does not reflect the reality – examining ‘accounts’ and averaging them gives a viewpoint of actual cost per minute per customer while the other method dilutes the actual harm; i.e., if you have 1 household with 1000 minutes and 1 household with 2 minutes, when you divide the total minutes the result would be an average of 1002 or 501 minutes per household.

9) Outrageous Cost Per Minute

This exhibit is just a sampling of AT&T and Verizon customers who made just a few calls but had plans fees for \$16.95 to \$39.99. The total cost per minute is based on the total bill which includes the plan fee.



Exhibit 8
Examples of Verizon and AT&T Wireless plans with Few or No Calls

	Plan	Calls	Per minute
Verizon			
SD 10 Min	\$16.95	0	\$18.57
Digital Choice 25	\$14.99	0	\$16.52
Anytime 1000	\$39.99	4	\$10.69
Digital Choice 100	\$25.00	4	\$6.75
AT&T			
nat2001knw	\$29.99	0	\$34.34
Digital Value 300	\$24.95	1	\$27.45
Home 50/100	\$19.00	4	\$5.53

10) Customer Wireless Usage Based On User Groups

Basically, one line accounts have over 30% who only make 1-10 minutes of calls a month but can be paying on average, \$37.15 a month. Families with kids, who are not only more active but also split the plan fee among 2 or more users, obviously will have a better utilization of the costs of the service.

Exhibit 9
Total Sample, Minutes of Use of Wireless Customers

Total	1 line	2 line or more	
18%	33%	0%	Under 10 minutes
11%	18%	3%	From 11 through 50
13%	15%	9%	51 to 100
10%	10%	9%	100 -200
8%	5%	9%	201 -300
26%	13%	42%	300-1000
14%	3%	27%	over 1000

11) Customer Wireless Cost per Minute Usage Based On User Groups.

This break out explains just how the market is parsed by one and 2 lines or more accounts. On average, only 25% of users are paying under \$.10, with a whopping 59% of single line customers paying over \$.51 cents, and 21% of those paying over \$10.00 a



minute. Conversely, 2 line or more accounts have 39% paying under \$.10 a month and no one paying over \$10.00.

Exhibit 10
Total Survey Cost Per Minute

Total	1 line	2 line or more	
25%	13%	39%	Under \$.10
26%	18%	36%	\$.11 to \$.25
8%	15%	6%	\$.26 to \$.50
13%	10%	15%	\$.51 to \$1.00
17%	28%	3%	\$1.01 to \$10.00 or more
11%	21%	0%	Over \$10.00

12) Cost per Minutes can be Outrageous

Phone plans are littered with expensive calls. For example, AT&T's Home 50/100 plan has a roaming fee of \$.69 a minute. In fact, \$.45 or \$.40 a minute seems to be a standard fee now for overages of the plan minutes.

Exhibit 11
Wireless Outrageous Cost Per Minute

AT&T	plan	Per minute
CA4013	Home 50/100	\$.69
Verizon		
CA4051	Nat Fam Share 700	\$.45

13) Phone Plans Give Outrageous Amounts of Calls That Can't and Won't Be Used.

A lot of the plans have ridiculous amounts of calls which will never be used. Many plans, for example, have unlimited nights and weekends or come with 5000 nights and weekends.



Exhibit 12
AT&T Plan with total minutes and minutes in Plans

AT&T	plan	Total min	Plan min	nights	rollover
CA4110	\$39.99	22	450	5000	3877

In this case, the person is paying \$39.99 made 22 minutes of calls, but had 450 plan minutes, and got 5000 nights and weekends, and had 3877 'rollover' minutes.

In our survey, the average 1 line account made a total of 70 minutes of calls in their plan, a total of 166 of which only 53 minutes were for nights and weekends.

15) AT&T's Rollover Plans

As we will discuss, AT&T has a plan which allows customers to take their unused minutes and carry them over to the next month. While it is a good marketing idea, the truth seems to be that few people make enough calls to do any rollover, and have thousands of unused minutes.

In the exhibit below, the average account had 4,360 minutes to start; the customers had an additional 469 minutes left in this month, the majority lost 335 in one month because they were a year old, and 13% went over their plan minutes and used rollover minutes.

Exhibit 13
AT&T's Rollover Minutes

minutes	
4360	Rollover start
469	Rollover not used
-335	Rollover minutes expired after 1 year.
13%	Used their minutes and went over their plan minutes



X. Verizon Wireless Bills

15) Number of Lines Per Bill

51% of those surveyed had a line account, while 49% had 2 or more lines with 8% had 3 or more lines.

**Exhibit 14
Number of Lines Per Bill**

51%	One line
41%	2 or more lines on the account
8%	3 or more lines.

16) Verizon Wireless --- Total Wireless Bill, Cost of the Plan.

The average cost for 1 line service was \$38.50, with the average plan costing \$33.92. The cost for 2 or more lines was \$72.11 with the plans costing \$64.60. (Plan costs can include more than one line's plan fees.)

**Exhibit 15
Total Cost of Wireless Service and Plan Costs**

	All	1 line	2 or more
total	\$53.96	\$38.50	\$72.11
plan	\$45.06	\$33.92	\$64.60

Extra lines, depending on the account, can cost \$9.99 or \$19.99.

17) Verizon Wireless – Lots of Plans

Verizon has a host of plans represented on their phone bills for different prices. Because there are a host of variables in the names of these plans – Preferred, Plus, Anytime, Nights & Weekends, Familyshare, and the use of abbreviations and other confusing consumer information, it is hard to say which plans are the same or related. For example, a 450 minute America's Choice II plan for \$40.00 is the same as the one for \$39.99 or a Digital Choice II with 300 anytime minutes for \$34.99 the same as the Digital Choice 300 plan for \$29.99.



Exhibit 16
Verizon Wireless Plans

America's Choice II Plus Share Preferred 450 Anytime	\$40.00
America's Choice II 300 anytime	\$34.99
America's Choice II 450 anytime	\$39.99
America's Choice II 500 anytime	\$50.00
America's Choice II 900 Anytime	\$59.99
America's Choice II Familyshare PRI 1400	\$80.00
America's Choice II Familyshare PRI 700	\$60.00
Anytime 1000	\$39.99
Choice Frm	\$19.99
Companion	\$9.95
Digital Choice 100	\$25.00
Digital Choice 25 General	\$15.00
Digital Choice 300	\$29.99
Digital Choice 300 General	\$29.99
Digital Choice Plus 20 General	\$19.99
Local Digital Choice Loyalty 90 Anytime 0603	\$24.99
Nationwide 65 Plus Share 450 Anytime	\$40.00
Nationwide Basic Family Share PRI 1400 Anytime	\$80.00
Nationwide Family Share Prf 700	\$60.00
Nationwide Loyalty 100 Anytime minutes	\$25.00
Nationwide Loyalty Family Share PRF 500 anytime	\$49.95
Nationwide Single line 900	\$59.99
Safety pin0005/	\$14.99
SD 10 Min	\$16.95
Single rate West Family share Primary 400	\$35.00

18) Plan Variations are All over the Map

In going through the various plans, there are multiple variants which are complicated by the “promotional” minutes vs plan minutes and in calling.

- CA 4040 --- America's Choice II 900 Anytime for \$59.00 has 900 minutes of plan, and unlimited in calling. It also has unlimited nights and weekends, but that part is not on the bill. There is no category on the bill of Nights and Weekends calling.



- CA 4063 --- This plan called “Safety pin0005/1y \$14.99xxxxsca” cost \$14.99 and gives 5 general allowance calls (there is no mention of Incalling or nights and weekends).
- Ca4048 --- “Nationwide 65 Plus Share 450 Anytime 1000 N&W Unlim In Call \$40 \$4980 1107” This plan has 450 anytime minutes, 1000 Nights and Weekends, and unlimited Incalling for \$40.00. A second line on this plan cost \$19.99 instead of the more common \$9.99.
- Why is it called “65 Plus”? Who knows until we go to the website? The customer has to be born before 1942, even though the plan is not anything special for seniors as the total still comes out to a large bill

19) Truth in Advertising Violations are Rampant.

The website is filled with information, but virtually none of it has to do with actually explaining the customers’ actual plans. Typing in these weird plan names --- “America’s Choice II”, or “SD 10 Min 0010” or “Safety pin0005” or “Companion OOOO”, the names that actually appear on the bills, none of these plans could be found on the website.

20) Truth in Billing – Features Not Listed

Anyone with a Verizon bill would never know what features they have available to them as there is nothing on the bill to indicate whether the customer gets calling features, voicemail or other features. While customers may be told this on some plans when they are purchased, since many of the plan names are not coming up in the web searches, it would be almost impossible for people to know what services they have without calling customer service.

21) Verizon Wireless --- Different Types of Minutes

There are many different types of minutes that appeared on a plan

- I) “Plan minutes” included with the “Plan” – Verizon calls these "Anytime" minutes, and they are applied to the ‘plan’ allowance. – A “plan allowance” is the free minutes that come with the plan. For example, the Customer Choice II 450 minute plan has 450 minutes that can be used a part of the plan fee.
- J) Promotional Minutes – Are extra minutes supplied because of some promotion?
- K) Nights & Weekend Minutes – Are minutes that are created during the night and weekends.
- L) Incalling minutes, where the customer is calling some other Verizon customer.
- M) Roaming



N) Text, pictures and the Internet.

22) Cost per Minute Averages

On average, the cost per minute for all calls made per month is \$2.00 per minute, \$2.40 for just the plan minutes. For one line accounts, the cost goes to \$3.42 for all calls to \$3.97 per minute for plan minutes. However, for households with 2 or more phone lines, the cost per minute plummets to only \$.34 a minute for all calls, \$.56 for the ‘shared’ minutes.

Exhibit 17
Costs Per Minute on Average

ALL	1 line	2+	
\$2.40	\$3.97	\$.56	Cost per minute based on plan/shared minutes
\$2.00	\$3.42	\$.34	Cost per minute based on total calls

23) Outrageous Cost per Minute Bills

This next exhibit highlights the Verizon bills with what we consider to be outrageous costs per minute. These customers made few if any calls, but still have to pay for the fixed cost of the service. The range is from \$6.75 to \$18.57 per minute.

Exhibit 18
Examples of Verizon Wireless plans with No Calls

	Plan	Calls	Per minute
SD 10 Min	\$16.95	0	\$18.57
Digital Choice 25	\$14.99	0	\$16.52
Anytime 1000	\$39.99	4	\$10.69
Digital Choice 100	\$25.00	4	\$6.75

24) Plan Minutes and Allowance Minutes

The average account used 156 minutes of the ‘plan’ allowance, with an overall allowance of 456; thus a 30.8% utilization of the plan minutes. One line account had only 61 minutes a month. The highest numbers of minutes, as well as ‘plan utilization’ of minutes are households with 2 or more lines, which had 40.6% utilization of plan minutes.



Exhibit 19
Total Plan Minutes and Use of Allowance

ALL	1 line	2 or more	
156	61	267	Plan Minutes
456	334	600	Plan Allowance
30.8%	22.4%	40.6%	Of Allowance

25) Promotional, Night & Weekends and In Calling Minutes

The next two exhibits outline the other ‘minutes’ used by a household which may not be part of the plan minutes. (In our analysis of cost per minute, we use ALL of the call minutes used by the customer.)

Interestingly, when we examine the ‘total utilization’, counting all minutes as compared to the plan allowance, 1 line accounts only use 55%, while households with 2 ore more lines had almost 91%, though we are quick to point out that these ‘total minutes’ have many on different aspects of the plans that are not counted toward ‘plan’ minutes. For example, some plans have ‘unlimited nights & weekends’ while others can have 1000 minutes or some other configuration.

Exhibit 20
Total Minutes Used, Including Promo, Incalling, Plan Minutes

ALL	1 line	2 line	
156	61	267	Plan Minutes
90	65	120	Promo/N&W
103	58	157	In Calling
349	184	544	Total Minutes
456	334	600	Allowance
77%	55%	91%	Total Utilization

26) Percentage of Minutes of Use by Type

There is a large variance of use of minutes by type. While the one line accounts seem to break calling types evenly; 1/3 plan minutes, 1/3 promo and 1/3 in calling roughly. 2 line accounts have almost half of the minutes as plan minutes.



Exhibit 21
Percentage of Minutes Used by Type

All	1 line	2 line	
45%	33%	49%	Plan minutes
26%	36%	22%	Promo/N&W
30%	32%	29%	In calling

27) Minutes of Use by % of Customers

In order to better understand the issues surrounding high costs per minute, one has only to examine how each group of users is actually using the wireless service.

Averaging all of Verizon wireless customers, the usage patterns reveal that 40% of the population made less than 100 minutes of calls, as compared to 59% of 1 line customers. Two line customers only had 17% of the group with less than 100 minutes and no customer had less than 10 minutes of calls with 2 lines. On the high end, only 4% of 1 line customers made over 1000 minutes of calls, while 13% of 2 line customers were heavy users.

Exhibit 22
Minutes of Use of Wireless Customers

Total	1 line	2 line	
16%	30%	0%	under 10 minutes
14%	22%	4%	from 11 through 50
10%	7%	13%	51 to 100
14%	15%	9%	100 200
12%	11%	9%	200 300
24%	11%	52%	300-1000
10%	4%	13%	over 1000
100%	100%		

28) Verizon Cost Per Minute by User Groups

On average, 20% of Verizon customers are paying under \$.10 for minutes, while over 36% are paying over \$.50 cents. There is a large differential of 1 line or 2 line users. One line customers are paying on average, over \$3.42, while only 11% are paying under \$.10.



A whopping 45% are paying over \$.50 a minute, and 15% of those are paying over \$1.00, with an additional 15% is paying over \$10.00 a minute.

This is all contrasted with the 2 line customers who have 30% paying under \$.10, and an additional 39% paying from \$.11 to \$.25. Most striking is that the average cost per minute is \$.34, while there are no 2 line or more customers paying between \$1.00 and \$2.00, and no customers are paying \$10.00 or more a minute.

Exhibit 23
Verizon Cost per Minute Based On Usage Patterns

total	1 line	2 line	
20%	11%	30%	Under \$.10
28%	22%	39%	\$.11 to \$.25
8%	7%	4%	\$.26 to \$.50
18%	15%	22%	\$.51 to \$1.00
8%	15%	4%	\$1.01 to \$10.00 or more
10%	15%	0%	Over \$10.00

XI. Verizon Taxes and Surcharges

29) Universal Service Application

According to multiple sources, the FCC in 2006 established that 37.1% of a wireless plan should be dedicated to long distance calling. However, carriers can argue about it, according to this write up from HKlaw.com.

<http://www.hklaw.com/id24660/PublicationId2292/ReturnId31/contentid49631/>

“The FCC’s basis for adopting the 37.1 percent safe harbor percentage was a “traffic study” by Tracfone that purported to measure the interstate/international revenue percentages of six other carriers, including Verizon Wireless, whose percentage it estimated to be 37.1 percent. Verizon Wireless, for the record, has stated its actual interstate/international percentage is lower than 28.5 percent, the current safe harbor. However, the FCC has determined that even 37.1 percent is a low estimate, based on its own estimates of wireless interstate/international revenues and that if carriers do not accept that percentage, the FCC would simply impose a higher safe harbor percentage or abolish the safe harbor requirement altogether. Carriers, however, remain free to measure their actual interstate/international



revenue percentage and use that percentage in their payments. Carriers are also free to conduct a statistically valid traffic study of their revenues to determine the appropriate percentage. However, for carriers employing the safe harbor, this will mean higher USF payments and higher reimbursement costs for customers.”

The problem is:

- a) The Verizon bills have a variable of USF applications, even on phone bills with the same cost of the plan.
- b) The percentage that they are charging is however around 18%-19% and is almost half of the 37.1%

Exhibit 24
Universal Service Application on Plan Fees.

UCAN/TT	Total bill	Plan fee	USF	Based on	% applied
4070	\$26.98	\$25.00	\$.51	\$4.51	18.1%
4052	\$32.26	\$29.99	\$.67	\$5.93	19.8%
4027	\$47.75	\$39.99	\$.88	\$7.79	19.5%

In the exhibit, the total bills range from \$26.98 to \$47.75, while the plan fees ranged from \$25.00 to \$39.99.

The USF applied was from \$.51 to \$.88. the “based on” statistic is what the USF should be based on, from \$4.51 to \$7.79, though the application of USF on these bills was from 18.1% to 19.8% -- in going through the bills, even with no calls or other charges, the plan fees could vary greatly and are literally half what the costs should be.

But it gets stranger.

30) Charging 120% of Taxes

A bill is supposed to have ‘interstate’ taxes, applied to calls outside the state, or international, as well as ‘in-state’ taxes, applied to only charges within the state. These 2 areas of taxation should equal 100%.



Exhibit 25
Universal Service Application As Compared to E911 Fees.

UCAN/TT	Total bill	Plan fee	USF applied	E911	E911 based	E911	Total
4070	\$26.98	\$25.00	18.10%	\$0.13	\$26.00	104%	122.1%
4052	\$32.26	\$29.99	19.80%	\$0.16	\$32.00	107%	126.5%
4027	\$47.75	\$39.99	19.50%	\$0.21	\$42.00	105%	124.5%

In this next exhibit we added the “E911 Charge” for the same bills, which is an in-state tax. What the data shows is that E911 is being applied to 104-107% of the plan fee and when you combine the USF and E911 “Total”, 122%-126% is being applied to the plan fee. (There are some caveats as the rules of rounding are wider when the percentage being applied to the bill, such as E911, is smaller. For example, the E911 for CA4070 has a range of \$25 on the low side and \$27.00 on the high side.)

However, without any other information about the application of taxes, it is clear that these bills are:

- a) Dramatically under-billing the Universal Service Fund
- b) They are over billing on the E911 and other taxes and surcharges
- c) The total tax is over 120% --- instead of being equal to 100%.

31) The Addition of Questionable Charges

All carriers now have a series of questionable surcharges that should be included in the cost of service but instead are simply adding to the actual cost of service. Here is Verizon’s wireless ‘surcharges’.

Verizon Wireless’ Surcharges

Verizon Wireless’ Surcharges include charges to recover or help defray costs of taxes and of governmental charges and fees imposed on us, including a Regulatory Charge (which helps defray costs of various regulatory mandates, including government number administration and license fees) and a Federal Universal Service Charge (and, if applicable, a State Universal Service Charge) to recover costs imposed on us by the government to support universal service, and may include other charges also related to our governmental costs. It also includes an Administrative Charge, which helps defray certain costs we incur, currently including (i) charges we, or our agents, pay local telephone companies for delivering calls from our customers to their customers, (ii) fees and assessments on network facilities and services, and (iii) certain costs and charges associated with proceedings related to new cell site construction. Please note that these are Verizon Wireless charges, not taxes. These charges, and what’s included, are subject to change from time to time.



XII. AT&T Wireless Bills

Before we compare AT&T to Verizon, let us examine the basic AT&T data.

32) AT&T Wireless ---Number of Lines Per Bill

61% of those surveyed had a line account, while 39% had 2 or more lines; 13% had 3 or more lines.

Exhibit 26
AT&T Wireless Number of Lines Per Bill

61%	one line
26%	2 or more lines on the account
13%	3 or more lines.

33) AT&T Wireless --- Total Wireless Bill, Cost of the Plan

The average cost for 1 line service was \$38.21, with the average plan costing \$33.92. The cost for 2 or more lines was \$72.11 with the plans costing \$64.60. (Plan costs can include accounts with more than 2 lines of plan fees.)

Exhibit 27
Total Cost of Wireless Service and Plan Costs

	All	1 line	2 or more
Total	\$62.57	\$38.21	\$100.45
Plan	\$45.43	\$33.92	\$63.33

Extra lines, depending on the account, can cost \$9.99 or \$19.99.

34) AT&T Cost Per Minute Averages

The cost per minute average between one line and 2 line or more users is extreme. Overall the total cost per minute for all calls was \$5.15. However, the one line accounts have \$8.39 as the average per minute, while 2 or more lines have only \$.11 per minute.



Exhibit 28
Costs Per Minute Average for 1 and 2 Lines

ALL	1 line	2+	
\$5.63	\$9.08	\$.25	Cost per minute based on plan/shared minutes
\$5.15	\$8.39	\$.11	Cost per minute based on total calls

The reason for this wide range is that the 2 line account were heavier users, and more to the point, the average single line account are on much more expensive plans than, say, the Verizon wireless single line accounts.

35) AT&T Outrageous High Cost Per Minute

This next exhibit shows customers with plan fees ranging from \$19.00 to \$29.99 making less than 4 minutes of calls. The cost per minute is based on the total charge.

Exhibit 29
AT&T High Cost Per Minute

plan	minutes	Cost per minute
\$29.99	0	\$34.34
\$29.99	1	\$32.71
\$24.95	1	27.45
\$19.00	4	\$5.53

36) Plan Minutes and Allowance Minutes

On average, AT&T customers made 280 minutes of calls for their plan allowance, with the 2 line or more users making 486 plan minutes, using 51.2% of the plan. One line accounts made only 83 minutes, using only 18.5% of their allowance minutes.

Exhibit 30
Total Cost of Wireless Service and Plan Costs

ALL	1 line	2 or more	
280	83	486	Plan Minutes
776	664	950	Plan Allowance
37.5%	18.5%	51.2%	Of Allowance



37) Examining All Minutes of Use

Multiple line customers made 1143 minutes of calls, while the one line account made only 119 minutes of calls.

Exhibit 31
Total Cost of Wireless Service and Plan Costs.

ALL	1 line	2 line	
280	83	486	Plan Minutes
128	25	407	Promo/N&W
122	11	283	In Calling
519	119	1143	Total Minutes

38) Minutes of Use by % of Customers.

It is clear that there is a major difference in use of minutes by 1 line and 2 line accounts. 50% of one line accounts made less than 50 minutes, while 2 line accounts have at least 100 minutes and 67% of these accounts made over 1000 minutes. One account had total household usage of 3,909 minutes in one month for a 4 line account.

Exhibit 32
Minutes of Use of Wireless Customers

Total	1 line	2 line or more	
22%	36%	0%	under 10 minutes
9%	14%	0%	from 11 through 50
17%	29%	0%	51 to 100
4%	7%	0%	100 -200
4%	7%	11%	201 -300
17%	7%	22%	300-1000
26%	0%	67%	over 1000

39) Cost Per Minute By User Groups.

Examining the data another way, 56% of AT&T 2 line account households paid under \$.10 a minute, while 64% of one line accounts paid over \$.51, with 29% of those paying over \$10.00 a minute.



Exhibit 33
Cost Per Minute for Single Line and Total Wireless Customers

total	1 line	2 line	
35%	14%	56%	Under \$.10
17%	7%	33%	\$.11 to \$.25
35%	14%	11%	\$.26 to \$.50
9%	14%	0	\$.51 to \$1.00
13%	21%	0	\$1.01 to \$10.00 or more
17%	29%	0	Over \$10.00

XIII. AT&T Bills and Issues

40) AT&T's Names of Plans on the Bills Are Confusing

It is hard to think someone actually never read an AT&T bill at AT&T to examine the presentation of the plan to the customer. AT&T bills are, from the authors' perspective, atrocious and in need of a serious redesign and clarity. For example, what is an "FT9natp550rum2munw"? It is the name of a plan, in big letters on the bill. Other names are listed below.

Exhibit 34
AT&T Plans and Names

Digital Value 300
FT9natp550rum2munw
FT9natp1400rum2munw
Home 50/100
Nat 2001knw
Nat2001knw
NAT2001KNW
natp450rum2munw
NATP450RUMM5KNW
S Home 200/5km2m
Shome600r/50000

41) AT&T Bills Have Endless Pages of Garbage.

AT&T was the laughing stock of the Internet when they started sending out iPhone bills, some coming to hundreds of pages and being supplied in a box. The wireless bills are no better as they supply a page of information for every line with rows of zeros.



Exhibit 35 AT&T Bills with "0.00" for Every Line

Monthly Service Charges	Period	Monthly Charge	Total Charge
Rate Plan			
NAT2001KNW	03/08-04/07	29.99	29.99
Includes:			
- 1000 Nght. & Week Min			
- 200 ANYTIME MINUTES			
- CALLER TO LINE BLOCK			
- Call Forwarding			
- Call Hold			
- Call Waiting			
- Caller ID			
- Detailed Billing			
- NATION CALL GSM			
- NO ANSWER CALL FORWARD			
- THIRD-WAY CALLING			
Other Services			
1000 N&W	03/08-04/07	0.00	0.00
Promotion for	03/08-04/07	0.00	0.00
West VIP Bonus Min/Tk			
(Expires on 07/08/2008)			
200 Anytime Minutes	03/08-04/07	0.00	0.00
AT&T Direct Bill	03/08-04/07	0.00	0.00
AT&T Domestic LD	03/08-04/07	0.00	0.00
Includes:			
- DOMESTIC LD			
- INTERNATIONAL LD			
AT&T Roun. LD	03/08-04/07	0.00	0.00
Includes:			
- DOMESTIC LD			
- INTERNATIONAL LD			
Basic Voice Mail	03/08-04/07	0.00	0.00
EXPANDED INTR. V.M.	03/08-04/07	0.00	0.00
GSM Coverage Area	03/08-04/07	0.00	0.00
Int'l Dialing Allowed	03/08-04/07	0.00	0.00
Int'l Roun. Allowed	03/08-04/07	0.00	0.00
Int'l Roun. Toll V.C.	03/08-04/07	0.00	0.00
Includes:			
- DOMESTIC LD			
- INTERNATIONAL LD			
Standard LD	03/08-04/07	0.00	0.00
Includes:			
- DOMESTIC LD			

Monthly Service Charges	Period	Monthly Charge	Total Charge
Other Services			
Includes:			
- Int'l International			
Wireless Data			
Mobile Net Pay Per Use	03/08-04/07	0.00	0.00
Includes:			
- Data Download Billing			
- INTERNET EXPRESS			
Mobile Net Pay Per Use	03/08-04/07	0.00	0.00
Text Msg Pay Per Use	03/08-04/07	0.00	0.00
Includes:			
- Int'l Text Messaging			
- International Vlogs			
- Web Content Management			



XIV. Verizon Vs AT&T Wireless Bills

42) Basic Comparisons of AT&T and Verizon Wireless

This basic comparison shows that AT&T's total bills are usually higher than Verizon's, but the plans are about the same costs. Overall, AT&T customers used more call minutes, with a total call average 519, as compared to Verizon 349 minutes. However, overall, AT&T averages \$5.15 per minute as compared to an average of \$3.45, or above Verizon's \$2.00 a minute for all calls.

Exhibit 36
Comparing AT&T and Verizon Total Wireless Customers

	Total	AT&T	Verizon
Total Bill	\$56.99	\$62.57	\$53.96
Plan	\$43.27	\$45.43	\$45.06
Calls in Plan	193	280	156
Allowance	564	776	456
% of Allowance	32.8%	37.5%	30.8%
Nights and Weekends	103	128	90
In calling	109	122	103
Total Calls	408	519	349
Cost per minute in plan	\$3.45	\$5.63	\$2.40
Cost per minute total	\$3.02	\$5.15	\$2.00

43) Verizon Vs AT&T for 1 and 2 or More Line Account

One line and 2 line accounts. A closer examination of one and 2 line accounts shows that AT&T's one line account holders suffer more, while AT&T's 2 line account holders use a great deal more minutes, can have the lowest average rate at \$.11, which are going to be in 2 line or more households.



Exhibit 37
Comparing AT&T and Verizon Total Wireless Customers

	Total 1	AT&T 1	Verizon 1	2 or more	AT&T 2	Verizon 2
Total Bill	\$37.15	\$38.21	\$36.55	\$80.45	\$100.45	\$72.11
Plan	\$44.48	\$33.92	\$33.23	\$54.85	\$63.33	\$64.60
Calls in Plan	70	83	61	348	486	267
Allowance	450	664	334	699	950	600
% of Allowance	21%	18.5%	22.4%	46.8%	67.6%	40.6%
Nights & Weekends	53	25	65	163	407	267
In calling	42	11	58	189	283	120
Total Calls	166	119	184	694	1143	157
Cost per minute	\$5.93	\$9.08	\$3.97	\$5.52	\$2.25	\$5.56
Cost per minute total	\$5.33	\$8.39	\$3.42	\$2.29	\$1.11	\$3.34

44) AT&T Vs Verizon Taxation

Verizon and AT&T treat the Universal Service differently. In this example, AT&T is basing the Universal Service Fund calculations on 27.7% while Verizon is basing it on 19.8% (other variants were previously discussed). Neither is paying an accurate assessment of the USF and it brings into question whether they are remitting the correct amount to the government. (We note that the company has discretion on how much they charge the customer but they do not have discretion on how they pay the government.)

Exhibit 38
Universal Service Applied to Wireless Bills by AT&T and Verizon

	UCAN/TT	Total bill	Plan fee	USF	Based on	% applied
Verizon	4032	\$32.46	\$29.99	\$.67	\$5.93	19.8%
AT&T	4011	\$34.34	\$29.99	\$.94	\$8.32	27.7%



XV. Comparing 2004 to 2008 Wireless Phone Data

45) Less Competition

In 2004, there were 6 major competitors. With mergers, AT&T-Cingular, Sprint-Nextel, Today AT&T and Verizon have 88% of the market share and the other 2 carriers. Sprint and T-Mobile. have 23%, with an additional 4% of other smaller carriers.

Exhibit 39
Comparison of Competitors, 2004-2008

2004	2008
AT&T	AT&T
Cingular	
Sprint	Sprint
Nextel	
T-Mobile	T-Mobile
Verizon	Verizon
Avg.	

46) Decrease in Spending for Wireless Services.

Since 2004, the amount of spending decreased for both one line and 2 line accounts. We attribute this to UCAN's education as well as a change in user patterns; customers are more in tune with not paying 'overages'.

Exhibit 40
Comparing 2004 to 2008 Cost of Service

	2004	2008
One Account	\$57.92	\$37.15
2 Accounts or more	\$88.57	\$80.45

47) 2004 Vs 2008 – No Longer Making Outrageous “Overages”

In 2004, approximately 33% percent of customers paid more for some type of call that was not in their plan. The average overages for a residential San Diego, CA customer (meaning the additional charges to the customer's service for call minutes), was \$39.61, with a wide range from \$.90 cents to \$285.09 for a month.



Exhibit 41
Cost of Overages on a Wireless Residential Account, 2004
San Diego, CA, July-August, 2004

Overages for Calls	33%
Range of Overages	\$39.61
Range	\$.90-\$285.09

In 2008, we had only 2% of those surveyed with any overages.

48) Pricing Structure of Plans, 2004-2008

Overall, the costs of plans have not changed pricing structure.

Exhibit 42
Comparing Pricing 2004, 2008

	2004	2008
Cingular/AT&T Home 50/100	\$19.99	\$19.99
Verizon America's Choice 300	\$34.99	\$34.99
Verizon SD10	\$16.95	\$16.95
Overages per minute.	\$.45	\$.45

However, because of the names and presentations have changed, it is impossible to tell if some plans are the same ones offered in 2004. We also note that the cost per minute after the allowance remained at \$.40-\$.45 on most plans.

49) Directory Assistance Increases

Directory Assistance went up from \$1.25 for Verizon and AT&T to \$1.49 for Verizon and \$1.79 for AT&T.

Exhibit 43
Increases to Directory Assistance

	2004	2008
Verizon	\$1.25	\$1.49
AT&T	\$1.25	\$1.79



50) Costs of Second Lines Down for Most Plans

Since 2004, the cost for a second line went down from \$19.99 to \$9.99, but there are caveats as some plans still charge \$19.99. We also note that this lowering of cost per line has helped to lead to second line increases. In 2004, we found only 17% had a second line as compared to 46%.

Exhibit 44
Cost Per Second Line

	2004	2008
Cost per second line	\$19.99	\$9.99
% of households	17%	46%

51) Cost Recovery, Regulatory Programs and Other Fees

In our previous survey we found that the companies had been applying questionable “Regulatory Assessments” and “Cost Recovery Fees”. These fees are still on the bills and some were raised others were lowered.

Exhibit 45
Regulatory Assessment Fees (Cost Recovery) of Wireless Bills
San Diego, CA July, 2004

		2004	2008
	Name of Charge	fee	
AT&T	Regulatory Programs Fee	\$1.75	\$.89
Cingular	Regulatory Cost Recovery	\$1.25	
Sprint	Administrative charge		\$2.25
	Regulatory fee		\$.60
Nextel	Fed. Programs Cost Recovery	\$1.55	
T-Mobile	Regulatory Programs Fee	\$.86	.86
Verizon	Regulatory Charge	\$.45	\$.85

Note; the Regulatory fee for Verizon was \$.70 at the start of collecting bills for this survey.



PART THREE

XVI. San Diego California Interviews with UCAN Customers

Introduction:

In order to better understand and corroborate or deny our findings from the survey of actual phone bills, the next logical step was to interview the customers to see if our analysis matches the views and perceptions of the actual customer.

NOTE: Unlike 2004, where most people we called (and who sent us phone bills) returned our calls or didn't screen calls with their voicemail, in 2008, a great deal more people have decided to be less active with our survey attempts.

However, the survey revealed most of the issues we have already uncovered, thus corroborating our findings, as well as adding some new issues.

- 1) Essentially, a lot of customers are on the wrong plans, both local and long distance. However, there were a large number of people who had actually examined their bills, though our interviews clearly outline that most people can't analyze their own bills effectively, and are therefore on the wrong plan; paying too much is the usual outcome.
- 2) A large number of people are on the wrong "long distance" plan. In the report we focused on customers paying expensive long distance charges, such as those charged by AT&T Corp. with \$.42 a minute for long distance service, or customers on \$20.00 plans making few calls. Also, the price of service continues to rise.

For example, CA 2346 has a bill of \$4.35 and no calls, while CA2083 pays \$20.00 a month and only uses ½ of the calls they are paying for. Customers like these indicated that they would be interested in hearing about new plans.

- 3) A number of people are on the wrong "local" plan. We had people who were on the Flat Rate plan and are only using a few minutes of calls, while other customers were having overages on their local plans.

CA 2050 is on a flat rate plan and could save some money by switching to a measured service plan. CA 2100 is on a 'metro' plan, which cost \$3.00 yet makes few calls.

- 4) What they don't know -- Don't pay for LD if you use only a calling card. – A number of people paying too much on their long distance plan had a plan with all of the



associated taxes and charges but no calls because they were using a calling card or their cell phone for long distance. They thought it was mandatory to have an LD plan.

- 5) Added Fees: CA2051 had a \$3.00 charge as well as an additional \$8.83 for their LD Plan. When they called AT&T, the person was told to pay. She is disputing this charge and will talk to UCAN for help.
- 6) Cramming of LD. A number of customers had help from UCAN to remove a cramming charge. CA 2019 had charges from both ILD and ESBI, which were removed through UCAN. It is impossible to know how many others did not contact UCAN about the added fees.
- 7) Missing Discount for \$10.00 DSL Two interviews revealed that AT&T's merger commitment to give new customers DSL for \$10.00 simply did not happen for most customers. In one case, the new DSL cost \$15.00, and then went to \$25.00. Another case, CA 2067, the person actually was able to get DSL for \$10.00 but it was not easy and was told by AT&T customer service that this promotion didn't exist.
8. Replacement of long distance with cell phones and calling cards. It is clear that AT&T has been driving people off of long distance with very high prices through its harvesting of customers – a conscious decision to raise rates till customers leave.

A number of customers now state that because of these increases, they are replacing their long distance carrier with a wireless phone or a calling card. CA 2050 had long distance a year ago, but at \$4.95 a month, not counting taxes, the customer now uses an MCI calling card.

- 9) Electronic Billing an Issue. A number of customers used electronic billing and had a problem, such as CA 2312. A few customers are concerned that they are being pushed onto it.
- 10) Text messages. 2 of those interviewed claimed they had text messages from Verizon. CA 4010 claims that it was charged at the current rate of \$.20 each; another claimed it was not charged. We found text messages on many accounts with one message, and thus no pattern of using text messaging.
- 11) Lifeline customers still can have high phone bills. CA2012 is paying \$17 a month in long distance plan fees (national and international) and did not know about the \$10.00 DSL, so they are paying \$25, up from \$15. Lifeline only covers a few local charges and so customers can still be paying too much on long distance (retail) or for DSL.



UCAN INTERVIEWS 2008

CASE #: CA 2379

ACCOUNT #: 619-284-XXXX

DATE OF PHONE BILL: 4/11/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residence Flat Rate Basic Service one line AT&T LD (Just Call Standard) plan with \$3.00 monthly plan fee.

INTERVIEW: Based upon the interview with the customer it was confirmed that he has basic flat rate service with one line. The customer uses a cell phone for all LD calling and no longer has a need for having a LD calling plan. The customer will cancel the LD service. On the April bill there were (4) LD calls made within California at \$.12 a minute each.

CASE #: CA 2036 & CA 2037

ACCOUNT #: 858-279-XXXX

DATE OF PHONE BILL: 2/2/08 and 3/2/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Local Measured Basic Service one line and AT&T Corp (Basic Rate Monthly Charge) with \$4.95 monthly plan fee.

INTERVIEW: The customer has basic measured rate service and is benefiting because his local call allowance is not being exceeded. With measured rate service the customer receives a \$3.00 monthly allowance for zone 1, 2 and 3 call charges. The LD calling plan



charges a day, night and weekend rate. The cost per minute on this plan goes from .15cpm for night to .37cpm evening and .42cpm for day. The basic rate LD plan on this bill is actually being provided by AT&T Corp. The customer is unaware as to why this service is being provided by AT&T Corp versus AT&T LD. The customer would clearly benefit by switching to a LD calling plan from AT&T LD that is more closely aligned to his calling patterns.

CASE #: CA2012

ACCOUNT #: 760-743-XXXX

DATE OF PHONE BILL: 5/5/08

INTERVIEW TYPE: Lifeline

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: Lifeline Flat Rate with AT&T LD and AT&T Internet Service

INTERVIEW: Based on the interview with the customer there were no issues with his basic Lifeline service. The customer subscribes to an AT&T domestic LD plan for \$12.00 a month and an international calling plan for \$5.00 a month. The customer confirmed that this is a typical monthly bill and does have a need to make calls to Mexico and Canada. Based upon my review of the bill the customer used 223 of domestic LD calling and the plan provides an allowance of 300 minutes. On that basis the calling plan appears adequate. The customer also confirmed that he subscribes to the AT&T HSI Express at \$25.00 a month after receiving a \$10.00 discount. The customer established the service a little over a year ago and claims it was originally \$15.00 a month and the customer was unaware of the special Internet service offering of \$10 a month.

CASE #: CA 2051

ACCOUNT #: 619-463-XXXX

DATE OF PHONE BILL: 3/17/08



INTERVIEW TYPE: Lifeline Measured

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: Universal Lifeline Measured Rate

INTERVIEW: The customer is partially disabled and is hard of hearing. Needed to speak very loudly for the interview. She has a measured service plan and never goes over the allowed amount. Her brother is the only person she calls. On the 8/08 bill the carrier added \$3.00 and the customer was charged an additional \$8.83 for LD plans and services. She called Marty at AT&T and was advised to pay all of the charges. She mailed check # 254. She is trying to obtain a copy of the August 2008 bill and send it into UCAN to attention: Tom Allibone. Told her to put tracking # CA 2051 on it.

CASE #: CA 2026

ACCOUNT #: 858-538-XXXX

DATE OF PHONE BILL: 3/20/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service one line with AT&T Basic LD, Caller ID, and a Non-Published Number.

INTERVIEW: Customer has switched to a bundled package including TV since 3/20/08. He was told that for \$5 more a month he could have nationwide LD and he thinks that he is saving \$30 a month overall compared to his old landline, Internet, and cell phone service. Based on the 3/20/08 bill his basic LD service did not charge a basic monthly plan fee and all LD calls were billed at \$.35 cpm. Only (7) LD calls were made for a total of 7 minutes. The customer claims that most of his LD calling was done via his cell phone. I cannot determine if the customer is actually saving money without seeing the rest of the bills.



CASE #: CA 2346

ACCOUNT #: 619-420-XXXX

DATE OF PHONE BILL: 3/13/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service one line with AT&T LD Plan (Just Call Standard) with a \$3.00 plan fee.

INTERVIEW: Based upon the interview with the customer he was aware that he has Basic Flat Rate Service and he only uses the phone to make local calls. When he was asked why he chose an LD Plan he claimed that he thought it was required. He stated that he uses a calling card exclusively for his entire LD calling. One of his main areas of concern is all of the various surcharges, fees and taxes and expressed frustration of not knowing whether they are legitimate. The customer paid \$4.35 in LD plan fees, taxes and surcharges, but never made a call.

CASE #: CA 2312

ACCOUNT #: 619-583-XXXX

DATE OF PHONE BILL: 4/7/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service one line with AT&T LD Plan with \$5.00 a month plan fee.

INTERVIEW:

Based on the interview it was confirmed that the customer has basic flat rate service with AT&T LD. Customer originally signed up for the \$.10 cpm plan but claims it suddenly went up to \$.12 cpm without any notice. Customer was concerned on amount of surcharges and if they are legitimate.



He said that the LD is usually one or two calls and he thinks it's his son that is making the calls. Also noted that his LD plan fee went from \$5.00 to \$6.00 since the date of the April bill. He tried electronic billing several years ago and had an unauthorized charge on the bill and it took three months to get a credit and have it removed. Therefore he discontinued the electronic billing.

CASE #: CA 2397

ACCOUNT #: 760-746-XXXX

DATE OF PHONE BILL: 4/25/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service with one line and LD plan (Value Plus Rate) with \$4.00 monthly plan fee.

INTERVIEW: Based upon the interview with the customer it was confirmed that The customer has basic flat rate service.
In April the customer had one line with the LD plan but since has cancelled the LD and now uses her cell phone for LD use. The LD plan went from \$4.00 to \$5.00 since April. She currently have one residential line with basic service and no features.

CASE #: CA 4010

ACCOUNT #: 3700-XXXXXX

DATE OF PHONE BILL: 3/14/08 - 4/13/08

INTERVIEW TYPE: Text Messages

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: Verizon Wireless America's Choice II Familyshare PRI 500 plan

INTERVIEW: Based upon the interview with customer it was confirmed that he



has the Verizon Wireless America's Choice II Familyshare PRI 500 plan. The customer has (2) lines on the family plan. He is aware of the text messages that he receives and stated that the only text messages he receives are sent from Verizon about his bill. He was charged for the text message. He is not concerned being charged \$.20 for each message. He feels the service is good. Originally he had a 400 minute family plan and Verizon upgraded it to 500 minutes and no additional cost.

CASE #: CA 2083

ACCOUNT #: 760-758-XXXX

DATE OF PHONE BILL: 4/4/08

INTERVIEW TYPE: LD

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residence Flat Rate Basic with one line, WirePro & LD Plan (Just Call 400) with a \$20.00 a month plan fee.

INTERVIEW: Based upon the interview with the customer it was confirmed that the customer had basic flat rate service with one line. Initially the customer did not remember ordering WirePro, but she thinks that she did actually order it. The customer remembered ordering a LD calling plan but had no recollection of why she chose the current plan. She used to make a lot of calls to her sister but no longer has a need to call her. The customer has never had any problems with inside wire or telephone jacks. Elimination of the WirePro would save the customer \$72 a year. Reviewing the LD calling minutes with customer shows that she is only using around 200 minutes a month and the customer will contact the carrier to see if other calling plans are available that more closely match her calling needs. Based on her calling volume her cost per minute rate is about .10 per minute because she is only using about 50% of her plan minutes.

CASE #: CA 2008



ACCOUNT #: 760-789-XXXX

DATE OF PHONE BILL: 4/5/08

INTERVIEW TYPE: Basic Local

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service one line. No LD

INTERVIEW:

The customer confirmed that he chose basic flat rate service and has one line. Customer indicated that he makes very few local calls or zone calls. He might be a candidate for local measured service.

The customer chose PRIMUS for long distance but the carrier has been adding new fees and surcharges and he plans on switching LD service to a more competitive carrier.

CASE #: CA 2049

ACCOUNT #: 619-275-XXXXX

DATE OF PHONE BILL: 3/17/08

INTERVIEW TYPE: Basic Service

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service

INTERVIEW:

The customer confirmed that he has a flat rate service single line with no extra features. He also has a cell phone account with T-Mobile. He switched to T-Mobile from Verizon Wireless because of poor service and dropped calls. He claims that the carriers are trying to force customer to use online billing and want to eliminate itemized calls.

Customer uses Power Net Global for long distance. The LD bill and wireless bill were not provided for analysis and review.



CASE #: CA 2050

ACCOUNT #: 619-295-XXXX

DATE OF PHONE BILL: 3/25/08

INTERVIEW TYPE: Basic Local

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service one line, caller-id.

INTERVIEW:

The customer has been a member of UCAN for years and is very happy with the support given. He is a basic flat rate service customer with caller-id. Because he makes few local calls, the customer could reduce his costs by considering switching to measured rate.

He also is thinking about canceling caller-id as the rate has increased from \$6 to \$9.99. The customer finds caller-id useful for screening his calls.

The customer cancelled his long distance service about a year ago and has been using an MCI calling card. He used to pay a \$4.95 plan fee charge.

CASE #: CA 2067

ACCOUNT #: 858-560-XXXX

DATE OF PHONE BILL: 4/11/08

INTERVIEW TYPE: Basic Measured Local

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Measured Basic Rate, AT&T HSI Basic

INTERVIEW:



Customer confirmed that he ordered and uses measured rate service. Based upon the 4/11/08 bill, he exceeded his local usage allowance by \$3.66. Although his overall measured service is cheaper than a flat rate service plan, the customer might consider switching to a flat rate plan if local and zone call usage exceeds \$8. His current April usage is \$6.66.

The customer confirmed that he subscribes to AT&T's basic high speed Internet service for \$10. The bill shows the regular price to be \$34.99 with \$24.99 being discounted. When asked how he was able to get the \$10 Internet service, he explained that he knew about the special pricing that was available and specifically requested it. When he called AT&T, no one at AT&T was aware of the special offer and he was transferred and disconnected. It took numerous calls before he found someone who could actually take the order.

CASE #: CA 2082

ACCOUNT #: 858-566-XXXX

DATE OF PHONE BILL: 4/11/08

INTERVIEW TYPE:

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residential Flat Rate Basic Service with AT&T Corp LD Reach Out California plan fee of \$5.90.

INTERVIEW:

The customer confirmed that she has flat rate service with one line. She was aware of having a special plan for California but did not know if it really made sense. For some reason, AT&T has been periodically sending a separate LD bill and sometimes it comes with the local phone bill. The April bill does include long distance service but it includes two billing cycles. The customer was not aware that the bill included service for February and March including two plan fees. She will check her February bill to make sure she was not previously billed for February LD service.

The customer said that AT&T knocking on doors in the neighborhood and telling everyone that they have to change to digital service. She is concerned that she will have to pay more and is happy with her current telephone service. She is a senior on limited income.



CASE #: CA 2100

ACCOUNT #: 858-484-XXXX

DATE OF PHONE BILL: 4/1/08

INTERVIEW TYPE: Lifeline

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: Lifeline/Metro Plan with a \$3.00 Plan fee and AT&T LD Plan (Nationwide Call 120 Preferred) with a \$5.00 plan fee.

INTERVIEW: Based on the interview the customer she did not know why she was subscribing to a Metro Plan and her bill only reflected 12 minutes of LD calls. The customer looked at a more recent bill which reflected about 52 minutes of LD calls. The customer will follow-up with the carrier to see if there is a more cost effective plan that meets her requirements which appears to be about 50 minutes of LD a month. There were no zone 1, 2,3 calls reflected on the bill, so the Metro Plan is a potential area of cost savings. The customer claims that she calls the carrier several times a year to go over all of her charges. The customer is a senior citizen in her 70's.

CASE #: CA 4037

ACCOUNT #: 271-- XXXXXXXX

DATE OF PHONE BILL: 12/18/07

INTERVIEW TYPE: Wireless

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: Verizon Wireless America's Choice II 65 Plus Share Pri 450

INTERVIEW:



The customer said that he changed his Wireless America's Choice II 65 Plus Share Pri 450 plan to receive a better price on his second line. The 1/13/08 bill reflects that the second line is \$19.99/month. Under his new plan, the monthly cost is reduced by \$10.

The customer is retired and watches his bills very closely. He claims that he does receive text messages from Verizon but does not get billed. There are two text message on the January bill but it cannot be determined if they are properly billed.

CASE #: CA 2019

ACCOUNT #: 619- XXXXXXXX

DATE OF PHONE BILL: 5/16/08

INTERVIEW TYPE: Cramming

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residence basic flat rate service with one line, LD (Value Plus Flat Rate Plan) with a \$4.00 monthly plan fee.

INTERVIEW: Customer thought he had to have a LD carrier. He currently uses a MCI calling card for his LD calling. He thought that picking a LD carrier was required. Customer confirmed that this is a typical monthly bill. The total LD charges of \$5.90 were based on the plan fee and taxes/fees and surcharges. No LD calls were made. ILD and ESBI cramming charges were removed with the assistance of UCAN. The customer is interested in special DSL pricing required as part of the merger concession. He plans to order this special DSL package plan for \$10 a month. The customer is aware that his number is non-published and he pays extra for the service. The \$4.00 LD plan increased to \$5.00 a month in October. Customer is very satisfied with all of the support provided by UCAN.

CASE #: CA 2057

ACCOUNT #: 858-755-XXXX



DATE OF PHONE BILL: 4/10/08

INTERVIEW TYPE: Cramming

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residence basic flat rate service with one line and LD (Value Plus Flat Rate Plan) with a \$4.00 plan fee.

INTERVIEW: The customer is a senior citizen and just turned 82.
The customer acknowledged that this was a typical bill. The bill reflected (4) LD calls that were all within the state of state of California at .08 cent per minute. The actual LD cpm is 23.6 cpm.
He had the ESBI cramming charge removed from his phone bill with the assistance of UCAN. The customer stated that he has nothing but respect for UCAN and Michael Shames.

CASE #: CA 2079

ACCOUNT #: 619-266-XXXX

DATE OF PHONE BILL: 4/19/08

INTERVIEW TYPE: Cramming

CUSTOMER NAME: XXXXXXXX

PHONE SERVICE: AT&T Residence basic flat rate service with one line.

INTERVIEW: In 4/01/08 thru 8/13/08 on a separate account of 619-266-0606 the customer thought she was billed for a bundling service and filed a complaint and had it removed with a credit of \$17.45.
The line 619-266-0606 is a separate line used for a computer.
On 619-266-0908 she uses PNG for LD.
ESBI credit adjustment for \$29.90 was associated with a slamming charge. UCAN assisted the customer with resolving the slamming charges. The customer claimed zone 3 calls were dropping because



the called party was using a cable phone service. The customer agreed the send in the phone bill for 619-266-0606 and reference CA 2079.

APPENDIX ONE:
Wireless Information from Verizon Site



Verizon information from the Web site about Plan details.

Important Calling Plan Information

Anytime Minutes, National IN Calling, Night & Weekend Minutes and Per-Minute Rate are for use from within the Nationwide Rate and Coverage Area.

- Unlimited Domestic Long Distance. (Airtime applies.)
- No domestic roaming charges. (Coverage not available in all areas)
- Unlimited Night & Weekend Minutes
Night Hrs: (M–F) 9:01 p.m.–5:59 a.m.
Wknd Hrs: 12:00 a.m. Sat.–11:59 p.m. Sun.

International Roaming

Make or receive calls while traveling internationally with rates starting as low as 69¢/minute. While at home, some international destinations can be reached using 10-digit direct dialing; international long distance rates apply in addition to airtime charges.

Please visit www.verizonwireless.com/international for a list of North American Dialing Pattern countries and rates.

Mobile Web 2.0

Billing for Data Sent or Received. Mobile Web 2.0 is included in all Nationwide Calling Plans. Megabyte charges apply to Basic and Select Plans. Unless you subscribe to the V Cast VPak, V CAST Mobile TV Select or Premium Calling Plans, megabytes sent or received using Mobile Web (including advertising) will be aggregated each month, rounded up to the next megabyte, and billed at \$1.99/MB.

Rates are rounded to the nearest whole megabyte. One megabyte is equal to 1024 kilobytes. Application charges apply in addition to charges for data sent/received.

411 Connect®

\$1.49 per call plus airtime.

Detailed Billing

\$1.99 per month per number.

Required Equipment

GPS-capable CDMA tri-mode or all-digital phone with Verizon Wireless software.

Minimum Term, Activation and Early Termination Fees

- One- or two-year minimum term required per line.



- Activation Fee/line: \$35, except \$25 for secondary Family SharePlan® lines with two-year minimum term.
- Activation fees may vary or be waived for business customers that have a Major Account Agreement with Verizon Wireless.
- Early Termination Fee: Up to \$175 per line.

Taxes, Surcharges and Fees

- Tolls, taxes, surcharges and other fees, such as E911 and gross receipt charges, vary by market and as of January 1, 2008, add between 4% and 35% to your monthly bill and are in addition to your monthly access fees and airtime charges.
- Monthly Federal Universal Service Charge on interstate & international telecom charges (varies quarterly based on FCC rate) is 11.3% per line. Beginning **July 1, 2008** the Federal Universal Service Charge will be changing to 11.4% per line.
- The Verizon Wireless monthly Regulatory Charge is 7¢ per line.
- Monthly Administrative Charge (subject to change) is 70¢ per line. Beginning **May 1, 2008**, the monthly Verizon Wireless Administrative Charge for voice and email plans will increase from \$0.70 to \$0.85 per line.
- The Federal Universal Service, Regulatory and Administrative Charges are Verizon Wireless charges, not taxes. For more details on these charges, call 1-888-684-1888.

Important Information:

For more information, refer to the Customer Agreement or speak with a Sales Representative. Service is subject to the Customer Agreement, which you should read before activating service. Credit approval required. Billing, shipping and end-user address must be within the Verizon Wireless licensed and service areas where the wireless phone number is issued.

In some rare instances, dialing ***228** may alter your Calling Plan's Airtime Rate and Coverage Area. The accuracy of the roaming indicator on your phone cannot be guaranteed. Charges for calls will be based on the cell sites used and time of day at the telephone switching office that carries your call, which may be different than the time of day shown on your phone. Rates do not apply to credit card or operator-assisted calls, which may be required in certain areas. Usage rounded up to next full minute. Unused allowance minutes lost. Charges start when you first press **SEND** or the call connects to a network on outgoing calls, and when the call connects to a network (which may be before it rings) on incoming calls. Time may end several seconds after you press **END** or the call otherwise disconnects. For calls made on our network, we only bill for calls that connect (which includes calls answered by machines). Calls to 'toll-free' numbers are toll-free; you will be billed airtime. Billing for airtime and related charges may sometimes be delayed. Delayed airtime will be applied against the included airtime for the month when you actually made or received the call, even though such charges may



show up on a later bill. This may result in charges higher than you'd expect in the later month.

Unlimited Calling Plan

Plans are not eligible for monthly access discounts. Anytime minutes are for live calls between individuals.

Family SharePlan

Minimum of two lines required. Maximum of five lines. Only one line is the primary line. All lines must be activated on the same billing account and in the same market.

National IN Calling

You can talk with any of our customers anytime from within the America's and North America's Choice (in the United States and Puerto Rico) Rate and Coverage Area. If Caller ID is not present or Caller ID Block is initiated, National IN Calling does not apply to incoming calls and will apply to outgoing calls only. National IN Calling is not available to customers whose wireless exchange restricts the delivery of Caller ID or with fixed wireless devices with usage substantially from a single cell site. National IN Calling does not apply if Call Forwarding or No Answer/Busy Transfer features are activated or to data usage, including Push to Talk calls, Picture Messaging or Video Messaging, calls to check your Voice Mail and calls to Verizon Wireless customers using any of the VZGlobal services. National IN Calling does not apply in those areas of Louisiana and Mississippi where your phone's roaming indicator flashes.

Internet Access

Mobile Office Kits, PC Cards, PDAs or other wireless modem devices may not be used for Internet access without a subscription to select VZEmail or VZAccess plans.

Connecticut Customers: If you have any questions about your bill or concerns about your service, please call Customer Care at: 1-800-922-0204 or dial *611 from your wireless phone. If you are a Connecticut customer and we cannot resolve your issue, you have the option of contacting the Department of Public Utility Control (DPUC): Online: www.state.ct.us/dpuc Phone: 866-381-2355; Mail: Connecticut DPUC, 10 Franklin Square, New Britain, CT 06051.

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